



AfricashewSplits

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The Cashew Market in West Africa

Nigeria

The cashew market slowed down in Nigeria. The crop season is over in Kwara and Ogbomosho States which represent two major States of Cashew Production in Nigeria; however, a few buyers from Benin are currently in Kogi State scouting for the remaining RCN in order to fulfill their commitments. At the trader level the average RCN Outturn is currently 45-47lbs while last year at the same period we noticed an average RCN Outturn of 43-45lbs. There seems to be an improvement in RCN quality this year compared to last season.

This week, RCN prices remained in the same range and mostly at the traders' level. Nevertheless, RCN farm gate price increased slightly from 550-570 NGN/kg last week to 570-585 NGN/kg (1.8-1.85 USD/kg) this week for an

average Outturn of 44-45lbs. The RCN price from the traders in Kogi State is around 590 NGN/kg (1,873 USD/MT) against 585-620 NGN/kg recorded last week. The RCN warehouse price in Kwara State remains around 600 NGN/kg (1,904 USD/MT) with an average RCN Outturn of 45-47lbs. The RCN FOB price at the port of Lagos is also remains 1,600 USD/MT with an average outturn of 45-47lbs. According to Mr. Azeez Ayodele, the Quality Control Manager at FoodPro Nigeria, most exporters signed early contracts to deliver at this price range and due to the current depreciation of the US dollars against the Nigerian Naira, they are still maintaining the same price range.

Source: Market Analysts Mr. Azeez Ayodele and Mr. Alfred Makhuga Friday

Benin

The cashew market remains active in Benin with a majority of activities at the stores of the traders and exporters. According to Mr. Moussa Issiakou, the General Secretary of the National Association of Cashew Producers of Benin, this campaign seems better compared to the previous season. Plantation yields for the current season are much more satisfactory due to good rainfall recorded and also a good number of new plantations that produced this year. Thus, FENAPAB expects a total production of between 110,000 and 115,000 tonnes of raw cashew nuts for the 2017 season. The cashew season is winding down in Benin, however the quality of the available RCN is still good with an average KOR of 47-49lbs against an

average KOR of 45-47lbs recorded during the same period of the previous season. Demand for raw cashew nuts remained strong and supply is becoming increasingly scarce. However, there is fairly large amount of raw cashew nuts from neighbouring Nigeria which is coming in. Nut collection at the field level is complete and there is much more activity at the level of traders and exporters. The RCN warehouse price is currently between 1,000 and 1,050 FCFA/kg (1,686-1,770 USD/MT) compared to 1,000 FCFA/kg recorded last week. The RCN FOB price in Cotonou ranges between 1,100 and 1,200 FCFA/kg (1,854-2,023 USD/MT) for an average RCN Outturn of 47-49lbs.

Source: FENAPAB, CONEC

Côte d'Ivoire

The military unrest slowed the market this week. The problem has been resolved but long queues of trucks were waiting at the port to be offloaded and some trucks were blocked on their way to Abidjan. The RCN quality dropped sharply and this situation could further contribute to decline the quality of the nuts. The average RCN Outturn is currently 44-46 lbs with a moisture rate of less than 10%. According to the Conseil du Cotton et d'Anacarde (CCA), more than 450,000 MT of RCN have already been exported since the beginning of the Exports.

This week, we observed a slight decrease in RCN prices compared to last week however, at the Eastern part of the country, RCN prices remained in a higher range due to strong demand.

RCN farm gate prices are currently between 775 and 900 FCFA/kg (1.3-1.51 USD/kg) compared to

800-900 FCFA/kg recorded the previous week. RCN warehouse prices are between 875 and 925 FCFA/kg (1.47-1.55 USD/kg) depending on the area. Deliveries to the Port are being made for, between 915 and 960 FCFA/kg (1,543-1,618 USD/MT) compared to 890-950 FCFA/kg recorded in the previous week. FOB prices range from 1,100 to 1,200 FCFA/kg (1,854-2,023USD/MT) against 1,050-1,200 FCFA/kg recorded last week. The RCN CIF prices range between 1,200 and 1,350 FCFA / kg (2,023-2,276 USD/MT) against 1,200-1,300 FCFA/kg recorded last week. In general, there has been a decrease in RCN availability at the producer level and a sharp drop in RCN quality due to harsh weather conditions that affected the flowering of cashew trees this year. The second batch of flowering this year seems to be earlier compared to last season.

Source: Mr. Kamate Issoufou from K.R Organisation

Ghana

In Ghana, RCN availability at the producer is very limited. However, in the Northern part of the country, there are still adequate supplies at the producer level. RCN quality has decreased as a result of rains in most production zones. At the moment, RCN average Outturn is of 46-48lbs. The major raining season is in full swing across the middle belt where currently most of the production zones are located.

The farm gate price of RCN has decrease to 4-4.50 GHS/Kg (0.93-1.04 USD/kg) as compared to last week's price of 5-5.50 GHS/Kg in the production enclaves of the Brong Ahafo region according to Mr. John Gyimah, a MoFA officer in Wenchi. Deliveries to trader warehouses in Sampa are currently being made between 6.5-7.2

GHS/kg (1,511-1,674 USD/MT) for an average RCN Outturn of 46-48lbs against 6-6.5GHS/kg recorded last week.

A Trilateral Cooperation Project on Cashew Research and Cashew By-product Processing has been launched by the Ministry of Food and Agriculture in Partnership with Competitive Cashew Initiative and development Agencies from Brazil and Germany. The goals of this cooperation is to improve the quality of research in the development of cashew clones that are high yielding and tolerant to major diseases and pests and well adapted to local conditions. Also, it aims at improving the efficiency and technologies of cashew processing and by-products processing.

Source: Cyril Alormene from MoFA

Guinea Conakry

RCN availability at the producer level is very limited. Majority of the activities are occurring at both the trader and the exporter level. According to Madame Clarisse BANGOURA from the Guinean Export Promotion Agency (AGUIPEX), the total production of RCN recorded last season (2016) was around 50 000 MT. Cashew export was launched on May 12th 2017 and due to this delay, production cannot be estimated at the moment.

In fact, the statistics for the current season are not yet available, however, there are more cashew exporters this year than last year. This has slightly increased the competition among buyers in the field. RCN farm gate price increased from 10 000-13 000 GNF/kg last week to between 12 500 and 13 500 GNF/kg (1.38-1.49 USD/kg) this week in Boké and Kankan.

Source: Mme Clarisse BANGOURA from AGUIPE

Guinea Bissau

This year cashew stakeholders in Guinea Bissau are expecting up to 250,000 MT of RCN according to the National cashew association of Guinea Bissau (ANCA). The first crop has just ended with more than 50 000 MT of RCN already transported to the Port of Bissau. Cashew producers are still waiting for the second crop which seems to be later compared to last year.

In most producing regions, RCN farm gate prices increased from 650-900 FCFA/kg recorded last week to 700-1000 FCFA/kg (1.18-1.60 USD/kg) this week with an average RCN Outturn of 50-54lbs. Local processors started purchasing at the

beginning of the season when RCN price at the producer level was around 500 FCFA/kg and subsequently stopped buying when prices began to reach 700 FCFA/kg.

Exports of RCN at the port level are expected to start in the coming two weeks. RCN FOB price is currently between 1,000 and 1,100 FCFA/kg (1,686-1,854 USD/MT) with an average RCN Outturn of 52-54lbs.

Source: Mr. Mario Mendonça, PRSPDA and Mr. Tample Cardoso, ANCA

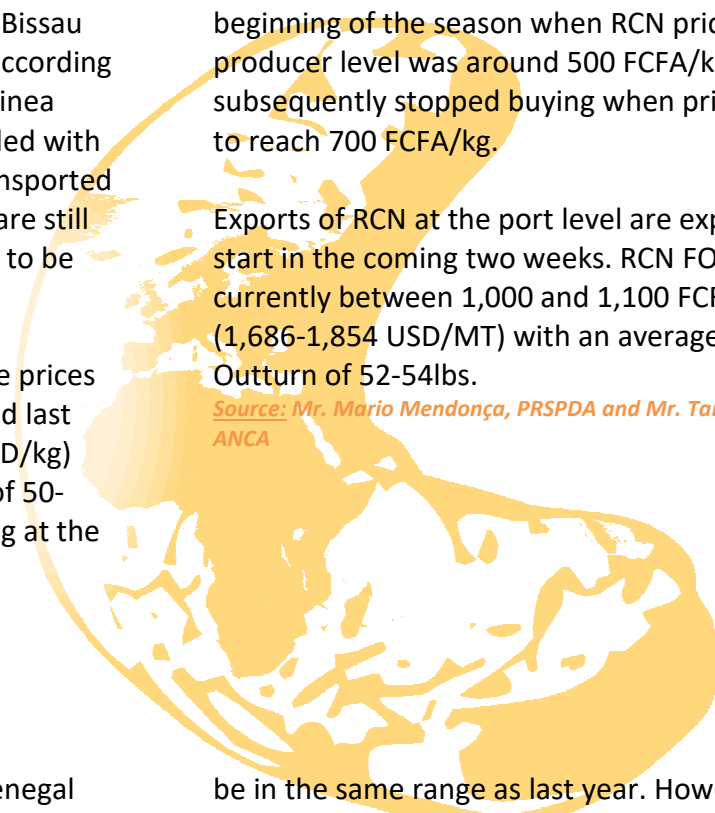
Senegal

The cashew season remained active in Senegal with a slight increase in prices observed in almost all production areas. In Sokone, RCN availability at the producer level is very limited compared to Ziguinchor where RCN arrivals are increasing at both trader and producer level.

Senegal is expecting a total production of 50,000-60,000 MT of RCN this year. According to Mr. Lamine Sene from FNDASP, this year's crop will

be in the same range as last year. However, the season has just started and it seems too early to get the real figures on the current season. RCN farm gate price in Ziguinchor is around 1,150 FCFA/kg (1.93 USD/kg) compared to 1,025 FCFA/kg recorded last week. RCN warehouse price is currently around 1,260 FCFA/kg (2,124 USD/MT) while the RCN FOB price is 2,250 USD/MT.

Source: Mr. Lamine Sene from FNDASP



The International Cashew Market

As can be seen from the reports above the crop position in West Africa looks overall better than last year and production in total will come close to the 2015 record. In the 2016/17 season according to the current official estimates five African countries have or are forecast to have record crops – Tanzania, Mozambique, Guinea Bissau, Nigeria and Guinea. In the largest producer in Africa, Cote D'Ivoire, the crop is forecast up on last year. This seems likely with shipments of RCN for export already over 450,000 tonnes. This is a testament to the farmers, supporting agencies and some governments across the Continent. It is also evidence that higher prices for farmers can stimulate production in African countries and most likely will continue to do so.

<i>Cashew kernels FOB</i>			
Description	Grade	Price USD/lb	Recent changes
Whole White 240 kernels/lb	WW240	5.30 - 5.40	Slight decrease
Whole White 320 kernels/lb	WW320	4.95-5.05	Stable
Splits	FS/WS	3.95	Stable
Broken	LWP/LP	3.45	Stable

<i>Raw Cashew Nut FOB Africa and CFR India/Vietnam</i>			
Origin	Outturn	Price USD/MT	Recent changes
West Africa CFR price (April Shipment)	44-53	1,500-2,350	Firm
Cote d'Ivoire CFR	45-47	1,830-2,079	Slight increase
Benin CFR	47	1,900 -1,950	Firm

In the global context production is up in India, down in Vietnam and static in Brazil. If we take all the official estimates of the crops the World crop should be up by 10-12% in 2016/17. In this context, the sharp rise in prices seen since April might seem surprising. However, if we consider that the primary impetus for the early panic came from Vietnam and RCN traders who supply Vietnam where the crop is significantly down the rise is more easily understood. Looking today at the position in Vietnam, the World's largest export of cashew kernels supplying 75% of the kernels needed in the markets of Europe and North America, we see imports of RCN well above corresponding levels last year and export of kernels down. In effect the Vietnam balance sheet of supply and demand has been rebalanced by early imports of RCN. The fact that some of the imports are held by speculators may explain some of the buying patterns and the fact that there are a few large processors controlling the bulk of the volume of kernels may explain the remarkable consistency in processors offered prices over the past few weeks. However, this may well backfire as the prices currently offered could do major and lasting damage to consumer demand.

Perhaps the cashew market is suffering more from a lack of market information than it is a lack of cashew nuts. By this I mean good crop information and forecasting systems, transparent reporting and opportunities to understand the dynamics of the market rather than just the week to week price movements. Some people say that the cashew market is manipulated and that buyers of kernels have been the victims of this in 2017. On the other hand, who could begrudge African farmers a decent return on their labour after a decade (2000-2010) of low prices? Having said that the sector should consider the long term – there will be far more opportunity in the future growing the sector than in taking a short-term traders attitude in trying to profit off the short-term price movements.

This week prices are a little softer. There is less buying and more offers of kernels. RCN prices are static but it is difficult to interpret prices at this time of year when quality is falling as the season ends in many countries. It seems unlikely to us that there will be an immediate sharp correction in prices. Following such a fast and large price rise there are likely to be contract "renegotiations" and defaults as usual creating a false restriction of supply. A relatively quiet period on kernels might be expected until buyers who remain open for cover later in the year act again. On RCN, the market will react to developments in Guinea Bissau and any further disruptions to supply that might arise in Cote D'Ivoire. These are challenging times .

Source: Mr. JIM FITZPATRICK, INGREDIENT SOURCING SOLUTIONS

Currency

Exchange Rate: 1 USD= ?			This Week	Last Week	Exchange Rate : 1 USD= ?			This Week	Last Week
West Africa	Franc CFA	XOF	593	598	East Africa	Tanzanian Shilling	TZS	2230	2228
	Nigerian Naira	NGN	315	315		Kenyan Shilling	KES	103.25	102.8
	Ghanaian Cedi	GHS	4.3	4.19		Mozambican Metical	MZN	70.44	70.44
	Gambian Dalasi	GMD	44.97	45	Asia	Indian Rupee	INR	64.04	64.64
	Franc Guinéén	GNF	9021	9208		Vietnam Dong	VND	22681	22729



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