CASHEW MARKET BULLETIN

AFRICAN CASHEW ALLIANCE
ACA
n'kalô Service d'information et de conseil

January 19th, 2016 – N°172

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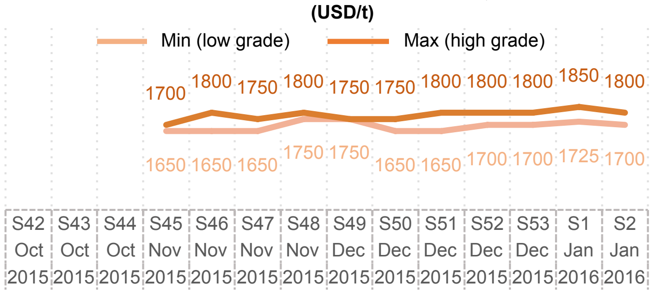
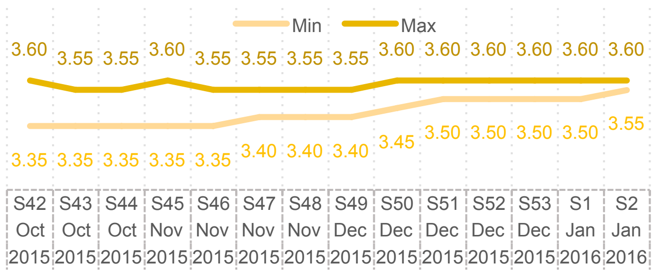
The Cashew Market Flash

Price trend of raw cashew nuts from Tanzania, C&F to India (USD/t)



Price trend of Cashew Kernel grade WW320, FOB India (USD/lb)



The Cashew Market in East Africa

Kenya

There have been no major changes in the cashew market in Kenya since last week. The price range for raw cashew nuts (RCN) is between 50 and 60 KES/kg (500 and 600 USD/MT). However some farmers are still selling at a much lower price due to a lack of information about the market.

Mozambique

The collecting season is about to end in the Northern part of Mozambique. Nevertheless, RCN collection started in January in the Southern region. The total cashew kernel exported through last December is estimated at 3,450 MT according to INCAJU.

The Cashew Market in West Africa

Nigeria

The production status in Kogi state is steady, new plantations are emerging, while the old ones are already bearing fruits and are almost ready for harvest. Farmers have started picking the fallen nuts and some local buyers are already collecting the nuts at the farm gate. Climatic conditions are favorable; therefore we are expecting a good harvest this season.

RCN is currently sold at 135 NGN/kg (675 USD/MT) at the farm gate and the warehouse price is 137 NGN/kg (685 USD/MT) in Kogi state. Quotation to deliver at the port of Lagos is estimated at 157 NGN/kg (785 USD/MT). The main buyers are not yet in the market and the minimum farm gate price is not yet set. Some of the local processing factories opened on Monday, January 18th to prepare for RCN procurement.

Ghana

The Cashew Industry Association of Ghana (CIAG) organized its first ever "National Cashew Dialogue" as part of a six-month advocacy program on the theme; "Revitalizing the Cashew Sector: An Opportunity Neglected by the Nation". The Dialogue took place on January 19, 2016 at the Accra International Conference Center (AICC). CIAG, with the support of the Ghanaian government, plans to establish an export window to better monitor cashew marketing in the country. This is expected in the coming weeks. This decision is partly to ease processors access to raw material but also ensure that cashew will be well dried before export. However there are some issues to be considered as Ghana is surrounded by Burkina Faso and Togo as well as Côte d'Ivoire. Many traders source raw cashew from Burkina Faso and Togo to Ghana for the international market. Monitoring this regulation may need some commitment from traders to export raw material through legal trade regulation from border countries.

Cashew farmers have started collecting early cashew producing trees during the last 2 weeks. It is expected that by the second week of February, significant volumes will be available. Last week in Mim, Drobo and Techiman regions, traders have started buying small quantities with farmers at 3 GHS/kg (750 USD/MT); this week we observed an increase to 3.5 GHS/kg (875 USD/MT) in some areas of the Brong-Ahafo region.

Ghana's processing capacity has strongly increased this year. A new cashew factory with capacity to process 30 000 MT/year of RCN has started processing this year.

Cote d'Ivoire

Cashew trees continue flowering in all production areas. Farmers are taking care of their plantations and expect good yields. Some early fruits are beginning to fall in some plots but in generally few quantities. However, the fruiting could increase by the beginning of February.

The Cotton and Cashew Board (CCA) is currently delivering jute bags to famers' groups and processing documents for buyer and exporter licenses. This season may be as animated as last year due to the many requests for licenses received by CCA.

The International Cashew Market

Last week, there was fewer offers for cashew kernel due to processors being absent on the market on the international market and prices went slightly up by 0.02 to 0.05 USD/lb for most grades.

China, in particular, has sent solid enquiries before the lunar New Year, which is the cashew consumption peak in the country and will be on February 8th this year. The buying for the Chinese New year is now over.

There are very few new contracts for RCN from East Africa and Indonesia.

International quotations in India/Vietnam

*Cashew kernels **FOB***

Description	Grade	Price USD/lb	Recent changes
Whole White 240 kernels/lb	WW240	3.7 - 3.75	Slight increase
Whole White 320 kernels/lb	WW320	3.5 – 3.6	Slight increase
Splits	FS/WS	3.2 - 3.3	Slight increase
Broken	LWP/LP	3.10 – 3.2	Slight increase

*Raw Cashew Nut **C**FR India/Vietnam*

Origin	Outturn	Price USD/MT	Recent changes
West Africa (coming harvest, deliveries from end of March)	47-50	1400-1600	New offers
Indonesia (limited availability)	48-50	1700-1800	Slight decrease
Tanzania (limited availability)	48-49	1650-1750	Slight decrease

New offers for West African RCN have started coming in the market mostly for Nigeria, Benin, Ghana and Côte d'Ivoire. So far, traders offers quotation between 1400 USD/MT (for 46-47 lbs/bag) and 1600 USD/MT (for 49-50 lbs/bag).

Exchange rate: 1 USD=			This week	Last Week
WEST AFRICA	Franc CFA	XOF	605	605
	Nigerian Naira	NGN	200	200
	Ghanaian Cedi	GHS	3.95	3.95
	Gambian Dalasi	GMD	40	40
	Franc Guineén	GNF	7700	7700

Exchange rate: 1 USD=			This week	Last week
EAST AFRICA	Tanzanian Shilling	TZS	2175	2175
	Kenyan Shilling	KES	102	102
	Mozambican Metical	MZN	46	46
ASIA	Indian Rupee	INR	66.85	66.85
	Vietnam Dong	VND	22400	22400

The Analysts' Opinion

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The last custom statistics of Vietnam and India are now available and allow us to review the main trends of the world cashew market in 2015.

India: Cashew Imports and Exports

Raw Cashew Nut imports in India (Metric Tons)				
Imports India	**2013**	**2014**	**2015**	**2015/2014**
Total	**757 278**	**933 216**	**1 084 915**	**16%**
Côte D'Ivoire	208 868	333 756	360 784	**8%**
Benin	93 557	125 706	174 593	**39%**
G. Bissau	126 940	117 771	167 210	**42%**
Tanzania	97 815	147 860	138 893	**-6%**
Ghana	91 120	67 246	80 849	**20%**
Nigeria	11 706	25 875	49 621	**92%**
Indonesia	23 028	13 920	22 127	**59%**
Senegal	27 250	33 060	18 739	**-43%**
Gambia	30 080	26 684	17 216	**-35%**
Guinea	17 356	17 411	17 179	**-1%**
Mozambique	12 340	7 579	6 834	**-10%**
Others	17 219	16 347	30 870	**89%**

Cashew kernel exports of India (in Metric Tons)				
Exports India	**2013**	**2014**	**2015**	**2015/2014**
Total	108 605	113 031	106 166	**-6%**
USA	32 287	28 935	27 708	**-4%**
UAE	16 882	19 596	20 980	**7%**
Japan	6 495	7 100	8 395	**18%**
S.Arabia	5 495	6 898	8 064	**17%**
Netherland	9 461	9 283	7 188	**-23%**
Belgium	2 139	2 760	3 080	**12%**
South Korea	1 811	3 403	3 064	**-10%**
France	3 212	3 091	3 012	**-3%**
Germany	2 463	3 719	2 919	**-22%**
Spain	2 892	2 455	2 612	**6%**
Others	25 469	25 791	19 145	**-26%**

- Indian imports of RCN increased strongly in 2015: +16%

- Indian exports of cashew kernels decreased in 2015: -6%

- This has several possible meanings: (1) Cashew consumption is growing fast in India and industry is able to process more and more RCN for its national market, (2) Indian's production is still static or decreasing faster and the industry needs more raw material to compensate for the deficit in national production (3) Stocks of 2015 season are still at the high level in India.

- Our personal analysis is that even if these three hypotheses can be proven simultaneously, the first one (consumption growth) is the main factor of the Indian cashew market. In fact, the second hypothesis (production decrease) is not confirmed by any reports from India (and it would be hard to keep such a big secret so long), while the third hypothesis (big stocks remaining) would have affected the price of RCN during the end of 2015. Indian traders and processors would not pay such high prices as the ones they paid during the last three months, even for the excellent Tanzanian quality, if they had large amounts of RCN available in their local market.

This is confirms that most of the growth of Indian imports of RCN is the result of a fast increasing consumption: probably over 10% per year.

Vietnam: Cashew Imports and Exports (as the whole trade data is not available for Vietnam imports, we used different colors to distinguish the data provide by Vietnam customs and our estimates which complete them).

Raw Cashew Nut imports in Viet Nam (Metric Tons)				
	2013	2014	2015	2015/2014
Total	**634 049**	**574 320**	**844 218**	**47%**
Côte D'Ivoire	229 826	176 272	308 907	**75%**
Benin	25 698	27 711	35 000	**26%**
G. Bissau	61 166	20 677	40 000	**93%**
Tanzania	18 653	32 590	40 000	**23%**
Cambodia	61 805	48 224	109 280	**127%**
Ghana	88 356	70 575	85 000	**20%**
Nigeria	63 145	80 000	85 000	**6%**
Indonesia	26 344	36 978	46 815	**27%**
Senegal	7 503	7 843	10 000	**28%**
Gambia	6 273	9 500	10 000	**5%**
Guinea	13 845	31 918	35 000	**10%**
Mozambique	256	1 321	1 500	**14%**
Others	31 179	30 711	37 716	**23%**
Real data from Viet Nam customs			Estimates from Nkalô/ACA	

Cashew kernel exports of Viet Nam (in Metric Tons)				
	2013	2014	2015	2015/2014
Total	254 834	302 902	328 000	**8,3%**
USA	81 220	95 586	111 681	**16,8%**
China	52 117	51 106	50 107	**-2,0%**
Netherland	23 433	32 513	41 629	**28,0%**
Australia	14 091	16 154	16 042	**-0,7%**
UK	8 429	11 036	14 075	**27,5%**
Canada	8 622	10 029	10 731	**7,0%**
Thailandia	7 148	8 738	8 873	**1,5%**
Germany	4 260	6 161	9 264	**50,4%**
Italia	3 117	5 113	5 349	**4,6%**
UAE	3 085	4 017	4 406	**9,7%**
Japan	1 647	4 843	3 568	**-26,3%**
Russia	9 122	9 087	3 263	**-64,1%**
Others	38 543	48 519	49 012	**1,0%**

- Vietnamese imports of RCN has increased strongly in 2015: +47%
- Vietnamese exports of cashew kernels increased in 2015: +8%
- The differentials between RCN imports increases: (+ 270,000 MT) and Kernel exports converted in RCN (+ 105,000 MT) are huge: around 165 000 MT.

Contrary to India, our personal analysis is that it is not the local consumption that is driving the increase in demand from the Vietnamese industry. Also, even if Vietnamese production has been decreasing for several years, this decrease alone cannot explain the differential. Therefore, the hypothesis of large stocks of RCN/Cashew kernels available currently in Vietnam is concluded to be the main factor.

For this reason, we believe that there is still a good availability of both RCN and / or cashew kernels in Vietnam, which could lead to slow down the demand of raw cashew nuts during the first half of 2016 if the harvests are good in the Northern hemisphere (India, Vietnam and West Africa).

Knowing that cashew demand will continue growing fast worldwide for cashew kernel, we can expect the remaining stock and production increase in West Africa to be absorbed during 2016.
However, there is the possibility of a slight decrease in RCN prices during the main cashew harvest season. This decrease will probably occur around April/May and should not be underestimated.

The main difference between 2015 and 2016, is that in 2015, when the season was about to begin, stocks of RCN and kernels in both India and Vietnam were low as well as the production of both countries were stagnant. Furthermore, it was not expected such an increase in West African production. This year, Asian processors will be less rushed and will be more confident in their supply of raw material from Africa if their own production is not damaged by El Niño and La Niña. This means that when the harvest will be in full swing the probability of a price decrease will be strong.

Due to the current levels in the cashew market, as well as the currencies rates, we continue to expect relatively high prices and strong competition in West Africa during this season. However, every business must be aware of the risk of decreasing demand of raw material from the Asian industry during the middle of the season.

This is a publication of N'Kalô Information and Advisory Service and the African Cashew Alliance. It is realized with the support of: