

FOLLOW-UP NOTE -- POSTURE UPGRADE

IU Cocoa Deep Dive -- June 2026 | Reference: Sections IX, X, XI

IU POSTURE UPDATE -- COCOA (CC) | JULY 2026**EARLY SETUP / MONITOR --> EARLY ACCUMULATION**

The IU Cocoa Deep Dive published in June 2026 identified three trigger conditions that would convert the report's monitor posture into an actionable accumulation posture. Two of those three are now fully confirmed; the third is one weekly data point from confirmation. This note details what has changed, the updated entry framework at current prices, and what confirmation remains pending.

TRIGGER CONDITION STATUS**1****2026/27 Crop Outlook -- Below-Average Pod Development**

Bloomberg survey of 4 trade-house analysts: 1.7-1.8 MMT estimate for 2026/27, down ~20%

CONFIRMED**2****El Nino -- Confirmed & Intensifying**

NOAA 67% Super El Nino probability; Japan Met Agency confirmed June 10

CONFIRMED**3****ICE Certified Stocks -- Peak and Rollover**

Briefly breached 3.02M bags Jul 1, declined Jul 2; not yet a sustained rollover

NEAR CONFIRMATION**IU POSTURE: EARLY ACCUMULATION / STAGED ENTRY**

Two of three trigger conditions are fully met. The third -- a sustained ICE stock rollover -- requires two consecutive weekly declines to confirm. IU's posture upgrades to Early Accumulation with staged entry on pullbacks into the updated price zones defined in this note. This is not a full tactical long. It is a partial, defined-risk initial position with explicit criteria for adding and trimming. The October 2026 main-crop pod counts remain the decisive confirming signal for a full position.

ABOUT THIS NOTE

This note is a follow-up to the IU Cocoa (CC) Deep Dive -- June 2026 and should be read alongside that report. All trigger conditions, price zone rationale, and expression logic are derived from the Deep Dive's analytical framework. This note does not constitute investment advice. Cocoa futures are volatile instruments with demonstrated potential for 7%+ single-day moves. Position sizing and risk management are the responsibility of the individual reader. Intermarket Universe assumes no liability for trading decisions made on the basis of this analysis.

MARKET UPDATE -- JULY 8, 2026 SETTLEMENT

September ICE NY cocoa (CCU26) **settled at \$6,052/tonne on July 8** -- a fresh acceleration that takes the contract roughly 24% above the ~\$4,900 reference price used throughout this note. The daily chart shows a sharp, sustained advance beginning July 6, consistent with the OI-confirmed structural buying discussed in Section IV, not a one-day spike. At this level, price has moved through the Aggressive Add, Staged Entry, and Hold zones entirely and is now inside the **Selective Trim zone (\$5,500 -- \$6,500)**. Subscribers who staged in per the original framework have captured the move in full; fresh entries at current levels are not recommended. See the updated price framework in Section III.

PRICE CONTEXT SNAPSHOT

METRIC	VALUE	SIGNAL
Current settlement (Jul 8)	\$6,052/tonne	Highest close since January 2026
Trailing 30-day change	~+50%	Accelerating, not decelerating
Trailing 12-month change	~(30)%	Gap to flat vs. a year ago closing fast
Distance from Dec 2024 ATH (\$12,931)	~(53)%	Still well below the blow-off peak
Distance from Mar 2026 low (~\$2,846)	+113%	More than doubled off the cycle low

A NEW SIGNAL: DOLLAR STRENGTH IS NOT SLOWING THE RALLY

In the days leading into this settlement, the US Dollar Index (DXY) rallied to a **13-month high** -- normally a headwind for a dollar-priced commodity like cocoa, since a stronger dollar makes futures more expensive for non-dollar buyers and typically caps rallies. Cocoa continued climbing through that dollar strength rather than stalling. A rally that shrugs off a strengthening dollar is a materially different signal than one that needs a weak dollar as a tailwind -- it suggests the buying is driven by the underlying crop and weather thesis itself, not by a currency-driven flow that could reverse quickly. This is the second independent confirmation, alongside the 20% quarter-over-quarter open interest increase in Section IV, that the move is structural rather than mechanical.

SECTION I

EVIDENCE REVIEW -- WHAT HAS CHANGED SINCE JUNE

1. Crop Surveys Confirm Weak Pod Development

The report identified below-average cherelle formation as the first tangible bullish tell. That signal has materialized. A Bloomberg survey of four trade-house analysts produced an average estimate of 1.7-1.8 million tonnes for the 2026/27 Ivory Coast season -- an 18-20% decline from the 2.2 MMT delivered in 2025/26. Several producing regions report fewer fruits than expected. Mid-crop and early main-crop development are lagging prior seasons across multiple origins. The trade is pricing a materially tighter 2026/27 season before governments have confirmed it.

ORIGIN / SOURCE	2025/26	2026/27 ESTIMATE	CHANGE
Ivory Coast (trade survey avg.)	~2.2 MMT	~1.7 -- 1.8 MMT	(18 -- 23)%
Ivory Coast (CCC official)	1.65 MMT	Survey pending Jul	--
Ghana (COCOBOD target)	~650,000 t	Early surveys negative	TBD
Global balance (StoneX)	+247,000 t surplus	Shrinking; El Nino risk	Downward

2. El Nino -- Strengthening to Super Status

The report was written at NOAA's 63% very strong probability. That reading has since risen to **67% Super El Nino** -- described as potentially ranking among the strongest since 1950. Japan's Meteorological Agency independently confirmed El Nino conditions on June 10. The 96% persistence probability through the December -- January -- February window places the event squarely over the 2026/27 main crop's critical development period.

3. Q2 2026 Grindings -- Not Yet Released; Consensus Points to the Same Bifurcation

Correction from this note's original framing: Q2 2026 regional grindings data has **not** been released as of this writing. The European Cocoa Association's official calendar confirms Q2 Grind Stats publish **July 16, 2026**; North American (NCA) and Asian (CAA) figures are expected in the same window. The demand-side leg of the thesis remains open, not settled.

Ahead of the print, market consensus continues to track the same bifurcation this note has flagged since June: Asian grindings are expected at **+9% year-over-year**, building on Q1's own upside surprise (+5.2% against a consensus of -6.7%) -- if confirmed, this would be the second consecutive quarter of Asian growth and would meet the bar this note set for demand destruction bottoming globally. European grindings are expected at **(1.5)%** year-over-year -- still negative, but a meaningfully smaller decline than Q1's (7.8)%, which would suggest the pace of European demand erosion is decelerating rather than accelerating. North American grindings are expected at approximately (1)%, also improved from Q1's (3.8)%.

REGION	Q1 2026 ACTUAL	Q2 2026 CONSENSUS	READ
Asia (CAA)	+5.2%	+9%	Tailwind if confirmed -- 2nd straight quarter of growth
Europe (ECA)	(7.8)%	(1.5)%	Still a headwind, but consensus expects deceleration
North America (NCA)	(3.8)%	(1)%	Still a headwind, also expected to decelerate

Consensus figures reported ahead of the official release; actual prints may vary materially. This note will be updated following the July 16 publication.

SECTION II

NEW DEVELOPMENTS -- RISKS NOT IN THE ORIGINAL REPORT

Three material developments have emerged since the June report was published. None invalidate the bullish thesis. Each must be reflected in position sizing.

Development 1: Dual Weather Risk -- Flooding and Brown Rot

The original report modeled El Nino-driven dryness as the primary weather risk. The near-term reality has been the opposite: excessive rainfall has flooded roads and cut off farmer access to farms and ports across both Ivory Coast and Ghana. June rainfall reached levels near the typical full-month average before month-end. The immediate consequence is disrupted mid-crop harvesting and transport. The more material forward consequence is elevated brown rot disease risk -- excessive moisture promotes fungal diseases and pests during the critical cocoa pod formation and ripening stage. This adds an independent, immediate supply-disruption vector alongside the El Nino forward risk.

Development 2: Farmer Protests Over Unpaid Sales

Farmers in Ivory Coast's centre-eastern region have staged protests over unpaid cocoa sales and rotting stocks following the 57% farmgate price cut. Traders describe the situation as localised. The risk of farmers reducing next season's crop maintenance -- the feedback loop the report's Section VII identified as the structural consequence of the farmgate collapse -- is now observable, not hypothetical.

Development 3: ICE Stocks Approaching Rollover

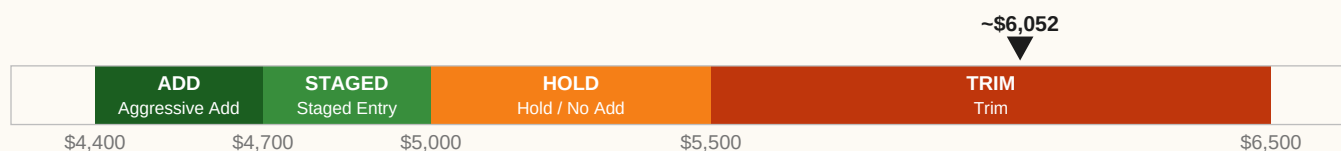
Stocks reached a 1.75-year high, briefly **breaching the report's own bear-case threshold** at 3,017,796 bags on July 1 -- the first confirmed print above the 195,000-tonne (~3.0 million bag) sustained-build level that would trigger a downgrade. Stocks then declined the following day amid pre-holiday liquidation ahead of the July 3 US market holiday. One breach followed by one decline is not a sustained build in either direction. The next two weekly prints are decisive: a return above 3.0M bags sustained triggers the downgrade condition; continued decline confirms the bullish rollover trigger instead.

ICE STOCKS SIGNAL	THRESHOLD	CURRENT	STATUS
Bear-case confirmation	>3.0M bags sustained	Breached Jul 1, declined Jul 2	Contested
Rollover confirmation	2 consecutive wkly declines	1 decline recorded	Near confirm
Weekly monitoring cadence	Every Thursday	Track next 2 prints	Active

SECTION III

UPDATED PRICE FRAMEWORK

The original accumulation zone of \$3,500 -- \$3,800 is now well below market, and the \$4,700 -- \$5,000 staged-entry zone defined earlier in this note has also been passed. September ICE NY cocoa (CCU26) **settled at \$6,052/tonne on July 8, 2026** -- roughly 24% above the ~\$4,900 reference price used when this note's price zones were built, and within reach of the bull case target range of \$6,000 -- \$8,000. Total open interest is reported up 20% quarter-over-quarter per ICE's Q2 2026 trading statistics, consistent with the structural new-buying signal defined in Section IV rather than mechanical short-covering alone. This is why the price framework below has shifted from an entry guide to a hold-and-monitor guide: the accumulation window has largely closed, and the operative question is now how much of the position to trim into strength versus hold for the October pod-count catalyst.



ZONE	PRICE RANGE	IU ACTION	RATIONALE
Aggressive Add on Pullback	\$4,400 -- \$4,700	Size up if retested	Post-squeeze consolidation; El Nino floor
Staged Entry	\$4,700 -- \$5,000	Initial partial if retested	Defined-risk; favorable vs. full position
Hold -- No Add	\$5,000 -- \$5,500	Hold; monitor OI trajectory	Await October pod count confirmation
Selective Trim -- Current Range	\$5,500 -- \$6,500	Reduce overweights; take partial profit	Settled \$6,052 Jul 8; October confirmation required to hold full size
Reassess Above	Above \$6,500	Partial exit; review sizing	ATH recovery territory; crowding risk

SECTION IV

EXPRESSION, MONITORING & DOWNGRADE CONDITIONS

Recommended Expression

Long-dated call spreads (Dec 2026 / Mar 2027) remain the preferred vehicle. They best capture the El Nino / pod-count window while limiting carry bleed if October disappoint. Outright Dec 2026 OTM calls are an alternative for leveraged upside. Outright futures at current levels are not recommended -- the 7%+ single-day move demonstrated in June, combined with the ~57% implied volatility environment, makes defined-risk structures the appropriate vehicle for an entry that is staged rather than convicted.

OI + Volume Monitoring Protocol

The report's Section V defined the real-time diagnostic: rising price with **falling open interest** and a volume spike = mechanical short-covering (exhaustible; take partial profits). Rising price with **rising open interest** and a volume spike = structural new buying (durable; add on confirmed momentum). Monitor the weekly COT release (Friday, for Tuesday data) alongside daily OI to track whether the current rally has transitioned from mechanical covering to new committed positioning. **Update:** ICE reported Q2 2026 total open interest up 20% quarter-over-quarter -- consistent with the structural new-buying signal, not mechanical short-covering alone. This supports treating the rally from \$4,900 to \$6,052 as durable rather than a fading squeeze, though it does not by itself confirm the crop or weather thesis -- that confirmation still rests on the October pod counts.

Downgrade Conditions

DOWNGRADE SIGNAL	THRESHOLD	IMPLICATION
El Nino fizzles	ENSO Neutral by Sep 2026	Downgrade to MONITOR; reduce
October pod counts in-line	Average or above-average	Downgrade to MONITOR; trim
ICE stocks resume build	>3.0M bags sustained	Return to EARLY SETUP posture
Curve breaks to contango	Deferred > nearby, sustained	Full review; posture reset
CDI 2.2 MMT confirmed	Official delivery confirmation	Bear case activates; exit

NEXT SCHEDULED REVIEW

October 2026 main-crop pod counts remain the decisive signal for a full position. Interim notes will be published upon: (1) ICE stocks recording a second consecutive weekly decline -- confirming the third trigger; (2) any NOAA ENSO reclassification; or (3) a material surprise in the August 12 USDA WASDE global balance sheet. The WASDE is the next high-confidence external catalyst with direct impact on the 2026/27 surplus estimate that anchors the bear case.