

AfricashewSplits

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February 14th, 2017 – N°001

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The Cashew Market in West Africa

The Conseil du Coton et de l'Anacarde - CCA officially announced the opening of the cashew season on February 16, 2017; the minimum farm gate price is set at 440 FCFA/kg for well-dried nut, without foreign material.

The 2017 cashew crop season in West Africa is approaching. Reports from the field say that the weather seems to be good with no major drought or bush fires reported. Although the season has not been officially announced, there are some transactions taking place in Burkina Faso, Cote d'Ivoire Ghana, Mali, Nigeria, and Benin.

Nigeria

Nine out of the 12 cashew factories in Nigeria are operational with a total annual processing capacity of 10,500 metric tons (MT). A few years ago, Nigeria accounted for more than 45,000 MT annual processing capacity.

The 2016 crop volume was around 170,000-180,000 MT according to the National Cashew Association of Nigeria (NCAN) and Nigeria Export Promotion Council (NEPC) during the stakeholders meeting held in November 2016. New plantations are coming up in Kwara, Kogi, and Oyo states and the trees planted in the last three years have started to fruit.

Last year the fluctuation of the Naira influenced the cashew market season in Nigeria. On average, the Naira was exchanged at 300 NGN/US\$ compared to 200 NGN on the official market. This situation has created a discrepancy as you can see on the graph below.

Nigeria is one of the first countries to

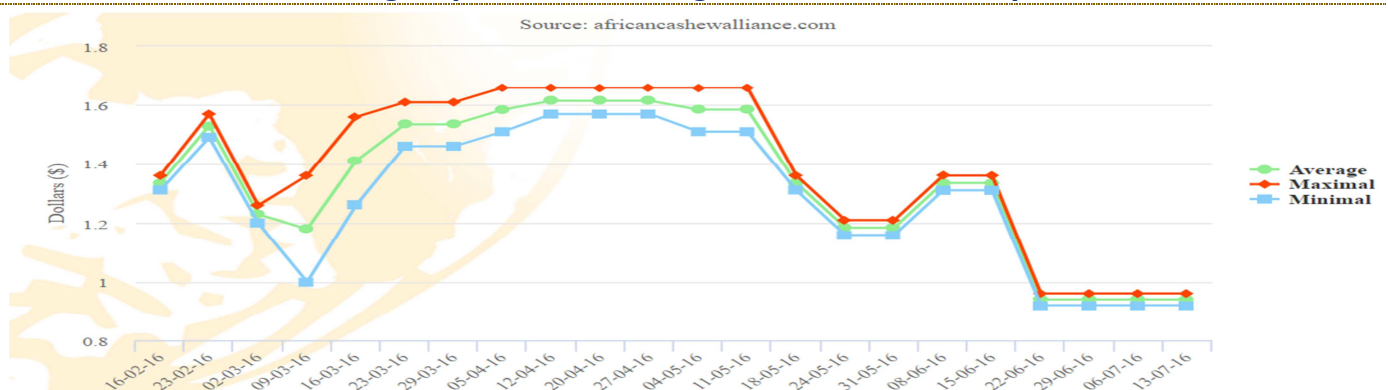
harvest cashew nuts in West Africa. RCN farm gate prices started at 1.3 USD per kg in the beginning of February with a weak Naira compared to the US dollar.

Last March in Benin and Côte d'Ivoire the crop was available and prices set for farm gate at 350 FCFA/kg (0.60 USD/kg). We observed a decrease in RCN prices in Nigeria, but this situation did not last. At the end of March the price went up to 1.6 USD/MT. It decreased to 1.4 USD/kg in mid-April, and dropped to less than a dollar at the end of the season in July 2016 due to the sharp drop of the nuts quality with high moisture content.

Presently there are some RCN arrivals in Kogi, Kwara, Oyo, and Edo state. However, the peak of production is expected by the end of March. Raw cashew nuts (RCN) at the farm gate are currently around 400 NGN/kg with an outturn of 48lbs.

Source: Market Analyst Azeez Ayodele and Mr. Alfred Makhuoga Friday

RCN farm gate prices trend during 2016 cashew season (USD/kg)



Benin

In 2015, Benin processed an approximate 6,000 MT of 20% of the annual processing capacity. Since last year's season a new factory with an 18,000 MT per annum capacity started operating making therefore a total of 6 cashew factories in Benin.

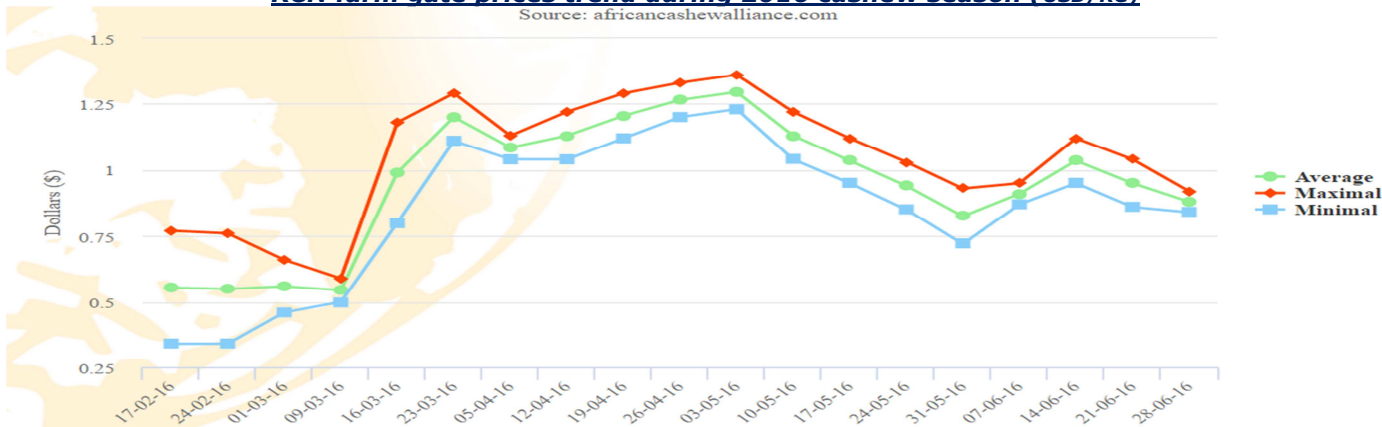
RCN prices highly fluctuated during the previous season. At the beginning of the season, the average farm gate price started at 0.55 USD/kg with the lower price at 0.25 USD/kg and the highest price reaching 1.36 USD/kg in May 2016. The season ended up in June with an average price of 0.85 USD/kg. In collaboration with the MAEP (Ministère de l'Agriculture de l'Élevage et de la Pêche), IFA (Interprofession de la

Filière Anacarde au Bénin), the industry association officially established in June 2016, defined the minimum farm gate price at 350 FCFA/kg (0.55 USD/kg) for the 2017 cashew season.

According to the Head of Cotonou Port Authority and the Federation National des Producteurs d'Anacarde du Bénin (FENAPAB), the country produced approximately 80,000 MT of raw cashew nuts during the 2016 season representing a decline of almost 40,000 MT compared to 2015 cashew season. One should note that the level of smuggling RCN from Nigeria to Benin declined deeply and could explain further the sharp decrease in production.

Source: Federation of Cashew Growers of Benin (FENAPAB)

RCN farm gate prices trend during 2016 cashew season (USD/KG)



Cote d'Ivoire

In Côte d'Ivoire, new plantations are emerging each year due to the increasing farm gate prices. Currently, cashew plantations are expanding into the southern part of the country. According to the Cotton and Cashew Council (CCA), Cote d'Ivoire produced up to 650,000 MT of RCN in the 2016 season representing a sharp decline of 100,000 MT compared to 2015 crop.

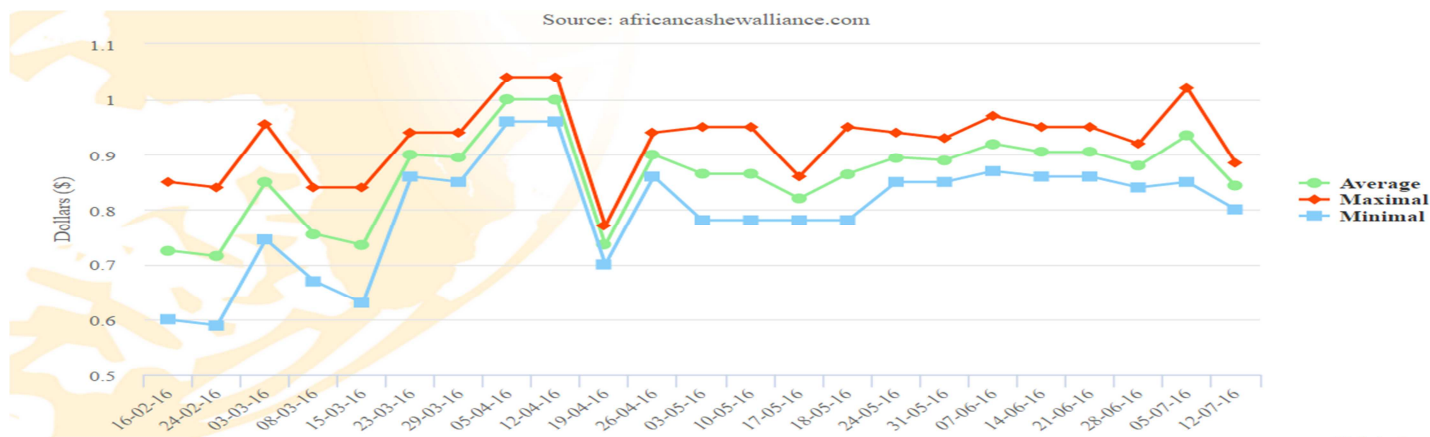
The Investment Promotion Council approved an additional 5 projects, which would make an overall processing capacity of 123,500 MT of RCN per year if all factories processed to their claims. Many other projects are discussed but we wait to see if they will be built. However, out of the 29 factories in the country, 4 have closed and only a dozen were able to operate during the last season.

2016 was also marked by an increase in RCN prices. At the beginning of the season, RCN farm gate price was set at 350 FCFA/kg, but increased a week later, by about 50%, to over 600 FCFA/kg at the peak of the season affecting the profitability of local processors.

The 2016-2017 season is starting and the CCA is currently distributing jute bags to producers and approved exporters. The list of approved exporters for 2017 was published on the 3rd February. Currently, small harvests collected from the early cashew trees are available. Nevertheless price in the remote areas are very low compare to other where there are high demand; the cashew is traded between 200 and 500 FCFA/kg (0.38-0.8 USD/kg).

Source: Mr. SORO LACINA

RCN farm gate prices trend during 2016 cashew season in Côte d'Ivoire (USD/KG)



Mali

Mali recorded a total production of up to 80,000 MT during the 2016 cashew season according to CTARS. Bougouni, the biggest cashew-producing region in Mali, produced about 40,000 MT.

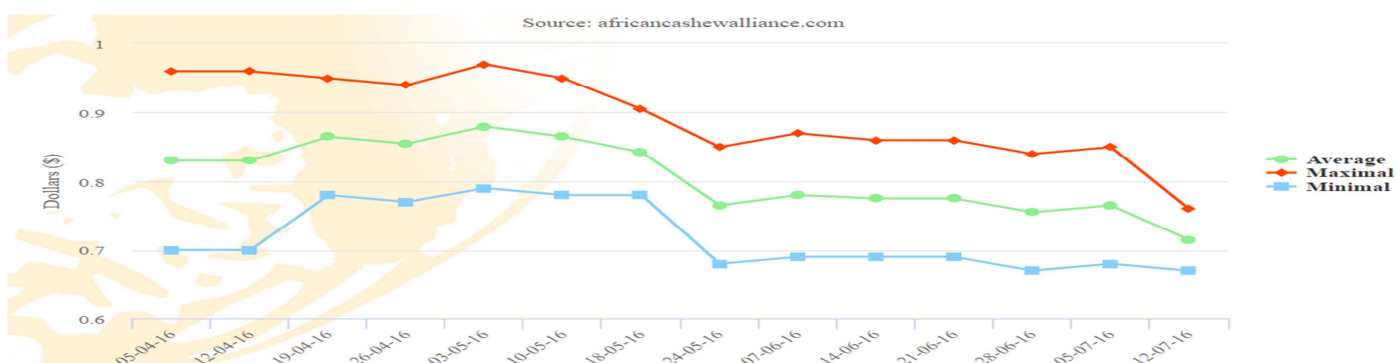
Flowering and fruiting are still continuing in the various production areas and the peak

of the season is expected in the second half of February.

Sporadic deals are being made presently at the farm level for between 200 and 250 FCFA/kg (0.32-0.4 USD/kg).

Source: Mme Kongo Baba from CTARS

RCN farm gate prices trend during 2016 cashew season in Mali (USD/KG)



Burkina Faso

The 2016 cashew crop in Burkina Faso is estimated at 80,000 MT representing an increase of 10,000 MT compared to the 2015 season according to the Association of Cashew Producers in Burkina Faso (UNPA/BF) and APEX, the exports promotion agency in Burkina Faso. This growth is mainly due to the extension of the cashew plantations in Burkina Faso since the past three year but also the agricultural practices undertaken by the cashew growers. However, we shouldn't put aside the cross-border flows between Mali, Burkina Faso and Benin. This year, the cashew season started rather early in Burkina Faso compared to the previous season. Small quantities of RCN are being collected at the production areas. The weather conditions are also favorable for

a good harvest this season due to the good rain falls registered this year and the delay of the harmattan season.

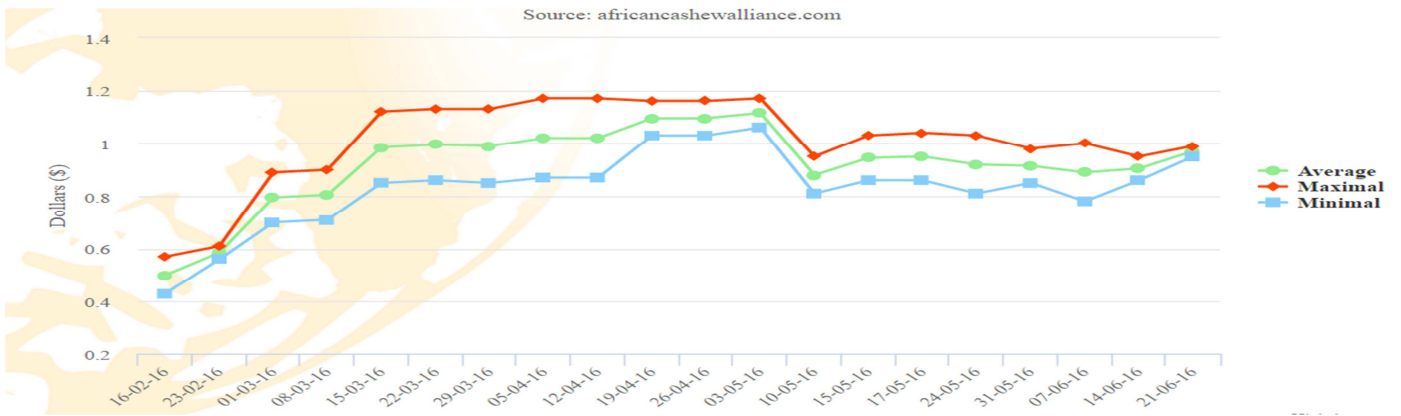
In the Hauts-Bassins, the current farm gate price of RCN ranges between 465 and 600 FCFA/kg (0.75-0.97 USD/kg). In the Mid-West region, the price of RCN at the farm level ranges from 250 to 300 FCFA/kg (0.4-0.48 USD/kg), while in the Cascades, a few transactions are being made for between 360-400 FCFA/kg (0.58-0.64 USD/kg) for a good yield quality of 48-50lbs.

In the second half of January, a general assembly of cashew sector stakeholders Umbrella Association in Burkina Faso was held in Bobo-Dioulasso. This Umbrella Association is working with the assistance of the Ministry of Agriculture of Burkina

Faso to set up rules and policies for the upcoming season, which should officially start in the coming weeks.

Source: Mr. NOMBRE ELOI and Mr. MANERE PAUL OUEDRAOGO

RCN farm gate prices trend during 2016 cashew season in Burkina Fas (USD/KG)



Gambia

The 2016 season was marred by drastic shortages in the supply of RCN just like the previous year when supply was limited. The high price increase of RCN witnessed in the 2015 season continued in 2016. This means increased income for cashew farmers as encouragement for planting more cashews in 2017.

The average farm gate price was 60 GMD/kg while the average warehouse price was around 65 GMD/Kg. The average FOB price was 1,400 USD/MT.

RCN quality was 50-54lbs with an average Nut count of 185 – 200 during the previous season.

Local processors were unable to purchase RCN in 2016 and major processors also stopped operation because they could not compete with the more powerful exporters to purchase RCN.

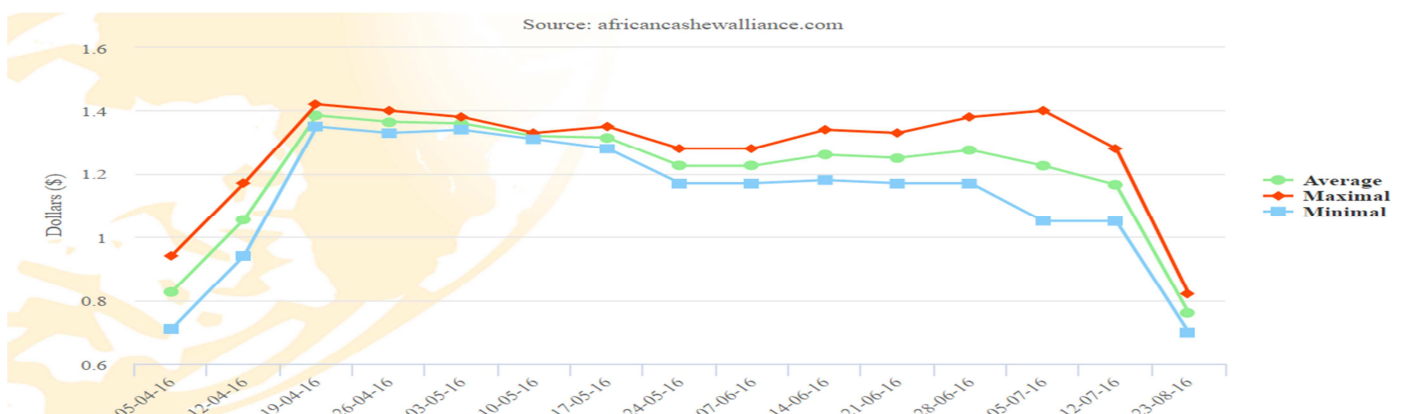
Currently, farmers are focused on cashew plantation management such as nursery management, pruning, grafting, inter cropping, and canopy substitution and top working.

During the 2016 cashew season, the level of RCN demand was high similar to the previous year 2015. Demand was far greater than supply thus causing prices to range from 45 GMD/Kg (Farm gate) to 65 GMD/kg, which is almost an 80% increase.

The estimates of RCN total production recorded in 2016 ranged between 10,000 to 15,000 MT and the volume of cross-border flows from Senegal (Exports Volume) reached 20,000 - 25,000MT during 2015-2016 cashew season.

Source: Mr. ALPHA O JALLOW from Cashew Alliance of the Gambia

RCN farm gate prices trend during 2016 cashew season (USD/KG)



Togo

10,000 MT of RCN were produced in 2016. There are 2 cashew processing plants in Togo, which are Cajou Espoir with a processing capacity of 8,000 MT of RCN per year and a small semi-industrial unit of 1.5 MT of RCN per year.

In addition, this year a new factory called Cajou du Centre has just been set up with

a processing capacity of 3,000 MT of raw cashew nuts per year.

New plantations are emerging in all the cashew-producing regions of Togo (Plateau, Centre, Kara, and Savane) under the diligence of GIZ Togo.

Source: ADANI AFIYA from MAEH of TOGO

The Cashew Market in East Africa

The cashew market slowed down in **Tanzania** due to the decreasing RCN arrivals at both the port and the processors level. Availability of good quality is limited at the moment. Reports show that the raw cashew nuts deposited in the warehouses since the beginning of the season stood at more than 247,400 MT as on 28 January 2017. However, some issues related to climate changes and poor farming methods have been noticed during this season. Farmers are therefore faced declining output and other related trading issues; some reported on lack of transparency during the auctions sales. Many farmers' communities complained about their payment.

Source: Global Trade Agency

This year, **Kenya** experienced severe weather conditions, affecting the fruiting and flowering of cashew trees. Processors predicted that this season would end a little earlier due to the drought. Nevertheless, some purchases at the producer level are still occurring between 50 and 60 KES/kg

(0.48-0.58 USD/kg), while deliveries to processors' warehouses are being made around 65 KES/kg (0.63 USD/kg).

Source: Mr. NOEL KASOLOLO

In **Mozambique**, the season is in progress with a slowdown in the northern provinces of the country. The 2016/17 crop in Mozambique was harvested in the three months between the second half of October and first half of January. About 25,000 MT was exported to India and Vietnam. The export activities are still in progress and should continue until April 2017. The FOB reference price was 1,600 USD/MT for RCN of a minimum outturn of 44 lbs. The national processors may process about 48,000 MT employing about 13,000 workers.

The RCN quality is good, ranging from 44 to 48 lbs. However, the great concern is actually the moisture observed in the cashew nut traded in the center and southern provinces due to the rains.

Source: ANA MACHALELE from INCAJU

The International Cashew Market

The current supply for India and Vietnam came from Tanzania. First shipments started back in December with massive defaults recorded.

Prices stabilized, but it is hard to find offers for prompt shipments. Due to TET holiday (Lunar New Year), Vietnam ports closed and only start shipping again on the 2nd week of February. Large whole kernels (240 grade and bigger) are now coming on the market place.

International quotations in India/Vietnam

Cashew kernels FOB			
Description	Grade	Price USD/lb	Recent changes
Whole White 240 kernels/lb	WW240	4.95 - 5.4	Stable
Whole White 320 kernels/lb	WW320	4.4 - 4.7	Stable
Splits	FSWS	3 - 3.8	Slight increase
Broken	LWP/LP	3.25- 3.9	Slight increase

Raw Cashew Nut CFR India/Vietnam			
Origin	Outturn	Price USD/MT	Recent changes
West Africa (April Shipment)	48-50	1,500-1,650	Stable
Tanzania (limited availability)	48-49	2,200	Stable

Current supply of raw nuts to the processing units in both India and Vietnam is from Indonesia, Tanzania and Mozambique and West African crop held by traders. The volume is significant, but will only keep the processing units busy for 4-6 weeks (when all processing units are in operation). After that, the processors are depending on the Vietnamese/Cambodian crop, which will also be followed by large stocks held by West African crops expected to arrive by end of March/early April. We have been told that Nigeria RCN will be in Vietnam by end of March as some stocks have already been traded earlier.

At the WCC in Singapore, we understood that the Vietnamese crop may be delayed by 1 month, but potentially 10-15% better than in 2016. The West African crops are reported to be good as well and thus supply should not be an issue during 2017. But it is too early to be certain.

We heard prices from West Africa are around 1,500-1,650 USD/MT (for shipment April/May) for 48-50lbs. Supply will remain short in the coming months until the crops from West Africa start to arrive.

Therefore, the slower consumer interest might have an impact on demand of importers and packers during 2017. Hopefully prices will stabilize shortly so that the slowdown of consumer's demand can be compensated with special consumer's offers.

Vietnamese crop is expected to come in mid-March while the Indian crop in late February and the West African crops may come in March. This should ease a bit raw cashew nut prices due to the significant availability of RCN during the period.

[Source: www.globaltrading.nl](http://www.globaltrading.nl)

Currency

Exchange Rate: 1 USD=			This Week	Last Week	Exchange Rate: 1 USD=			This Week	Last Week
West Africa	Franc CFA	XOF	617	613	East Africa	Tanzanian Shilling	TZS	2228	2228
	Nigerian Naira	NGN	315	315		Kenyan Shilling	KES	103	104
	Ghanaian Cedi	GHS	4.4	4.3		Mozambican Metical	MZN	70	70
	Gambian Dalasi	GMD	43.5	43.3	Asia	Indian Rupee	INR	67	67
	Franc Guineén	GNF	9304	9305		Vietnam Dong	VND	22639	23614

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

