

CASHEW MARKET BULLETIN



AFRICAN
CASHEW
ALLIANCE

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Service
d'information
et de conseil

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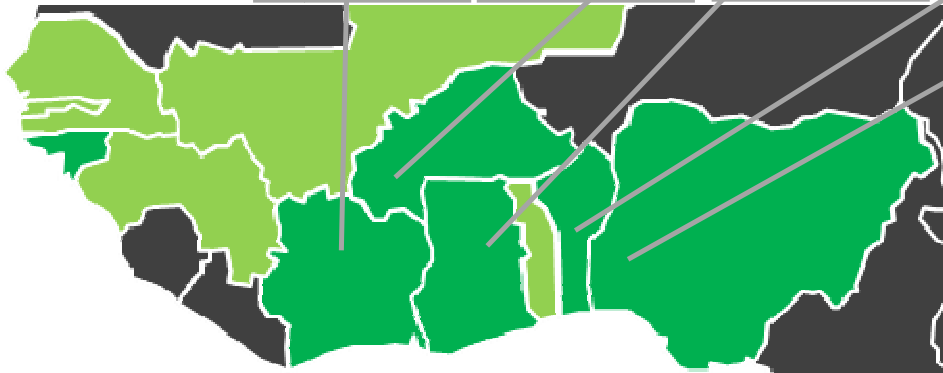
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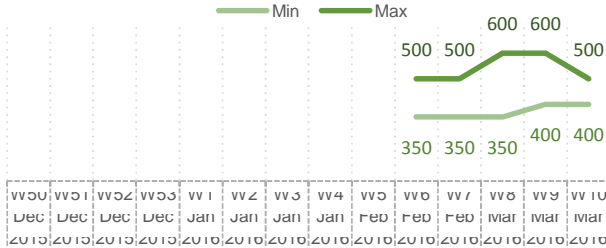
The Cashew Market Flash

Current RCN Price from West African Cashew Producing Countries

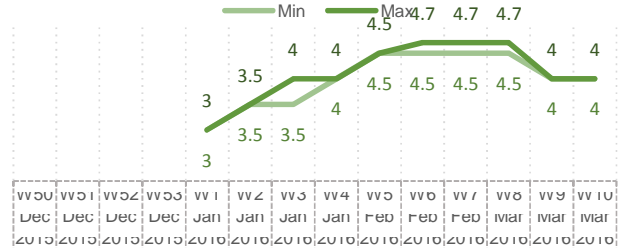
<p>Côte d'Ivoire: Farm gate price: 400 to 500 FCFA/kg (665 to 825 USD/MT)</p>	<p>Burkina Faso: Activities on the market stopped until next week by Ministry of Trade</p>	<p>Ghana: Farm gate price: 4 GHS/kg (1,050 USD/MT)</p>	<p>Benin: Farm gate price: 300 to 350 FCFA/kg (500 to 585 USD/MT)</p>
			<p>Nigeria: Farm gate price: 200 to 270 NGN/kg (665 to 900 USD/MT)</p>



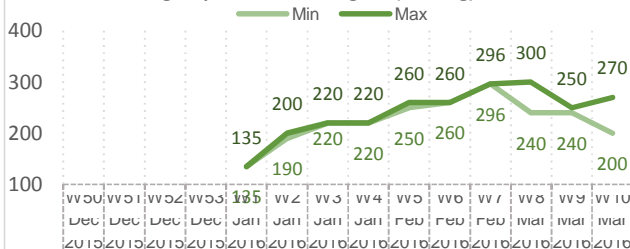
Farm gate price of RCN in Côte d'Ivoire (FCFA/kg)



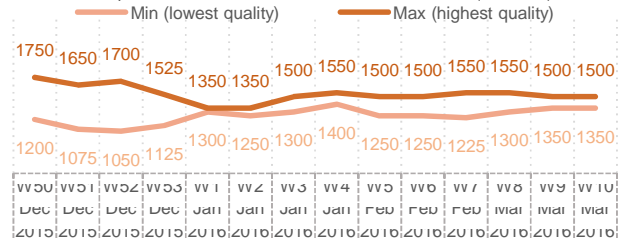
Farm gate price of RCN in Ghana (GHS/kg)



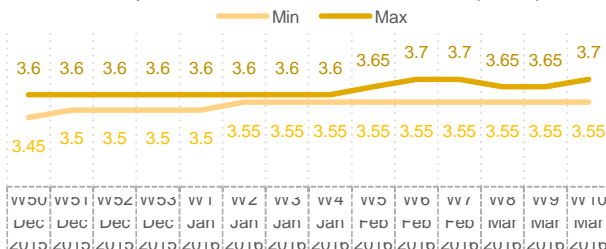
Farm gate price of RCN in Nigeria (NGN/kg)



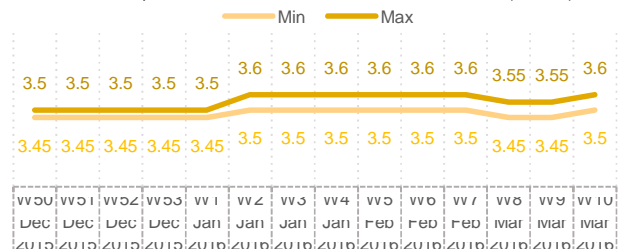
CFR prices of West African RCN delivered to India (USD/MT)



FOB prices of cashew kernel WW320 from India (USD/lb)



FOB prices of cashew kernel WW320 from Vietnam (USD/lb)



The Cashew Market in West Africa

Nigeria

In Nigeria, the cashew market remained active this week, however with the volatility of the Nigerian currency (Naira), buyers prefer to pre-finance the purchases of small volumes. This week, the Naira exchange rate on the informal market is 1 USD = 300 NGN against 1 USD = 200 NGN on the official market.

In Kogi State where the season started early, the farm gate price declined to 200 NGN/kg (670 USD/MT) and deliveries at the wholesale warehouses are at 250 NGN/kg (830 USD/MT).

However in Kwara State, the farm-gate prices are stable at 240 NGN/kg (800 USD/MT) while in Oyo State, they are up to 270 NGN/kg (900 USD/MT).

Deliveries at the port of Lagos are between 290 and 310 NGN/kg (between 970 and 1,030 USD/MT). This represents slight decrease compared to previous weeks.

Since exporters based in Benin have not yet launched large orders as they await the end of the electoral process, the cashew market in Nigeria should remain relatively stable and calm until the outcome of presidential elections in Benin.

Nigerian RCN C&F price decreased slightly with majority of offers made from India and Vietnam between 1,200 and 1,300 USD/MT. It is unlikely that prices will rise in Nigeria, unless the exchange rate of the Naira falls again.

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

Benin

In Benin, despite the official launch of the 2016 campaign, the cashew season is still quiet because of the presidential election whose second round will be held on March 20th, 2016. Currently, Traders remain cautious and local processors are mainly the most active actors on the field.

The farm gate purchases are mostly between 300 and 350 FCFA/kg (510 and 590 USD/MT). The warehouse price from traders to processing plants is between 400 and 450 FCFA/kg (between 680 and 760 USD/MT).

RCN exports should not be allowed before the next two weeks due to the delay in harvest and the need to prioritize the supply of local processors.

Source: Mr. Antoine DJOSSOU

Ghana

Ghana has been on the path of an active policy to promote local processing by banning the export of RCN up to May 31st, 2016. However, some exporters have already signed contracts and made purchases, hence the ban will not be effective before March 31st, 2016.

An export window of two months ban on exports has been imposed at the port of Tema which represents the main exit port for cashew nuts from Mali, Burkina Faso and Ghana. During the last two years, over 175,000 MT of RCN have transited by the port of Tema and this ban should have an effect on both the West African and the international cashew market.

This new measure is not applied to local purchases so exporters will continue buying to constitute stocks for export. Nevertheless, the high cost of storage and the risk of Tema port being saturated should completely impact the market channels of RCN in West Africa. The RCN in Burkina Faso and Mali is likely to take the road to Conakry, Lomé and even Abidjan during the two months of ban.

Despite the announcement, the RCN farm gate prices remained stable so far at 4 GHS/kg (around 1,050 USD/MT).

Source: Market Analyst Cyril Alormene from MoFA

Burkina Faso

In Burkina Faso, the new inter-professionals of the cashew sector have suspended the cashew purchase with support from the Ministry of Trade. The umbrella organization of the sector and the Ministry asked the actors to stop the purchase of RCN pending the decision to protect the local processing industry. This decision would be taken at a meeting between the Ministry and all the Stakeholders within the cashew sector on March 22nd, 2016.

Some small-scale sales are still ongoing in the villages while activities of wholesalers; processors and exporters have completely stopped.

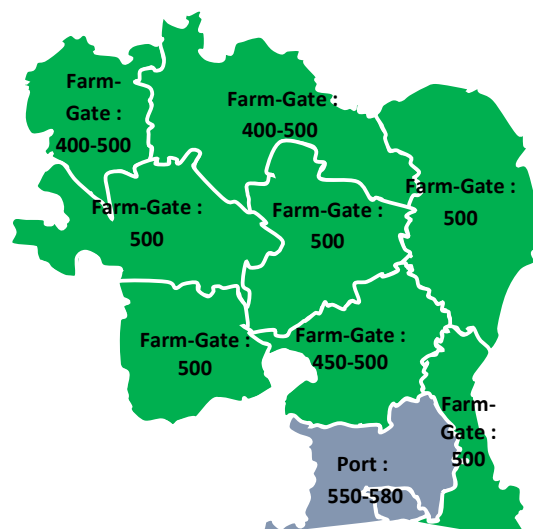
Source: N'kalô Market Analyst; Manéré Ouedraogo and Mr. Nombre

Cote d'Ivoire

In Côte d'Ivoire, the cashew market is still active. However, the available stocks will not meet the demand from both local and foreign buyers. This situation could explain the strong competition between buyers and the increase in RCN prices in all production areas.

Whiles in the Central and Eastern part of the Country (mainly in the localities of Zanzan, Woroba and Vallée du Bandama) the volume of RCN harvested is increasing, it should be noted that in the extreme North, few quantities are harvested presently, hence purchases are still rare.

The farm gate prices are always between 400 and 500 FCFA/kg (between 680 and 850 USD/MT), however the majority of the sales are made at 500 FCFA/kg (850 USD/MT). The lowest prices are observed only in remote areas where harvests are low. Wholesale prices, are between 425 and 525 FCFA/kg (between 720 and 890 USD/MT) according to the production areas and buyers. The RCN price from the warehouse at the port varies between 550 and 580 FCFA/kg (around 930 and 980 USD/MT) according to buyers.



Some buyers are still reluctant to sign purchase contracts for these current prices, which they find high. Therefore they expect a decline in cashew prices in the coming weeks.

The frequent arrival of cashew shipments to the port of Abidjan has increased compared to last week. Several thousand tons of RCN have already been unload at the port of Abidjan.

Source: N'Kalô Market Analyst; Sékongo Soungari

The Cashew Market in East Africa

Kenya

In Kenya, cashew production slowed down at the plantations level. Cashew crops are also drooping. Cashew outturn is around 42 lbs.; low outturn is attributed by flower abortion and also, most of the cashew trees have become very old and diseased.

The farm gate prices are declining because of the decline in RCN quality and the scarcity. The majority of farm gate sales are between 50 and 60 KES/kg (500 and 590 USD/MT) but some middlemen are buying RCN from producers at 45 KES/kg (450 USD/MT). The RCN warehouse price is still at 68 KES/kg (about 670 USD/MT).

The International Cashew Market

This week, the international market of cashew seems to show the most logical trend already forecasted. The RCN price trends to decrease progressively as the quantities available are increasing, whereas the cashew kernel prices increase slightly.

Also this week, it is mainly the Vietnamese processors who placed orders for West African RCN. Indian processors are still very cautious as they await the end of negotiations between their representatives and the federal government on terms of repayment and tax exemption on imported RCN intended for re-export after processing.

International quotations in India/Vietnam

Cashew Kernel FOB Asia			
Description	Grade	Prix USD/lb	Recent Changes
Whole white 240 Kernels/lb	WW240	3.75 - 3.9	Slight Increase
Whole white 320 Kernels/lb	WW320	3.5 – 3.7	Slight Increase
Splits	FS/WS	3.1-3.25	Slight increase
Broken	LWP/LP	3 - 3.1	Slight Decrease

Raw Cashew Nut (RCN) CFR Asia			
Origin (Availability)	Outturn	Price USD/MT	Recent Changes
Nigeria (April)	47-48	1,200-1,300	Slight Decrease
Benin (April)	49-50	1,350-1,500	Slight Decrease
Ghana (N/O)	48-50	1,350-1,450	Slight Decrease
Côte d'Ivoire (April)	48-49	1,350-1,450	Slight Decrease
Mozambique	47-48	1,500-1,550	Stable

Currency

Exchange Rate: 1 USD=			This Week	Last Week	Exchange Rate: 1 USD=			This Week	Last Week
West Africa	Franc CFA	XOF	590	595	East Africa	Tanzanian Shilling	TZS	2180	2175
	Nigerian Naira	NGN	200	199		Kenyan Shilling	KES	101	101
	Ghanaian Cedi	GHS	3.9	3.8		Mozambican Metical	MZN	50	49
	Gambian Dalasi	GMD	40	40	Asia	Indian Rupee	INR	67	67
	Franc Guinéén	GNF	7600	7593		Vietnam Dong	VND	22300	22300

The Analysts' Opinion

Your analysts: Pierre RICAU – international@nkalo.com

(Please note that all views expressed in the "The Analysts' Opinion" section do not necessarily reflect the view of the African Cashew Alliance)

The cashew market whose medium-term trend was already uncertain this year has become very complex with more political measures whose effects are difficult to predict.

Apart from the new measures taken by the Governments of Cote d'Ivoire and India, the government of Ghana and the possible decisions that could be adopted in Burkina Faso could also be added.

These measures are clearly very favorable for the promotion of local processing in the sub-regions and are fully justified. Furthermore, several neighboring countries adopting the same protection policies this year for the benefit of their national industry would limit smuggling. Smuggling of RCN has proven to be the main threat to the effective realization of such policies in West African cashew industry.

However, the international market will be very difficult to anticipate as such measures may slow down the export of an already very late production of RCN.

Below, we summarized the main parameters to be considered for this campaign in West Africa.

Increasing factors (Bullish)	Decreasing factors (Bearish)
<ul style="list-style-type: none"> - Very late production, which limits RCN offers until mid-April and puts pressure on buyers who have more and more orders and few raw material. - Good sale of the remaining RCN stocks from 2015 campaign in India and Vietnam. - Measures that should enable significant growth of local processing in Cote d'Ivoire, Ghana and Burkina Faso where there are significant installed processing capacities. - Asian processing industry fast growing with more actors and increasing need for RCN 	<ul style="list-style-type: none"> - Restrictions on exports (Ghana), export tax (Cote d'Ivoire) and import tax (India) that are going to increase the costs of RCN trade. - Strong growth in West African production caused by the young orchards - Decline in prices from the main competitors of cashew nuts (other tree nuts) - General decrease in prices of commodities in the world. - Strong uncertainty on the outlook for the global economy in 2016. Possible slow growth in demand for RCN.

With these multiple factors, the most logical scenario would be a slight and gradual decline in prices of RCN in the coming months with an average price in May between 1,000 and 1,300 USD/MT to be delivered in Asia according to the quality.

However, the diversity of stakeholders now involved in this market and risky speculative strategies of many actors in the cashew market may affect this scenario and cause a surprising decline as well as increases.

In this uncertain market with significant potential of lower prices of RCN, we recommend the following:

- **Producers:** start selling 50% of the quantities harvested as soon as prices are at or above 350 FCFA/kg (590 USD/MT) and sell the rest of the quantities harvested as soon as prices reach 500 FCFA/kg (850 USD/MT).
- **Traders:** avoid equity purchases and be very careful with pre-financed purchases. Though prices rose in March, this does not necessarily mean that we should expect similar campaign as last year.
- **Processors:** to increase stocks by securing 15-20% of their needs in March while also anticipating good availability from April and stabilization or a decline of prices during May/June.

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