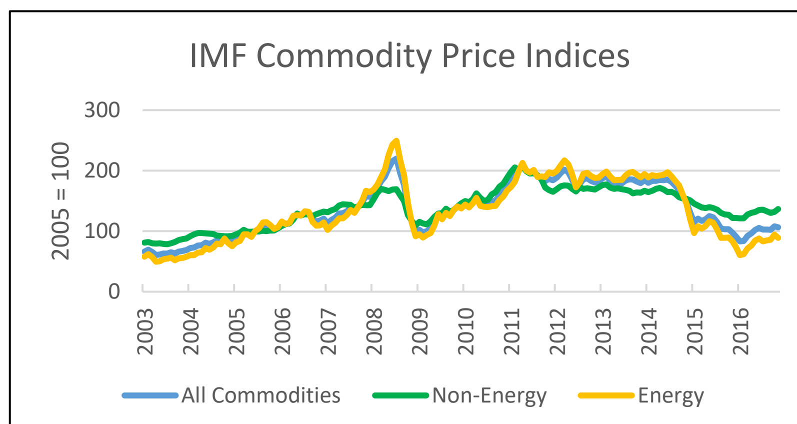
Commodities Outlook

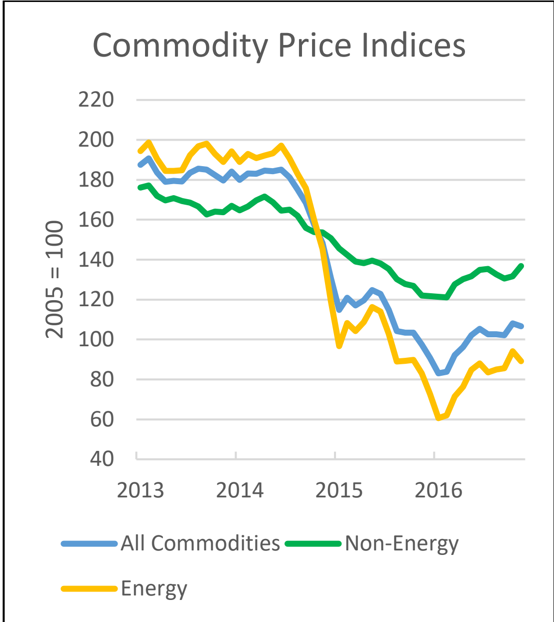
1st Quarter 2017

HIGHLIGHTS

- In general, **most commodity prices are expected to remain relatively steady or pick up slightly** over the coming year, as global demand is expected to firm up somewhat on the back of faster economic growth.
- **Oil** prices rose by about $10 per barrel in December after OPEC and a group of other oil exporters reached a deal to collectively cut production by nearly 1.8 million barrels per day (mb/d) from the 1st of January. Should OPEC+ follow through on their commitments, oil markets should come back into balance early in 2017. Prices could trade in a range of $55-60 in the first half of the year, and possibly be capped at the higher end of the range by rising US shale oil production later in the year. Oil futures for 2017 rose sharply from under $50 to about $58/b after the OPEC+ deal, and show a gradually rising trend to $60 by 2022.
- The prices of **precious metals** have declined since the election of Donald Trump in the US and the Fed rate hike, which have led to a stronger dollar and expectations of higher long-term bond yields.
- The prices of most **non-precious metals** grew strongly in the past quarter, with several increasing by over 10%. The major exception was uranium, which accelerated its decline. The outlook is for little change in metal prices over the coming year, aside from a return to a declining trend in iron ore prices as demand remains soft in the face of global overcapacity.
- Prices of all four major **grains** are expected to fall in the fourth quarter, but wheat and maize are likely to strengthen somewhat in 2017, while barley prices remain flat till later in the year.
- **Meat** prices are not expected to show major changes in the year ahead. Lamb and poultry are likely to be steady, while beef prices could ease slightly and pork prices are expected to follow a seasonal pattern with a peak in third quarter.
- The near-term prospects for **beverage** prices are mixed, with a slight rise expected for coffee and tea but a somewhat pronounced decline for cocoa beans.
- The outlook for **timber** prices is stable over the next few years as gains in demand are expected to be matched by expanded supply.



The IMF's All Commodities Price Index rose to a 15-month high in October, before dropping back slightly in November. The overall index gained 4% from August and is up 17.6% since last December. Meanwhile, the non-energy price index reached a 17-month high in November, having risen 3% in the past four months and 12.4% since last December. The energy price index, which comprises oil, natural gas and coal prices, jumped to the highest level since mid-2015 in October before paring some of the gains. The energy index climbed 22.6% in the 11 months to November, and is set to rise further in in December on the back of stronger oil prices following the OPEC+ supply cut deal.



Source: IMF (2016)

Demand

The IMF expects global economic growth to increase from 3.1% in 2016 to 3.4% next year, and further to 3.6% in 2018. OECD growth is projected to accelerate slightly to 1.8% in 2017, helped by the incoming Trump Administration's proposed infrastructure spending plan. On the other hand, China's growth is expected to continue decelerating over the coming five years as the economy matures and restructures. Nevertheless, China's manufacturing Purchasing Managers Index (PMI) has been above 50 since July, indicating expansion in industrial activity. India is on course to be the fastest-growing major economy, and will play an increasingly important role in generating new demand for a wide range of commodities.

Figure 1: Economic growth forecasts

Region/Country	2016	2017	2018	2019	2020	2021
World	3.1	3.4	3.6	3.7	3.7	3.8
OECD	1.6	1.8	1.8	1.8	1.7	1.7
China	6.6	6.2	6.0	6.0	5.9	5.8
India	7.6	7.6	7.7	7.8	8.0	8.1

Source: IMF, World Economic Outlook, October 2016.

OIL

Demand

World oil demand is projected to grow marginally in the 4th quarter, by 170 kb/d, with global consumption reaching 97.1 mb/d. The economic uncertainty created by political events such as Brexit have weighed on global demand in recent months.

The International Energy Agency (IEA) in December projected that global oil demand will have grown by 1.4 million barrels per day (mb/d) in 2016, up slightly from its 1.3 mb/d forecast from September. Growth of 1.3 mb/d is foreseen for 2017, amidst an uncertain economic outlook. Financial markets appear at this stage to be betting on a fiscal stimulus by the incoming Trump Administration boosting the US economy. However, Trump's statements regarding international trade deals poses a potential threat to global growth.

The US Energy Information Administration (EIA) is projecting demand growth of 1.6 mb/d in 2017, on the back of firmer global economic growth.

OPEC is anticipating world oil demand growth of 1.15 mb/d in 2017, on the back of global economic growth of 3.1%. Most of the increased oil demand is expected to occur in the developing world (1 mb/d).

The IEA projects that China and India's oil consumption will expand next year by 0.26 and 0.27 mb/d, respectively. However, oil demand growth in India could be dampened in the short term following the government's withdrawal of high-denomination banknotes. This action has put a brake on economic activity in an economy where much consumption is cash-based.

As has been the case over the past decade, the demand side of the global oil equation hinges heavily on China. In 2016, China's oil exports have grown by more than 10%, partly because the country took advantage of low prices to fill its strategic petroleum reserve and also because domestic production declined. Oil demand could grow significantly more slowly in 2017, however.

Table 1: World oil demand growth forecasts (million barrels per day)

Agency	**2017 average**	**2017 growth**
International Energy Agency[1]	97.5	1.30
U.S. Energy Information Administration[2]	97.0	1.56
OPEC[3]	95.6	1.15

Sources:

1. *IEA Oil Market Report, December 2016.*
2. *EIA Short-Term Energy Outlook, December 2016.*
3. *OPEC Monthly Oil Market Report, December 2016.*

Supply

According to the IEA, global oil supplies inched up to a new record of 98.2 mb/d in November, as increased output by OPEC more than offset a fall in non-OPEC supply. OPEC's output in November was a record high of 34.2 mb/d, up by 300 kb/d from October and 1.4 mb/d higher than a year ago. Non-OPEC output has contracted nearly 0.9 mb/d over the past year, led by declining shale oil production in the US.

On 30 November, OPEC announced that the group had agreed to cut production by 1.2 mb/d from 1 January 2017. This would reverse most of the cartel's output increases in 2016. In mid-December, a group of non-OPEC countries joined the OPEC initiative and pledged to cut their production in 2017 by a combined 558 kb/d, with Russia contributing a 300 kb/d cut. However, the cuts are for an initial six-month period, and OPEC will reconsider the situation at its next meeting in May 2017.

It remains to be seen whether (1) all the pledged output cuts actually materialise, (2) how much oil prices rise in response, and (3) what is the response of other producers, especially US shale oil drillers who have the capacity to increase production in the short term. A price of around $60/b could well elicit increased shale oil production, albeit after a delay of perhaps 6-12 months due to the lag between drilling and production.

The EIA expects world oil supply to decline by less than 0.1 mb/d in 2017 compared to the average for 2016. Non-OPEC production is anticipated to expand by 0.4 mb/d in 2017, with half of this net increase coming from the US. However, the EIA's forecast does not include recently-promised production cuts by Russia and Kazakhstan. Output declines due to depletion are expected in the North Sea, China and Mexico. The EIA expects OPEC to produce an average of 33.2 mbpd in 2017, which is slightly below the target level announced by the group at its November 30 meeting. US crude oil production is forecast by the EIA to average 8.8 million b/d in 2017, down marginally from an average of 8.9 million b/d in 2016.

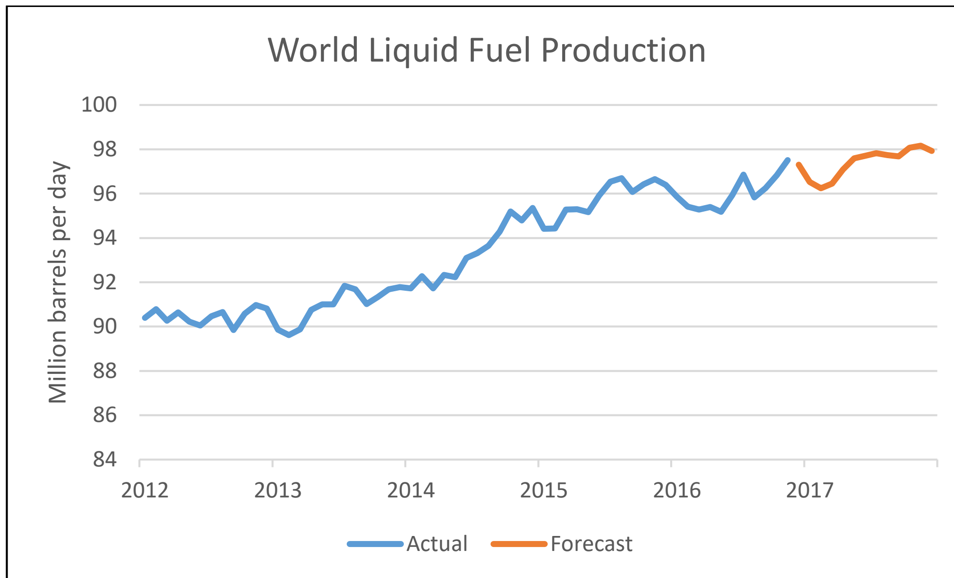
OPEC forecasts that non-member producers will expand supply by 300 kb/d in 2017.

Table 2: Forecasts of non-OPEC oil supply change (million barrels per day)

Agency	2017 average	2017 growth
International Energy Agency[1]	57.0	0.40
U.S. Energy Information Administration[2]	57.2	0.40
OPEC[3]	56.5	0.30

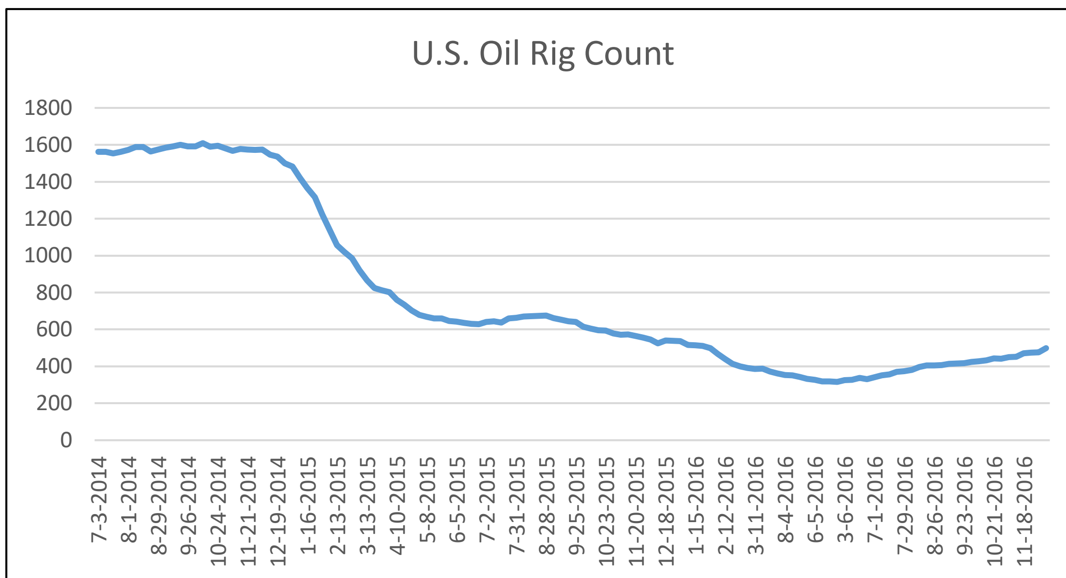
Sources:

1. *IEA Oil Market Report, December 2016.*
2. *EIA Short-Term Energy Outlook, December 2016.*
3. *OPEC Monthly Oil Market Report, December 2016.*



Source: U.S. EIA (2016)

The active US oil rig count has continued its gradual climb since bottoming out at the end of May 2016 at 318. By mid-December the total number of active oil rigs had reached 498. This is still less than third of the approximately 1600 rigs in action before the mid-2014 price collapse, which suggests that shale oil production will not rebound strongly within the next few months, given time delays between drilling and production.



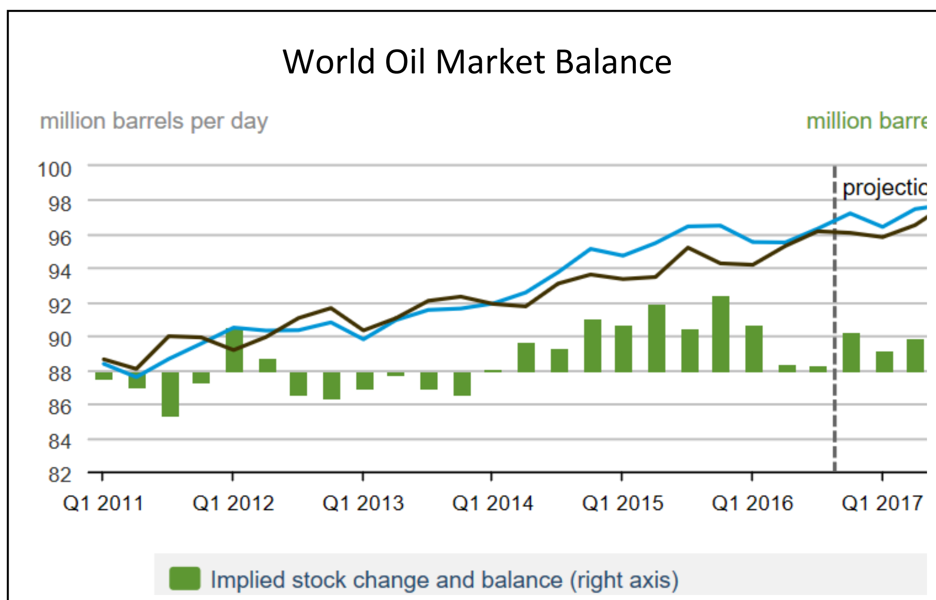
Source: Baker Hughes (2016)

Market balance and inventories

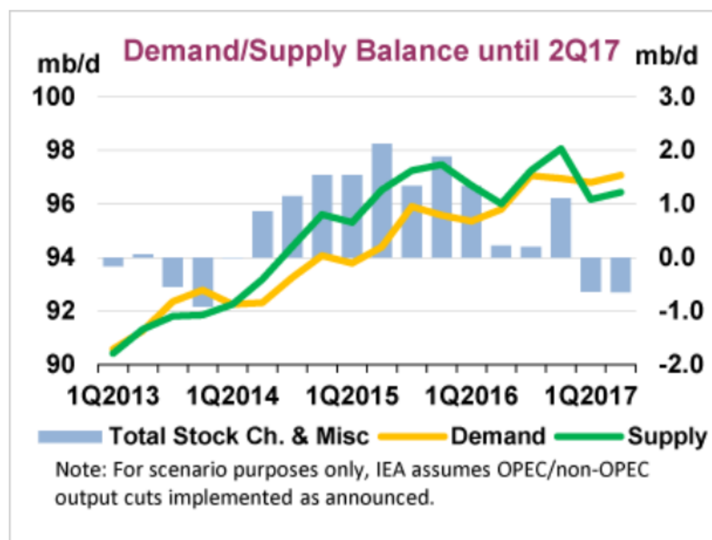
Should the full output cuts promised by OPEC and several non-OPEC producers materialise, the IEA anticipates that the oil market will probably swing into deficit in 2017H1 by an estimated 0.6 mb/d.

OECD commercial oil inventories dropped for a third consecutive month in October, and are now down 75 mb since peaking in July. Nevertheless, stocks are still 300 mb greater than the five-year average, providing a cushion against the effects of a likely tightening in the demand/supply balance. Hence, the price response to the OPEC supply cut could be muted for several months as consumers draw down on stocks.

In the figure below, the forecast was made by the EIA without taking the OPEC+ deal into consideration. By contrast, the IEA's supply/demand balance in the lower figure assumes that the OPEC+ cut will take effect.



Source:EIA (2016)



Source: IEA (2016)

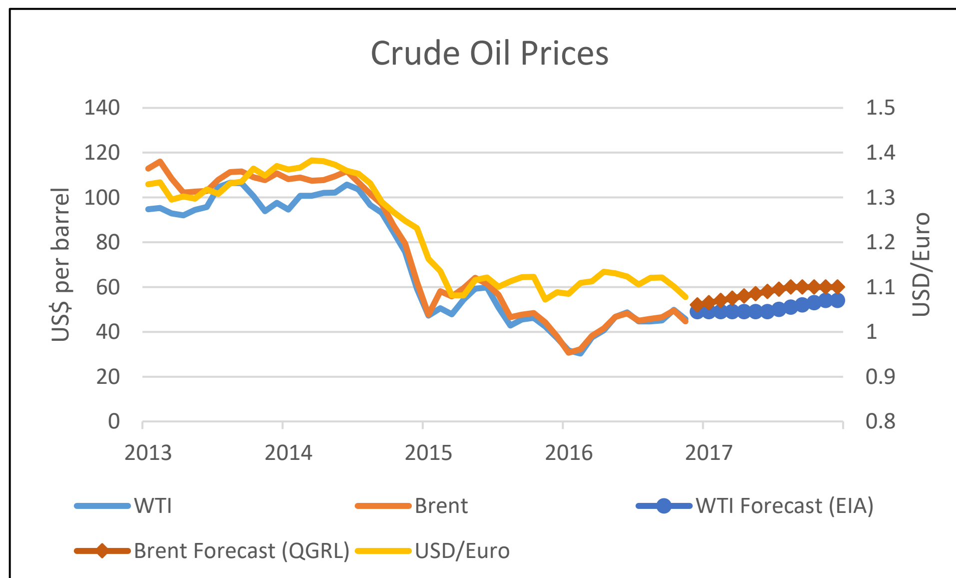
Prices

Brent crude oil spot prices have averaged between $44/b and $49/b since May, and averaged $45/b for the month of November.

In its December *Short Term Energy Outlook*, the US EIA forecast that Brent crude will average $51.7/b in 2017, up from an average of $43.5/b in 2016. As a result of growing draws on oil inventories in the latter part of 2017, the EIA expects the price of Brent crude to rise to about $58/b in 2017Q4. The World Bank's latest forecast expects an average crude oil price of $55.2/b in 2017.[1] The IMF's October forecasts put oil at $49.9/b in 2017Q1, rising gradually to $52.2/b by 2017Q4.[2] Both of these agencies' forecasts were made before the OPEC+ supply cut was announced.

However, since OPEC+ announced their planned production cut amounting to a combined 1.8 mb/d for 2017H1, Brent crude has risen to over $55/b. Should the supply cuts materialise, it seems likely that oil will trade in the $55-60/b range over the coming 6 months or so. The outlook for prices in the second half of 2017 depends on a multitude of uncertain factors, including whether OPEC+ extends the production cut, the response of shale oil drillers, the Trump Administration's economic and foreign policies, and the health of the Eurozone and Chinese economies, amongst others.

Some forecasts are shown in the figure below. The figure also shows how closely the price of oil is tied to the value of the US dollar. Much of the fall in the price of crude in 2014 can be ascribed to dollar strength (proxied here by the USD per Euro exchange rate). Expectations of further dollar strengthening in 2017, due to the Trump stimulus as well as higher interest rates, suggests a cap on dollar-denominated oil prices.



Source: EIA and own estimates

[1] World Bank, Commodities Market Outlook, 19 October 2016.

[2] IMF, Commodity Price Forecasts, 1 December 2016.

Oil market analysis

Having pursued a strategy of expanding market share over the past two years, OPEC has finally reverted to its earlier policy of reducing supply in order to support prices. On 30 November, the cartel announced that it would collectively cut output by 1.2 mb/d from 1 January. Then on 10 December, a group of non-OPEC oil exporters announced that they would join the OPEC effort and trim their production by 558 kb/d. Russia pledged the largest reduction of 300 kb/d, while Mexico is to cut 100 kb/d, Oman 40 kb/d, Azerbaijan 35 kb/d, and Kazakhstan 20 kb/d. Mexico and Azerbaijan are facing declining production due to depletion in any case, so their promised cuts will likely not change the actual picture much. However, Kazakhstan was on course to increase production by 160 kb/d from its new giant Kashagan oil field.

However, Iran, Nigeria and Libya were exempted from the OPEC supply restrictions, and could conceivably increase output next year. If the Nigerian government is able to conclude a peace deal with the Niger Delta Avengers and other militant groups, the country could raise output by up to 500 kb/d. Iran has been courting foreign oil firms to invest in its oil patch and boost production, and recently signed deals with Total and Shell. If the security situations in Libya and Nigeria improve, there is potential for considerable increases in production from these two countries.

On the downside, Venezuela's deepening economic crisis could impact negatively on the country's oil production, which is already on a downward trajectory. The country's reference level of production according to OPEC is 2.067 mb/d, and much of this could be jeopardised if Venezuela experiences complete socio-economic collapse. Another potential Black Swan event would be if the Trump Administration tries to overturn the nuclear deal with Iran – although the other signatories will resist the re-imposition of sanctions.

But even if OPEC+ does manage to cut production significantly, there is a possibility this would merely push up prices to a level that is attractive for increased shale oil production in the US, and thus global supply could rise again later in the year. There has already been an uptick in drilling activity in the US since the OPEC deal was announced. And there is also the perennial incentive for individual producers to cheat by pumping as much as they can in order to maximise oil revenues.

OPEC's spare production capacity is expected by the EIA to average just 1.19 mb/d in 2017, which is considerably less than the historical average of 2.3 mb/d between 2005-2015. However, this estimate does not take into account the proposed OPEC+ supply cut, which would result in lower production but increased spare capacity. Nonetheless, there is still some risk of insufficient spare capacity in the event of a major geopolitically-induced supply disruption in Venezuela or the Middle East.

Table 3 summarises the details of the OPEC oil production cut agreement. It shows the reference level of output and the size of the agreed cuts per member. Libya and Nigeria were exempted from output restrictions. Indonesia, which is a net oil importer, announced at the meeting that it was suspending its OPEC membership.

Table 3: OPEC production cut

OPEC member	Ref-erence Mb/d	Output Cut Mb/d
Algeria	1.089	-0.050
Angola	1.753	-0.080
Ecuador	0.548	-0.026
Gabon	0.202	-0.009
Iran	3.975	+0.090
Iraq	4.561	-0.210
Kuwait	2.838	-0.131
Libya	--	--
Nigeria	--	--
Qatar	0.648	-0.030
Saudi Arabia	10.544	-0.486
United Arab Emirates	3.013	-0.139
Venezuela	2.067	-0.095
TOTAL		-1.166

Source: OPEC

Oil & gas developments in Africa

Angola has recently taken up position as China's leading supplier of crude oil, overtaking Russia. In September, China's imports from Angola averaged 1.02 mb/d.[3]

First oil flowed from **Ghana's** second major oil field group, the Tweneboa, Enyenra, Ntomme (TEN) fields, to a Floating Production Storage and Offloading (FPSO) vessel in August 2016.[4] Production, which began three years after the Plan of Development was approved by the Government of Ghana in May 2013, is slated to rise gradually to a full capacity of 80 kb/d. This will add considerably to Ghana's existing oil production from its Jubilee field, which is expected by the operator Tullow Oil to deliver average gross production of about 74 kb/d in 2016 following some technical difficulties (maximum capacity is 120 kb/d.

Australian energy company FAR Ltd, which is developing the SNE field offshore **Senegal**, stated that their concept is to target first oil production in 2022 and a maximum plateau production of 140 kb/d.[5]

British oil major BP has announced it will acquire a majority stake in exploration blocks located offshore of **Mauritania** and **Senegal** that are held by Kosmos Energy. Kosmos has estimated the area could contain as much as 50 trillion cubic feet of gas resource potential and 1 billion barrels of liquids resource potential.[6]

Italian oil major Eni's Board of Directors recently gave a green light for an investment plan of the Coral South project, located in the Rovuma Basin deep offshore area in **Mozambique**.[7] In October ENI inked a deal with BP to sell all LNG output from this project to the UK-based multinational.

Table 4 shows the top crude oil reserve holders in Africa as of December 2015. The table does not include countries with recently discovered oil resources such as Uganda and Kenya, where production has not yet begun.

Table 4: Proved oil reserves in Africa, end 2015

Country	**Billion barrels**
Libya	48.4
Nigeria	37.1
Angola	12.7
Algeria	12.2
South Sudan	3.5
Egypt	3.5
Gabon	2.0
Republic of Congo	1.6
Chad	1.5
Sudan	1.5
Equatorial Guinea	1.1
Tunisia	0.4
Other Africa	3.7
Total Africa	129.1

Source: BP Statistical Review (2016)

[3] http://www.egyptoil-gas.com/news/angola-to-export-1-61mbd-of-crude/

[4] http://www.tullowoil.com/operations/west-africa/ghana/ten-field

[5] http://www.offshoreenergytoday.com/senegals-sne-oil-discovery-could-go-on-stream-in-2022/

[6] http://www.offshoreenergytoday.com/bp-teaming-up-with-kosmos-in-mauritania-and-senegal/

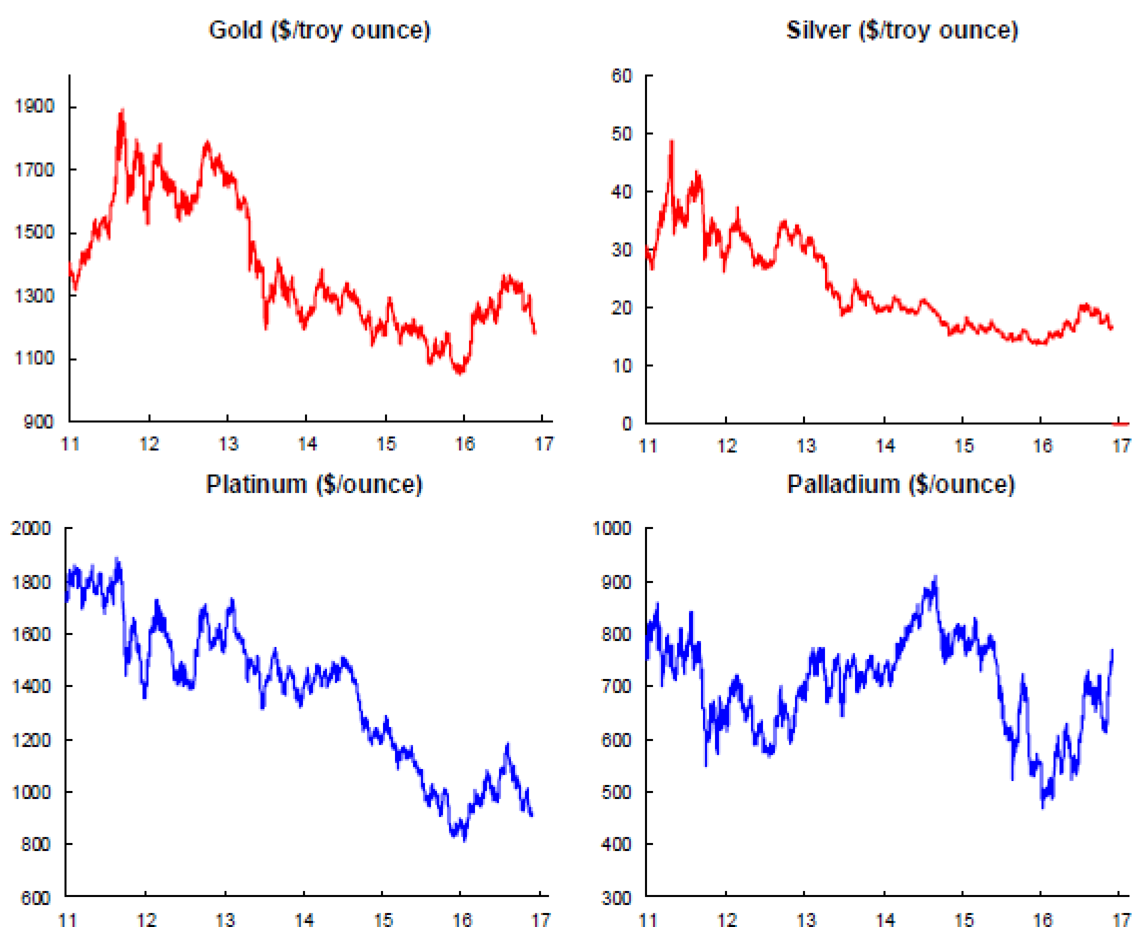
[7] http://www.oilreviewafrica.com/gas/gas/president-of-mozambique-meets-eni-s-ceo

MINERALS

Precious metals

Precious metal prices have come under pressure recently as long-term bond yields have risen, for two main reasons. The first is election of Donald Trump in the US, with markets anticipating his promised fiscal stimulus. The second reason is the hike the interest rate by Federal Reserve Bank in mid-December, along with its stated intention to raise rates up to four times in 2017. A strong dollar has also weighed on precious metal prices. The price of gold fell from $1,317 per troy ounce at the end of September to $1,130 per troy ounce on 16 December. Silver is down from $19/oz to $16/oz over the same period.

Precious Metal Prices



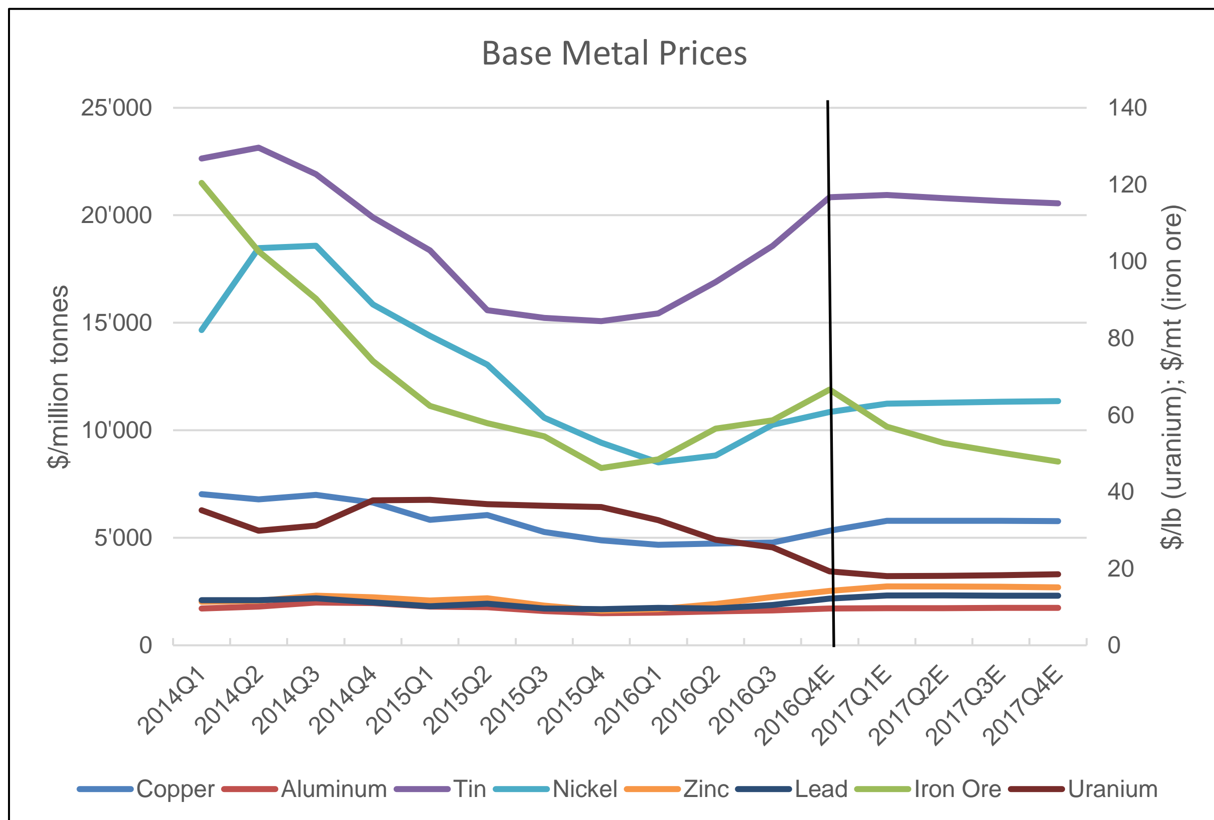
Source: IMF Commodity Market Monthly (December 2016)

Non-precious metals

Most non-precious metal prices are expected to record increases in 2016Q4 compared to the previous quarter, supported by strong Chinese demand. The exception is uranium, which is on track for a 24% decline on the back of its 7.3% fall in Q3. The strongest quarterly price growth is anticipated for lead (16%), iron ore (14%), tin (12%) and zinc (12%). Copper is expected to post an 11% gain in the quarter, while smaller increases of around 5% are forecast for aluminium and nickel.[8]

The medium-term outlook is for little change in most base metal prices over the coming year or two. The major exception is iron ore, which after four successive quarterly increases is expected to decline from $67 per million tonnes (MT) in 2016Q4 to $48/MT by the end of 2017. This is mainly due to continuing global overcapacity, with new low-cost mines in Brazil and Australia due to come on-stream soon.

In the longer term, the major demand-side drivers of base metals will continue to be economic growth in China, India and other major emerging markets. With China's real estate sector beginning to cool, and industrial production growth still decelerating, it seems unlikely that Chinese demand for base metals will increase significantly. However, base metals have already received a boost from US President-elect Trump's planned $1 trillion infrastructure spending programme. However, the supply of metals will likely remain adequate over the next few years as a result of large capacity expansions that were made during the recent boom years. Nevertheless, investment has since fallen substantially, which sets the stage for a sharper recovery in prices in a few years' time.

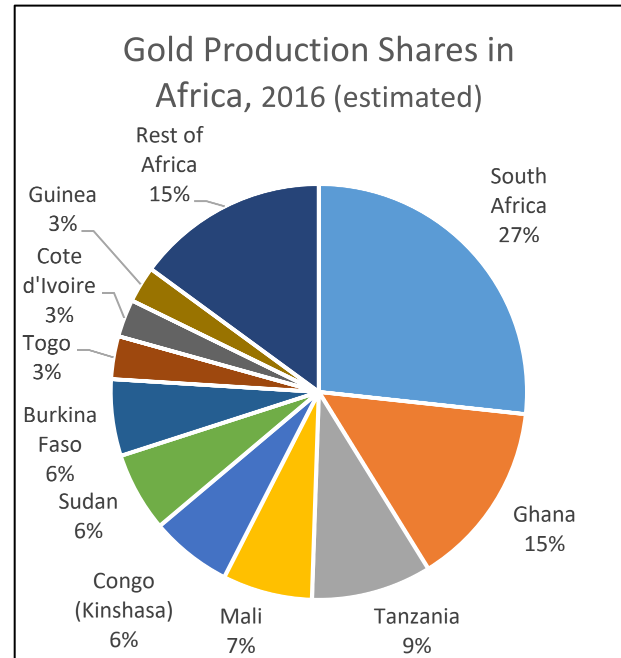


Source: IMF (2016)

[8] Source: IMF Commodity Price Forecast, December 2016.

Mineral developments in Africa

Gold is produced in about 30 African countries. South Africa accounts for the largest share of the continent's output, estimated at 27% for 2016, followed by Ghana with 15% and Tanzania with 9%. South Africa's estimated production for 2016 is 160,000 kilogrammes, which is much lower than the nearly 295,000 kg produced in 2005. For much of the last century, South Africa was the world's top gold producer, but output has been declining since 1970 due to resource depletion. Meanwhile, Ghana's output has increased by about 22% since 2005.



Source: U.S. Geological Survey (2016)

A new **uranium** mine in **Namibia** is set to begin producing in 2017, and is likely to catapult the country to the world's 3rd largest uranium producer, from its current 6th position.[9] The so-called Husab mine project is a joint venture between a local mining company, Swakop Uranium, and China General Nuclear Power Holding Corp (CGNPC). Valued at $2 billion, output from Husab is anticipated to be over 7000 tonnes of uranium per annum. The mine is estimated to have indicated reserves of about 140,000 tonnes.

In **Zimbabwe**, **platinum** miner Zimplats has announced the successful completion of a bankable feasibility study on the proposed Mupani mine. The mine, projected to cost $264 million, is expected to take at least four years to develop. Output of 2.2 million tonnes a year is anticipated by 2025, and the lifespan of the mine is projected to be 34 years.[10]

The rise in **coal** prices this year has improved the prospects of coal mining projects in **Mozambique's** Tete Province. Brazilian mining giant Vale is considering options for expanding the infrastructure to exploit reserves in the Moatize complex. Vale has already spent $2 billion, could need to spend a further $2.4 billion to complete a rail corridor to the port of Nacala, located 900km away. Moatize began production in mid-2011 and last year produced 4.5 million tonnes of coal. The expansion project could raise production and exports to some 20 million tonnes per annum.[11]

[9] http://www.mining.com/namibias-new-uranium-mine-to-boost-growth-make-it-the-worlds-third-main-producer/

[10] http://www.mining.com/new-264m-zimbabwe-platinum-mine-to-last-34-years/

[11] http://www.mining.com/met-coal-price-surge-revive-giant-mozambique-project/

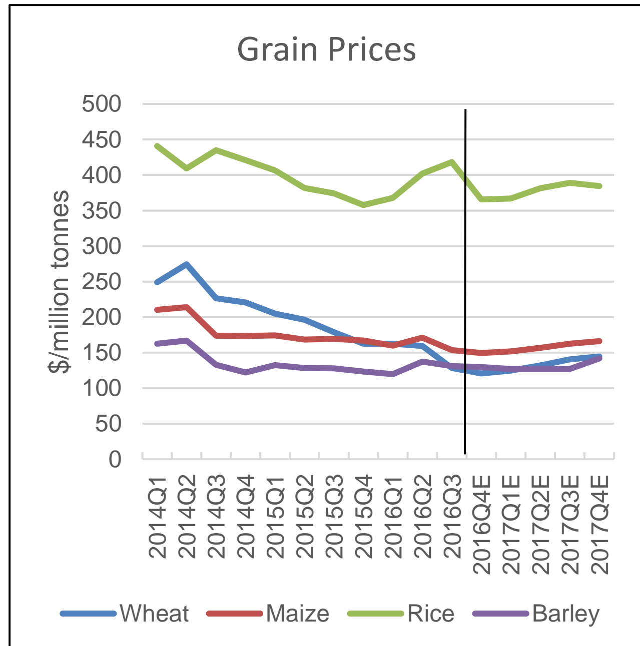
AGRICULTURAL COMMODITIES

Grains

Prices of all four major grains are expected to fall in the fourth quarter. Rice is anticipated to drop by 13%, reversing most of its gains from the previous two quarters. After falling nearly 20% in Q3, wheat is likely to post a further decline of about 6% in December. Maize will follow a 10% drop in Q3 with a 2-3% easing in Q4. The price of barley will fall about 1%, following a 5% contraction in the previous quarter.

Looking ahead to 2017, wheat is forecast to strengthen by around 3-6% each quarter, while the price of maize will grow more slowly. Rice could post some gains in the middle part of the year, while barley is expected to be fairly flat until a pick-up late in 2017.

As usual, the price outlook for grains is largely dependent on weather conditions in various parts of the world.



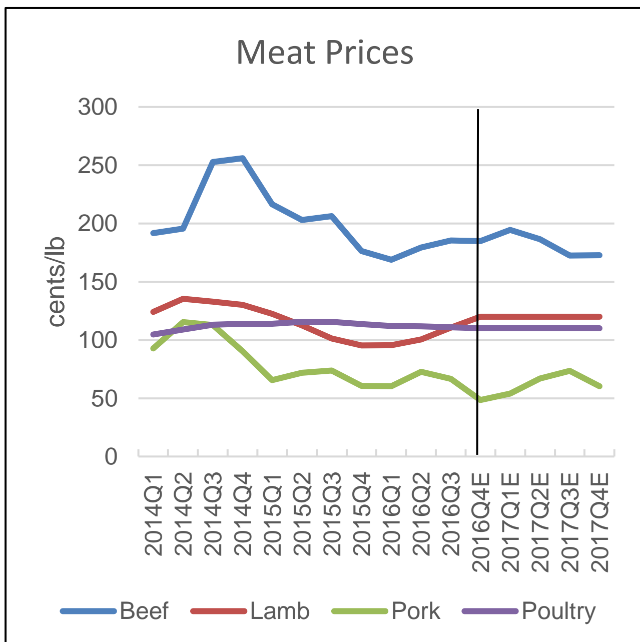
Source: IMF (2016)

Meat

Beef and poultry prices are expected to soften very slightly in fourth quarter, while lamb is likely to gain about 8% following a 10% increase in Q3. The price of pork, by contrast, is set to fall by some 27% in Q4, following an 8% decline in the previous quarter. Pork prices are somewhat seasonal, usually bottoming out around the fourth or first quarters of the year.

Looking ahead, no changes are foreseen for lamb and poultry prices, although beef is projected to gain about 5% in 2017Q1, before contracting for two quarters. Pork is likely to rebound quite strongly over the next three quarters, before dipping seasonally in Q4.

Beef and pork prices have both trended downwards over the past two years, in concert with most other internationally traded commodities.



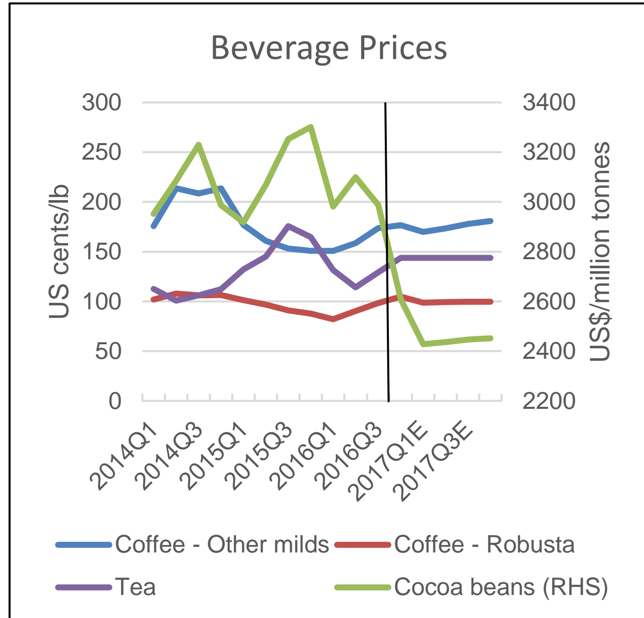
Source: IMF (2016)

Beverages

The price of tea is set to rise by 11% in the Q4, on the back of a 13% increase in Q3. Tea prices are not forecast to change under current and expected market conditions.

Coffee prices have also picked up of late, and have risen by some 25% since January. Coffee prices have been supported by demand growth in Asia, as consumers shift from tea to coffee, and by concerns over harvests in leading producer countries such as Columbia, Vietnam and Brazil.

By contrast, the price of cocoa beans is expected to fall by about 13% in the fourth quarter, following a 3.6% decline in Q3, due to ample supply from key producing regions such as West Africa. Cocoa prices are anticipated to fall further in 2017Q1 and thereafter remain fairly steady.

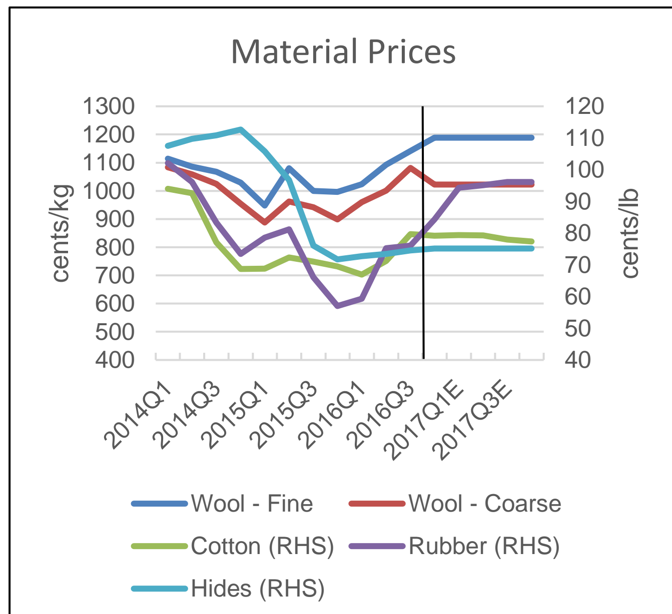


Source: IMF (2016)

Materials

International prices of agricultural raw materials showed mixed results in the fourth quarter of 2016, with rubber increasing more than 10%, fine wool rising by about 4% and hides barely increasing, while cotton dipped slightly.

With the exception of another strong quarterly increase for rubber prices in 2017Q1 (11%), all material prices are forecast to be relatively flat in 2017. At this stage, no major changes to the trajectory of demand or supply are foreseen for the next couple of years.

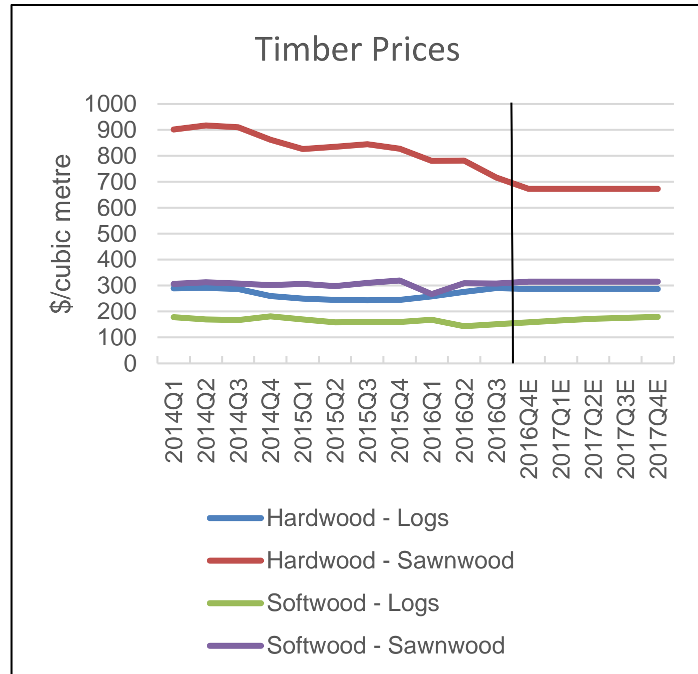


Source: IMF (2016)

Timber

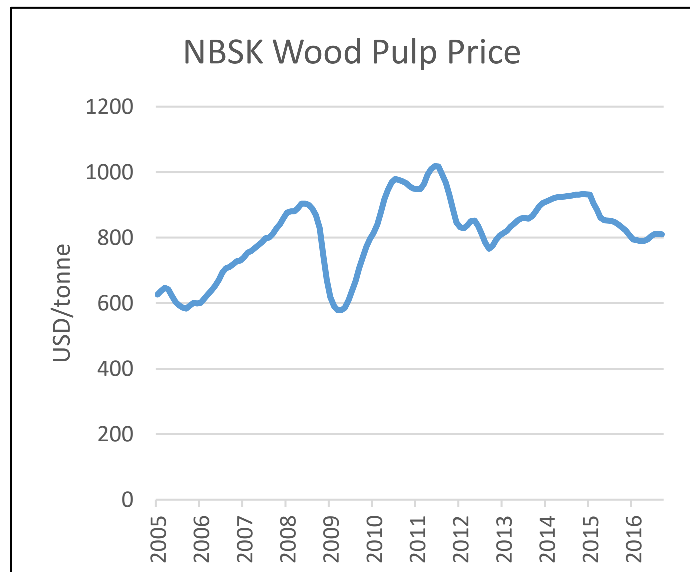
The price of hardwood logs fell by about 1% in the fourth quarter, while sawn hardwood prices fell by about 6%. The price of softwood logs strengthened by 4% and the price sawn softwood firmed by 2.5% in Q4.

In the outlook, the timber prices are expected to remain stable at current levels over the coming few years, with the exception of a modest increase in softwood log prices, which are expected to grow by between 2-5% per quarter in 2017. Beyond that, the outlook is stable for all four timber categories over the next five years as gains in demand are expected to be matched by expanded supply.



Source: IMF (2016)

The price of wood pulp traded on the Chicago commodities exchange has increased only marginally this year, from US$794 per tonne in January to US$810 per tonne in September. This is still considerably lower than the recent high of US$933 per tonne reached at the end of 2014.



Source: National Institute of Statistics and Economic Studies (France)

Agricultural developments in Sub-Saharan Africa

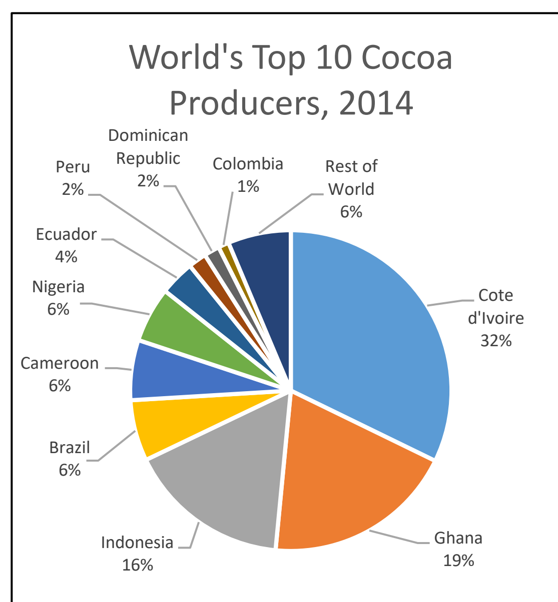
Agricultural commodity output from sub-Saharan Africa is highly dependent on rainfall conditions. After two successive strong El Niño years, which have caused severe droughts southern Africa and Ethiopia but contributed to good rainfalls in Kenya, the Pacific **Southern Oscillation** has recently swung into the opposite La Niña pattern. This should ease drought conditions in southern Africa, although rainfall this summer has thus far been below historical averages. On the other hand, Kenya's main growing region may be threatened with a drought as a consequence of La Niña.

In **South Africa**, the continent's largest **maize** producer, indications of above-average rainfall this summer season as well as higher local prices have led to a rebound in area planted compared to 2016. At this point, the FAO is forecasting a total maize crop of around 12 million tonnes, which is much larger than the estimated drought-affected 2016 harvest of 7.7 million tonnes.[12]

In **Kenya**, severe dry weather conditions have delayed planting of the 2016/17 "short-rains" season crops in the south-eastern and coastal bi-modal rainfall areas. These short-season crops usually account for 70% of the country's aggregate annual production. Drought conditions are also negatively affected eastern and north-eastern pastoral areas.[13]

In **Ethiopia**, rainfall conditions have improved in recent months, and the prospects for the main 'meher' season crops look favourable. However, southern and south-eastern pastoral areas are suffering lagged effects of the last El Niño cycle.[14]

Exports of West Africa's main **cocoa** crop began in November, and so far the harvest looks very good as the region's weather conditions have been better than the previous year. However, this season's strong production is contributing to a sharp fall in the price of cocoa beans, with the 2016 average price likely to decline for the first time in four years. Africa has four of the world's top 10 cocoa producers (Cote d'Ivoire, Ghana, Cameroon and Nigeria), and collectively they accounted for 63% of total global production in 2014 (see figure below). Together with 16 smaller African cocoa producers, they cornered 65.7% of the global market that year.



Source: FAO (2016)

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12 http://www.fao.org/giews/countrybrief/country.jsp?code=ZAF

13 http://www.fao.org/giews/countrybrief/country.jsp?lang=en&code=KEN

14 http://www.fao.org/giews/countrybrief/country.jsp?lang=en&code=ETH
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