



AfriCashewSplits

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“Splits is back! We have listened to your comments, and we are still listening to you”

The International Cashew Market

The market is going through a quiet period following the volatility of last year. Buyers of RCN are cautious. They paid too high prices last year so this year they wait to see if prices will come to levels which make sense compared to the current cashew kernels prices. Meantime cashew kernels buyers tell us that they are seeing their consumer offtake reduced due to higher prices in the supermarkets. This means that they too can wait to see how the market progresses.

Crops are forecast good to very good in almost all origins. The World’s leading producer, India, is forecasting a crop up 9% on last year to 817,000 tonnes although some observers believe it may be lower. Cote D’Ivoire follows just behind India with a forecast of 750,000 tonnes but some people believe that given good conditions that the crop will be larger than that. The key buyer of RCN, Vietnam reports a crop of 400,000 tonnes which seems a very high estimate compared to recent years. RCN buyers are then content to buy dried RCN locally in Vietnam or Cambodia at prices in the range of US\$2,000-2,100 per tonne dried 50lbs and in India circa US\$2,300 per tonne for high yielding material 52lbs+.

The cashew kernels market has undergone a correction and looks under light downward pressure even at US\$4.35 per lb WW320. Prices for forward shipment, certified processes and top reputation processors may be a little higher. It seems unlikely that buyers will enter the market in any volume whilst it is drifting down. Buyers who had hoped to see USD \$4.50 per lb may now be marking their ideas down toward US\$4.00 per lb. However, this should not be interpreted as the market going into a sharp decline. Underlying demand trends are strong but buyers still have time on their side. The fact is that prices probably went too high too fast last year.

Like kernels RCN prices have dropped from the unrealistic expectations of some exporters at the start of the season. Prices in the range of US\$1,600-1,750 per tonne 48/50lbs may work for buyers but they will only enter the market cautiously and are under no pressure to do so for the time being as they can still buy in their own regions at the equivalent price. With the lack of business there is also a lack of funds flowing into the market which has an impact at the farm gate although prices in West Africa are still at good levels for farmers.

Source: Jim Fitzpatrick from Ingredient Sourcing Solutions (ISS)

RCN FOB price in AFRICA (USD/MT)								6/4/2018	
COUNTRY	Last year (2017)	Last Month (March)	This week			This week vs last month			Tab 2: RCN FOB price chart USD/MT
	Average	Average	Min	Max	Average	Outturn	Variation	Trend	
NG	1,750	1,800	1,800	2,000	1,900	47-50lbs	0.05	↗	
BN	1,700	1,680	1,600	2,000	1,800	48-52lbs	0.07	↗	
TG	1,600	1,400	1,400	1,600	1,500	47-49lbs	0.07	↗	
GH	1,700	1,900	1,750	1,800	1,775	47-50lbs	-0.07	↘	
BF	1,750	1,700	1,500	1,600	1,550	48-50lbs	-0.10	↘	
RCI	1,600	1,600	1,800	1,850	1,825	47-50lbs	0.12	↗	
ML	1,480	1,400	1,300	1,350	1,325	47-49lbs	-0.06	↘	
G.Con	1,300	1,500	1,500	1,650	1,575	47-49lbs	0.05	↗	

Cashew Kernel FOB prices in Vietnam								6/4/2018
Product	Last year	Last Month	This week			This week vs last month		Tab 3: Kernel FOB price chart per grade in USD/lb
	Average	Average	Min	Max	Av	Variation	Trend	
WW240	\$4.95	\$5.10	\$4.65	\$4.75	\$4.70	-8.51%	↘	
WW320	\$4.55	\$4.80	\$4.35	\$4.45	\$4.40	-9.09%	↘	
WS	\$4.20	\$3.65	\$4.20	\$4.25	\$4.23	13.61%	↗	
LP	\$3.70	\$3.70	\$3.60	\$3.70	\$3.65	-1.37%	↘	

The Cashew Market in West Africa

RCN Farm gate price in AFRICA in US\$								6/4/2018
COUNTRY	Cur	Apr-17	Mar-18	6-Apr-18		This week vs last month		RCN Farm Gate Price by country
		Per T	Per T	Per T	Outturn lbs	Variation	Trend	
NIGERIA	US\$	\$1,547	\$1,396	\$1,369	47-49lbs	-2%	↘	
BENIN	US\$	\$1,191	\$1,328	\$1,404	48-52lbs	5%	↗	
TOGO	US\$	\$1,060	\$1,128	\$1,030	47-49lbs	-10%	↘	
GHANA	US\$	\$1,316	\$1,397	\$1,190	46-49lbs	-17%	↘	
BURKINA FASO	US\$	\$1,203	\$1,316	\$1,217	46-49lbs	-8%	↘	
COTE D'IVOIRE	US\$	\$1,142	\$1,222	\$1,030	46-48lbs	-19%	↘	
MALI	US\$	\$979	\$1,081	\$983	46-48lbs	-10%	↘	
GUINEA CONAKRY	US\$	\$978	\$1,024	\$1,140	47-49lbs	10%	↗	
GUINEA BISSAU	US\$	\$1,142	\$1,222	\$1,873	50-53lbs	35%	↗	
SENEGAL	US\$	\$1,305	\$1,692	\$1,217	50-52lbs	-39%	↘	
GAMBIA	US\$	\$1,500	\$1,064	\$1,276	50-52lbs	17%	↗	

Country	Production Forecast in 2018	Weather/growing conditions past week
Nigeria	215,000	Weather condition favourable for good production
Benin	100,000	Good weather condition
Togo	6,000	Good weather condition
Ghana	80,000	Rains are starting in the Brong-Ahafo region
Burkina Faso	75,000	Very hot weather that could damage the developing flowers
Cote d'Ivoire	750,000	Weather conditions remain good for cashew trees flowering
Mali	40,000	Very hot weather in the main production regions
Guinea Conakry	60,000	Rains starting in some regions
Guinea Bissau	200,000	Good weather for cashew production
Senegal	50,000	Good weather for cashew production
Gambia	8,000	Good weather for cashew production

National Analysts Comments

Nigeria

The cashew market is in full swing in Nigeria with good RCN arrivals in the main producing zones such as Ogbomoso, Kwara, Kogi and Oyo. The weather conditions remain favorable for good production. New orchards established since 2014 started producing in 2017 which contributed to increase the cashew crop in Nigeria. According to the national cashew association of Nigeria (NCAN) the country produced around 220,000 MT of RCN in 2017. The RCN quality at the farm level is still good with an average outturn of 47-49lbs. This week, RCN farm gate price ranges between 480 and 500 NGN/kg (1.34-1.4 USD/kg). RCN FOB price is between 1,800 and 2,000 USD/MT.

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

Benin

Cashew market remains active this week in Benin. Producers who held their stocks in order to speculate for better prices are now releasing small quantities. The supply is gradually increasing but the demand remains quite low. Shipments of RCN stocks from the towns to the port level are intensifying and exports are starting slowly.

This week, we noticed a slight increase in RCN prices compared to last week. The average farm gate price is currently 775 FCFA/kg against 760 FCFA/kg last week. This increase in prices is especially noticed in the regions of the Atacora-Donga, Borgou-Alibori and Plateau, while prices are stable in Zou-Collines. The range of prices is 800 and 650 FCFA/kg (1.5-1.2 USD/kg). RCN FOB price is currently offered between 1,600 and 2,000 USD/MT compared to an average of 2,300 USD/MT recorded last month.

Source: FENAPAB

Côte d'Ivoire

This week was marked by the meeting held between cashew exporters and the government bodies in charge of regulating the cashew sector in Côte d'Ivoire. RCN export tax increased from 83 FCFA/kg in 2017 to 155 FCFA/kg in 2018 and kernel export expansion grant of 400 FCFA/kg. The meeting was initiated by the exporters to discuss the new regulation based on 15% of total export to be delivered to local industry. 29 processing units were identified in 2017 in Côte d'Ivoire with a theoretical capacity of 109,500 MT of RCN (representing 16% of the national production). Supply to the local processing was 44,628 MT in 2017 against 40,383 MT recorded in 2016.

RCN quality dropped from 47-49lbs last week to an average outturn of 46-48lbs at the producer levels. Exporters held their buying since last week and this situation has greatly contributed in slowing down cashew market in Côte d'Ivoire.

This week, we observed a slight decrease in RCN prices compared to last week. The farm gate price is between 500 and 600 FCFA/kg (0.93-1.12 USD/kg) compared to 500-650 FCFA/kg recorded last week. The warehouse price at the port level is between 600 and 700 FCFA/kg for an average RCN outturn of 48-50lbs.

Source: Mr. Kamate Issoufou from K.R Organisation

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