

CASHEW MARKET BULLETIN



March 1st, 2016 – N°178

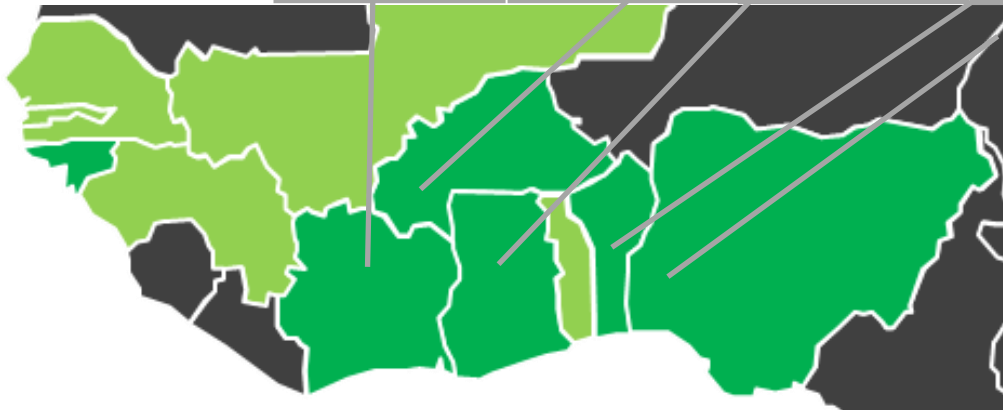
African Cashew Alliance: Achille OUEDRAOGO
information@afriancashewalliance.com

N'Kalô Service: Pierre RICAU
international@nkalo.com

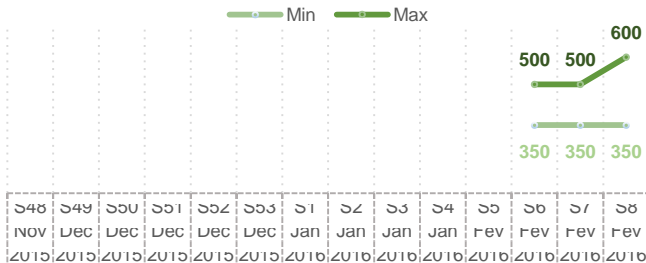
The Cashew Market Flash

Current RCN Price from West African Cashew Producing Countries

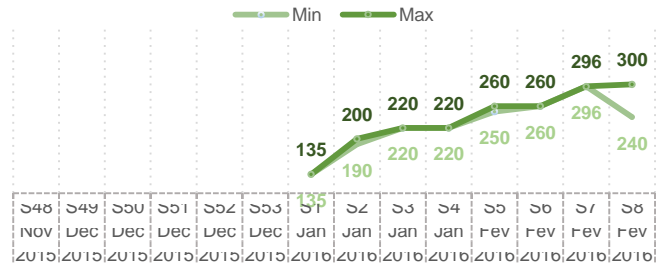
Côte d'Ivoire: farm gate price: 350 to 600 FCFA/kg (580 to 1,000 USD/MT)	Burkina Faso: farm gate price: 335 to 365 FCFA/kg (560 to 610 USD/MT)	Ghana: farm gate price: 4.5 to 4.7 GHS/kg (1,150 to 1,210 USD/MT)	Benin: farm gate price: 200 to 450 FCFA/kg (330 to 750 USD/MT)
			Nigeria farm gate price: 240-300 NGN/kg (940 to 1,180 USD/MT)



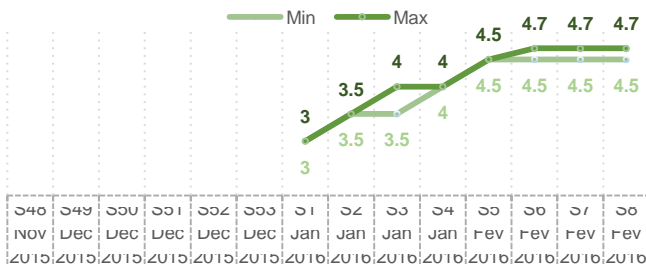
RCN farm gate price in Cote d'Ivoire (FCFA/kg)



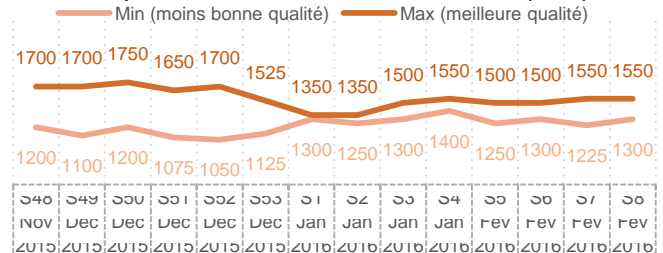
RCN farm gate price in Nigeria (NGN/kg)



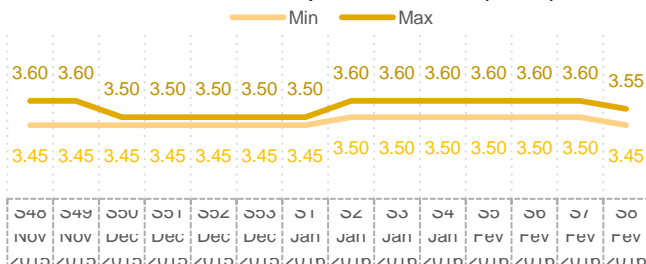
RCN farm gate price in Ghana (GHS/kg)



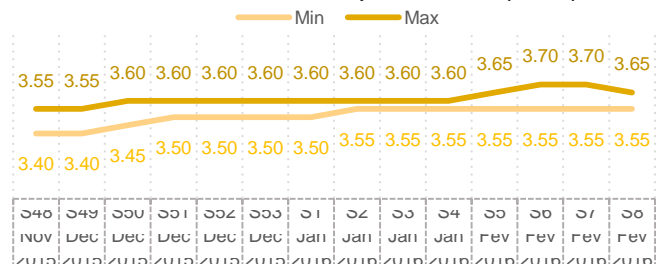
CFR prices of West African RCN delivered to India (USD/t)



Cashew kernel WW320 price from Vietnam (USD/lb)



Cashew kernel WW320 FOB price from India (USD/lb)



The Cashew Market in West Africa

Nigeria

The exchange rate of the Naira (NGN), the Nigerian currency, continues to complicate cashew marketing in Nigeria. Despite regulations requiring compliance with the official rate of 1USD = 200 NGN, actors in the cashew market are being forced to use the informal market rate of 255 NGN for 1 USD.

This week, the market has begun in all the production areas after the official launch of the campaign by the National Cashew Association of Nigeria (NCAN). In Kwara State, traders have begun to purchase RCN from producers at 240 NGN/kg (940 USD/MT). In Ogbomosho and Oyo State, the RCN farm gate price is around 280 NGN/kg (1,100 USD/MT). In Kogi State, where the season started earlier, prices are higher and the farm gate is around 300 NGN/kg (1,180 USD/MT). Deliveries at the wholesale stores in the state are 320 NGN/kg (1,250 USD/MT).

Harvests are intensifying, however shipments to Lagos port are still very rare. The first export contracts for Nigerian RCN were signed for between 1,250 and 1,400 USD/MT depending on the quality of the product delivered C&F to India. In the early season when the rains are rare, the RCN outturn looks very good. With the delay in production, marketing should gradually intensify over the coming months.

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

Ghana

In Ghana, crops continue to increase gradually and the first shipments of RCN, destined for Asia, have arrived at the port of Tema to Asia destination. Competition remains high for the available product and farm gate prices are stable around 4.5 GHS / kg (1,150 USD/MT) in most of the production areas, except in the localities of Sampa where good quality of RCN and fierce competition have maintained the farm gate price around 4.7 GHS/kg (1,210 USD/MT).

During the past two days, cashew production areas, such as Sampa, Drobo, Mim and Bole, have witnessed strong winds and storms varying intensity in the different areas.

Source: Market Analyst Cyril Alormene from MoFA

Burkina Faso

In Burkina Faso, the available stocks of RCN are still low (less than one bag harvested per producer). Prices have increased slightly throughout the week. Farm gate prices are currently between 500 and 550 FCFA per box of 1.5kg, which represents 335 to 365 FCFA/kg (560 and 610 USD/MT) against 500 FCFA/box last week. The price for middlemen is between 385 and 400 FCFA/kg (640 and 670 USD/MT), depending on the amount. At the wholesale level, there have not yet been any signed contracts. The actors remain in various stages of negotiation.

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

Cote d'Ivoire

In Cote d'Ivoire, the cashew market is becoming very active in the production areas, despite the low quantities of RCN available.

Competition is especially high in the northeast region where the harvest started earlier. Moreover, Ghanaian buyers in the Eastern part of the country and previously funded buyers are increasing competition on the ground.

However, some foreign buyers prefer to wait for bigger stocks of RCN and want to have a clear understanding of the market before starting their pre-financing. Although the harvest began in Zanzan region, we should notice that it remains lower compared to the same period last year. As for the other production areas, it is still the stage for small crops. For the moment, the RCN shipments to the port of Abidjan and San Pedro are rare, but could intensify by mid March.

The farm gate price of 350 FCFA/kg announced by the Cotton and Cashew Council (CCA) is still being used in all areas excepted in Zanzan, where the farm gate price this week is 500 FCFA/kg (830 USD/MT). In this same region of Zanzan, the RCN farm gate price reached 575 and 600 FCFA/kg (960 and 1,000 USD/MT) in the localities near the Ghanaian border.

Source: N'Kalô Market Analyst; Sékongou Soungari

The Cashew Market in East Africa

Kenya

In Kenya, activities are still ongoing in the cashew market with small quantities being sold at the farm gate at around 60 KES/kg (590 USD/MT). Deliveries to the local processors' warehouses are being made at 68 KES/kg (670 USD/MT). However, processors' demand remains largely unfulfilled and the competition is still high.

Source: Ustadi Foundation, Noel Kasololo

The International Cashew Market

This week, cashew kernel prices continued to decrease slightly in the international market, though they already seemed rather low compared to RCN prices.

This is mainly for express sales by Vietnamese processors who have resumed their activities after the interruption of the Tet holidays and need to sell their stocks of cashew kernels at low prices in order to settle their loans with banks and be ready to launch new orders for RCN.

RCN prices are still stable at very high levels for the first West African exports, but more players within the cashew industry predict that these high prices will adjust downwards once the peak harvest begun and the product is more available.

International Quotations			
Cashew kernel FOB Asia			
Description	Grade	Price USD/lb	Recent Changes
Whole White 240 kernels/lb	WW240	3.65 - 3.75	Slight decrease
Whole White 320 kernels/lb	WW320	3.45 - 3.65	Slight decrease
Splits	FSWS	3.1 - 3.2	Slight decrease
Broken	LWP/LP	3.05 - 3.1	Stable

Raw Cashew Nut (RCN) CFR Asia			
Origin (Availability)	Outturn	Price USD/MT	Recent Changes
Nigéria (March)	47-48	1,250-1,400	Stable
Bénin (March)	49-50	1,450-1,550	Stable
Ghana (March)	48-49	1,450-1,500	Stable
Côte d'Ivoire (April)	48-49	1,400-1,450	Stable
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	600	595	East Africa	Tanzanian Shilling	TZS	2188	2188
	Nigerian Naira	NGN	200	200		Kenyan Shilling	KES	102	101
	Ghanaian Cedi	GHS	3.9	4		Mozambican Metical	MZN	49	48
	Gambian Dalasi	GMD	40	40	Asia	Indian Rupee	INR	68	68.5
	Franc Guinéen	GNF	7640	7680		Vietnam Dong	VND	22225	22380

The Analysts' Opinion

Your analysts: Pierre RICAU – international@nkalo.com and Achille OUEDRAOGO information@afriancashewalliance.com

The Indian government has just proposed a draft budget to the Parliament of the Federal Republic of India that, as announced, included the establishment of a tax on RCN imports. The policy is based on a tax of 5% for 2016, with the potential of it being revised in 2017. The tax has yet to be endorsed by the government. For an average C&F price to India at 1,400 USD/MT, this tax is equal to 70 USD/MT (25 FCFA/kg). While this is a significant change, it should not fundamentally alter the RCN market.

The potential effects of this tax are questionable, however it would give an advantage for the processing sector in Vietnam that will be stronger against India. The processing sector in Africa will also increase its competitiveness against the world's biggest processing industry as a result.

In the early 2016 campaign, the effect of this announcement may increase fears of the Indian processors who already find the West African RCN expensive. Even though Vietnamese processors wait for fewer orders, the weakness of Indian orders could encourage lower prices on the international market during the month of April.

This information, in addition to a fall in RCN prices, adds to our expectations of strong growth in West African production (due also to the growth of young plantations yields). Thus, the 2016 campaign appears to be particularly risky with the possibility of lower prices during the mid-season (late April/early May).

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

