

# The Ghana Cocoa Report 2024: Ghana Cocoa Price Forecast for 2024: Trends, Challenges, and Opportunities

Analyze Ghana's cocoa price trends and forecasts for 2024. Explore the factors driving price fluctuations, including global demand, climate change, and currency exchange rates.



## Highlights

Ghana's cocoa prices are influenced by global supply-demand dynamics, the Living Income Differential (LID), and exchange rate fluctuations.

The forecast for 2024 predicts moderate price growth due to rising global demand and climate-related supply disruptions in major cocoa-producing regions.

Expanding domestic cocoa processing capacity and improving infrastructure could further stabilize and enhance Ghana's cocoa prices in the long term.

## Content

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## Research Methodology

This article uses data from the Ghana Cocoa Board (COCOBOD), the International Cocoa Organization (ICCO), and major global commodity trading platforms. Projections are based on historical price trends, current global supply-demand conditions, and macroeconomic factors affecting cocoa markets. Expert insights and academic research were also incorporated to provide a comprehensive analysis of price trends for Ghanaian cocoa in 2024.

## Top 10 Key Statistics and Facts About Ghana's Cocoa Prices

- 1. 2023/2024 farmgate price:** COCOBOD set the farmgate price at **¢1,308 per 64kg bag** (approximately **\$1,820 per metric ton**) for the 2023/2024 season.
- 2. Global cocoa price forecast for 2024:** Prices are expected to range between **\$2,300 and \$3,000 per metric ton**, depending on market conditions.
- 3. Living Income Differential (LID):** Ghana and Ivory Coast introduced a **\$400 per metric ton premium** on cocoa exports to boost farmer incomes.
- 4. Production volume:** Ghana's cocoa production is expected to remain around **800,000 metric tons** for the 2023/2024 season.
- 5. Global demand growth:** Demand for cocoa products, particularly in Asia, is projected to grow by **3-5%** annually through 2025.
- 6. Cedi depreciation:** The Ghanaian cedi depreciated by **15%** against the US dollar in 2023, affecting the purchasing power of cocoa farmers.
- 7. Cocoa's share of exports:** Cocoa accounts for approximately **19%** of Ghana's total export revenues.
- 8. Price volatility:** Cocoa prices fluctuate due to speculative trading, with price swings ranging from **\$300-\$500 per metric ton** within a single year.
- 9. Impact of climate change:** Erratic weather patterns and disease outbreaks could reduce global cocoa supply by **10-15%** over the next decade.
- 10. Sustainability certification:** Over **60%** of Ghana's cocoa is certified under sustainability schemes, earning price premiums of up to **10-15%** in international markets.

## Critical Analysis of Cocoa Price Trends in Ghana

Ghana's cocoa prices, like those of other major cocoa-producing countries, are subject to a wide range of global and local factors. These include the balance of supply and demand in global markets, speculative activity on commodity exchanges, government policies like the Living Income Differential (LID), and exchange rate fluctuations. A detailed examination of these factors provides insight into the likely trajectory of cocoa prices in 2024 and beyond.

**Global Supply and Demand Dynamics:** One of the key drivers of cocoa prices is the balance between global supply and demand. On the supply side, Ghana, along with Côte d'Ivoire, dominates the global cocoa market, accounting for nearly **60%** of global production. However, climate change, poor farm-level productivity, and outbreaks of diseases like the **cocoa swollen shoot virus (CSSV)** have contributed to a relatively constrained supply in recent years.

In 2024, global cocoa production is expected to remain stable, with Ghana projected to produce approximately **800,000 metric tons** of cocoa. However, supply disruptions due to climate-induced challenges, particularly in West Africa, could push prices higher.

On the demand side, the growing middle class in countries like China and India, combined with rising chocolate consumption in Europe and North America, is expected to drive global demand growth by **3-5%** annually.

Given these dynamics, cocoa prices are forecast to fluctuate between **\$2,300 and \$3,000 per metric ton** in 2024, with potential upward pressure if supply challenges intensify. This represents a moderate increase over the **\$2,200-\$2,800** per metric ton range seen in 2023, reflecting both rising demand and supply constraints.

**The Role of the Living Income Differential (LID):** Ghana and Côte d'Ivoire introduced the **Living Income Differential (LID)** in 2019 to help cocoa farmers earn a fairer income from their produce. The **\$400 per metric ton** premium is applied to global cocoa prices, regardless of market conditions. While the LID has been successful in raising the baseline price for cocoa, it has not fully insulated farmers from the effects of price volatility in international markets.

In 2024, the LID will continue to play a stabilizing role in cocoa pricing, ensuring that farmers receive a minimum price even during periods of lower global prices. However, the effectiveness of the LID depends on continued cooperation between Ghana, Côte d'Ivoire, and global buyers, some of whom have pushed back against the premium, citing higher production costs.

**Currency Exchange Rates and Their Impact on Cocoa Prices:** Another major factor influencing cocoa prices in Ghana is the exchange rate between the Ghanaian cedi and the US dollar. Since cocoa is traded globally in dollars, fluctuations in the cedi's value have a direct impact on the real income of Ghanaian cocoa farmers. In 2023, the cedi depreciated by approximately **15%** against the dollar, reducing farmers' purchasing power even as nominal cocoa prices remained relatively stable.

If the cedi continues to weaken in 2024, it could exacerbate the financial strain on cocoa farmers, particularly those who rely on imported inputs like fertilizers and pesticides. A stronger dollar could also make Ghanaian cocoa more expensive for international buyers, potentially reducing demand.

**Speculative Trading and Price Volatility:** Speculative activity on global commodity exchanges also plays a significant role in driving cocoa price volatility. In recent years, cocoa prices have experienced swings of up to **\$500 per metric ton** within a single year, driven by speculation rather than fundamental changes in supply and demand.

This speculative behavior is likely to continue in 2024, contributing to short-term price fluctuations. However, Ghana's ability to mitigate the impact of such volatility through initiatives like the LID and improved market transparency will be crucial in ensuring stable incomes for farmers.

## Current Top 10 Factors Impacting Cocoa Price Trends in Ghana

- 1. Global demand growth:** Rising demand for chocolate, particularly in emerging markets like China and India, is driving up cocoa prices.
- 2. Climate change:** Erratic weather patterns and disease outbreaks in cocoa-growing regions could reduce supply, putting upward pressure on prices.
- 3. Living Income Differential (LID):** The \$400 premium provides a safety net for farmers but depends on continued cooperation from global buyers.
- 4. Exchange rate fluctuations:** Depreciation of the Ghanaian cedi against the US dollar affects the real incomes of cocoa farmers and the competitiveness of Ghanaian cocoa exports.
- 5. Speculative trading:** Speculation in global cocoa futures markets drives price volatility, often disconnected from supply-demand fundamentals.
- 6. Cocoa sustainability certification:** Increasing consumer demand for ethically sourced cocoa leads to price premiums for certified beans.
- 7. Government policies:** COCOBOD's farmgate pricing and export strategies

directly influence cocoa prices in Ghana.

**8. Processing capacity:** Limited domestic cocoa processing reduces Ghana's ability to capture value from higher-priced processed products like cocoa butter and powder.

**9. Global supply disruptions:** Supply challenges in other major cocoa-producing regions, such as Côte d'Ivoire, can affect global prices and Ghana's market position.

**10. Infrastructure development:** Poor infrastructure in cocoa-growing regions increases transportation costs, reducing the profitability of cocoa farming.

## Projections and Recommendations

1.

**Cocoa Price Forecast for 2024:** Given the current global supply-demand outlook and macroeconomic conditions, cocoa prices are expected to remain within the range of **\$2,300 to \$3,000 per metric ton** in 2024. Factors such as climate-induced supply disruptions and continued demand growth in Asia could push prices toward the higher end of this range.

2.

**Enhance Domestic Cocoa Processing:** Ghana should invest in expanding its domestic cocoa processing capacity to capture more value from its cocoa exports. This will help reduce the country's dependence on raw bean exports and increase its resilience to global price fluctuations.

3.

**Strengthen the LID and Price Stabilization Mechanisms:** The LID remains a crucial tool for ensuring fair prices for farmers, but it should be complemented by additional price stabilization mechanisms. This could include the creation of a price stabilization fund to support farmers during periods of extreme price volatility.

4.

**Promote Climate-Smart Agriculture:** Given the increasing impact of climate change on cocoa production, Ghana should promote climate-smart farming practices, such as agroforestry and drought-resistant cocoa varieties. This will help mitigate the risks of supply disruptions and improve long-term price stability.

5.

**Monitor Global Speculative Activity:** Ghana should collaborate with international regulatory bodies to monitor speculative trading in global cocoa futures markets. Improved market transparency and better regulation of speculative activity could help reduce price volatility.

## Conclusion

Cocoa price fluctuations will continue to pose challenges for Ghana's cocoa industry in 2024, but the outlook remains positive. Rising global demand, particularly in emerging markets, and efforts to stabilize farmer incomes through the Living Income Differential will help support prices. However, addressing underlying issues such as climate change, currency volatility, and limited processing capacity will be crucial for Ghana to fully capitalize on its position as a leading cocoa producer.

## Notes

Data for this article were sourced from COCOBOD, ICCO, and global commodity

trading reports.

The projections and recommendations are based on expert analysis and historical price trends in the cocoa market.

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