



AfriCashewSplits

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July 10th, 2018 – N°12

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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 cashew kernel market has drifted down to US\$3.90 per lb FOB in Vietnam and India. The market is slowly dropping on thin trading volumes. Key factors are careful buying patterns by roasters, tight cash flow for processors, stocks of kernels with small/medium processors in Vietnam, seasonal factors in the Western markets and slow demand in India. We still see this as a correction of a market which was overpriced and expect it to drift down further but it may not be too far away from finding buying levels of some buyers for later positions. Underlying demand remains resilient which is encouraging for the long term.

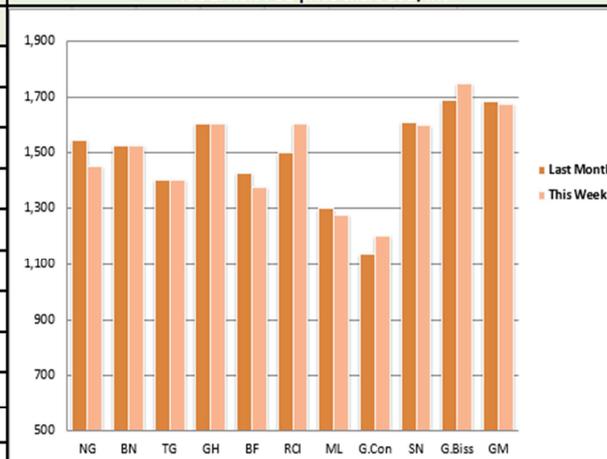
Imports of RCN to Vietnam during June were over 150,000 tonnes which is well down on last year but still enough to keep processors working at current capacity levels. There are stocks of high priced RCN arriving in Vietnam and India. There are problems of renegotiation and slow clearance as usual when the market is falling so actual physical availability may be more than the import figures suggest. Overall the import market is slower than 2017. However, the gap is covered by better crops in India and Vietnam than in 2017. If we compare 2018 imports to Vietnam to 2016 rather than 2017 we find that imports are 130,000 tonnes higher than 2016. Therefore, we do not expect any rush to buy RCN for now but the available stocks in West Africa will be needed provided the quality is maintained.

Early this season we believed that the market would find a level around US\$3.80 per lb FOB for WW320. The market is close to that now and, as often happens it may over correct before finding significant buying interest. At US\$3.90 per lb the market is down US\$1.20 per lb from the high. Demand remains good at consumption level. Buyers probably need some cover for the last quarter and a lot for next year. Short term cash flow and contract default considerations aside we should be entering the final phase of the price falls as buyers begin to look for “bargains”. RCN on the other hand could have some way to go yet especially as quality declines as financing charges mount.

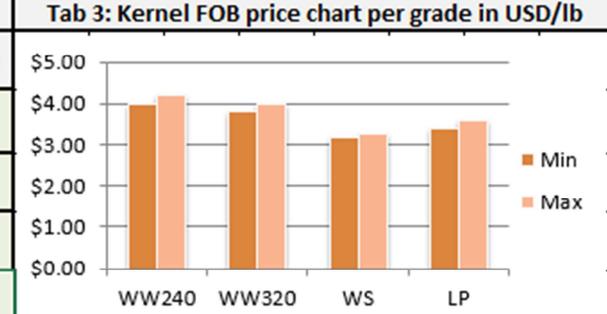
In the coming weeks we will have a chance to reflect on the 2018 season in West Africa. For now, we will leave you with the thought that earlier, clearer, more market related and better communicated government policy in a range of countries might have avoided the situation where stocks are at their highest July levels and what was gained by high early season prices is given back at the end of the season.

Source: Jim Fitzpatrick from Ingredient Sourcing Solutions (ISS)

RCN FOB price in AFRICA (USD/MT)								6/7/2018	
COUNTRY	Last year (July 2017)	Last Month (June)	6-Jul-18				This week vs last month		Tab 2: RCN FOB price chart USD/MT
	Average	Average	Min	Max	Average	Outturn	Variation	Trend	
	NG	1,600	1,543	1,350	1,550	1,450	42-48lbs	-0.06	
BN	1,650	1,525	1,400	1,650	1,525	48-50lbs	0.00	→	
TG	1,600	1,400	1,300	1,500	1,400	45-47lbs	0.00	→	
GH	1,700	1,600	1,500	1,700	1,600	46-48lbs	0.00	→	
BF	1,675	1,425	1,200	1,550	1,375	42-48lbs	-0.04	↘	
RCI	1,550	1,500	1,550	1,650	1,600	40-46lbs	0.06	↗	
ML	1,600	1,300	1,150	1,400	1,275	42-46lbs	-0.02	↘	
G.Con	1,510	1,138	1,000	1,400	1,200	38-47lbs	0.05	↗	
SN	1,800	1,605	1,500	1,690	1,595	50-52lbs	-0.01	↘	
G.Biss	1,900	1,688	1,700	1,800	1,750	52-54lbs	0.04	↗	
GM	1,900	1,685	1,600	1,750	1,675	50-54lbs	-0.01	↘	

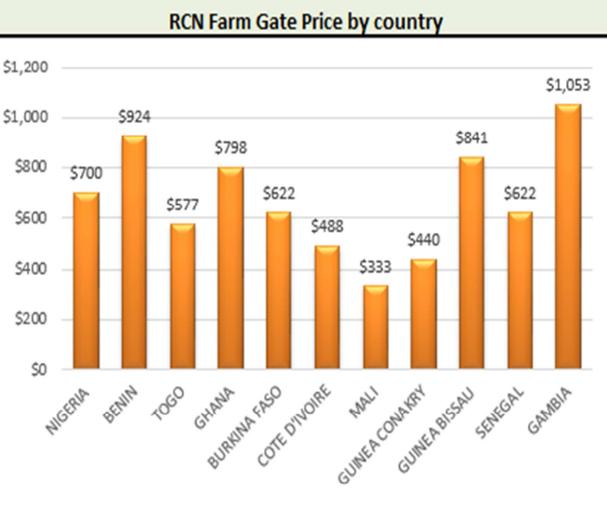


Cashew Kernel FOB prices in Vietnam								6/7/2018
Product	Last year (July 2017)	Jun-18	This week			This week vs last month		Tab 3: Kernel FOB price chart per grade in USD/lb
	Average	Average	Min	Max	Av	Variation	Trend	
	WW240	\$5.35	\$4.28	\$4.00	\$4.20	\$4.10	-4.39%	
WW320	\$4.95	\$4.15	\$3.80	\$4.00	\$3.90	-6.41%	↘	
WS	\$4.33	\$3.28	\$3.15	\$3.25	\$3.20	-2.50%	↘	
LP	\$3.68	\$3.60	\$3.40	\$3.60	\$3.50	-2.86%	↘	



The Cashew Market in West Africa

RCN Farm gate price in AFRICA in US\$								6/7/2018
COUNTRY	Cur	Jul-17	Jun-18	6-Jul-18		This week vs last month		RCN Farm Gate Price by country
		Per T	Per T	Per T	Outturn lbs	Variation	Trend	
NIGERIA	US\$	\$889	\$796	\$700	38-42lbs	-14%	↘	\$700
BENIN	US\$	N/A	\$985	\$924	45-48lbs	-7%	↘	\$924
TOGO	US\$	N/A	\$758	\$577	40-44lbs	-31%	↘	\$577
GHANA	US\$	N/A	\$899	\$798	42-47lbs	-13%	↘	\$798
BURKINA FASO	US\$	N/A	\$860	\$622	40-47lbs	-38%	↘	\$622
COTE D'IVOIRE	US\$	\$759	\$579	\$488	35-44lbs	-18%	↘	\$488
MALI	US\$	N/A	\$706	\$333	38-45lbs	-112%	↘	\$333
GUINEA CONAKRY	US\$	N/A	\$571	\$440	37-45lbs	-30%	↘	\$440
GUINEA BISSAU	US\$	\$1,610	\$980	\$841	50-52lbs	-17%	↘	\$841
SENEGAL	US\$	\$1,096	\$1,114	\$622	48-52lbs	-79%	↘	\$622
GAMBIA	US\$	\$2,000	\$1,298	\$1,053	48-52lbs	-23%	↘	\$1,053



Country	Production Forecast in 2018	Weather/growing conditions past week
Nigeria	215,000	Still some product available.
Benin	100,000	The rainy season is progressing in the various production zones. There are still some stocks available for sale even at grower level.
Togo	6,000	The rainy season is progressing in the various production zones
Ghana	80,000	The rainy season is progressing in the various areas of production; High moisture content recorded. Small availability at the producers' level. Most companies are not buying
Burkina Faso	100,000	The rainy season is progressing in the various cashew production zones. Farmers are preparing their plantations for the growing season
Cote d'Ivoire	750,000	Arrivals remain on target for the CCA prediction of 750,000 tonnes. Stocks are high for the time of year and to secure storing of these is essential.
Mali	40,000	The rainy season is starting and RCN quality dropped
Guinea Conakry	20,000-30,000	The rainy season is progressing; High moisture rate recorded at the producer levels
Guinea Bissau	200,000	Arrivals still good and shipment have started. Some pressure on prices at the farm gate.
Senegal	50,000	Shipments ongoing
Gambia	8,000	Shipments ongoing

National Analysts Comments

Benin

The cashew market remains quite in Benin with a sharp drop in buying interest. The RCN availability is still good at both the traders and the producer levels but it is quite difficult to find buyers. The sellers want a price equal or higher than the minimum farm gate price set (650 FCFA/kg) while buyers offer a much lower price between 300 and 500 FCFA/kg (USD/kg). This week the average farm gate price is 520,13 FCFA/kg, representing a drop of 129,87 FCFA compared to the minimum farm gate price set. The municipalities of Kalalé, Sinendé, N'dali and Savè recorded prices above this average of 520.13 FCFA/kg while in Bembèrèkè the farm gate price remained around 350 FCFA/kg. Finally, in Cotonou, the RCN prices at the traders' level is of 635 FCFA/kg.

This week, the RCN farm gate price in the regions of ATACORA DONGA and ZOU HILLS is between 506.25 and 550 FCFA/kg (0.9-0.98 USD/kg) representing a slight decrease compared to the previous week. In BORGOU ALIBORI the RCN farm gate price is currently around 504.16 FCFA/kg (0.92 USD/kg) recorded a slight increase. Finally, the RCN FOB price in Cotonou port is between 1,400 and 1,650 USD/MT.

Source: FENAPAB

Burkina Faso

According to Mr. Nombé Eloi, the General Secretary of the national union of cashew producers in Burkina Faso (UNPA/BF), the total RCN production of the current year in Burkina Faso could hit a record of 100,000 tons. In fact, based on the new export levy of 35 FCFA/kg on RCN exports from Burkina Faso, we note that the quantity of RCN exported officially since the beginning of the season is 97 143 tonnes, while there is still a good availability remaining at both traders and producers level.

The rains season is progressing slowly in the various production areas and the producers are preparing their plantations for the growing season. The cashew marketing season is towards its end, although there

is still good availability with some producers who have made retention at the early season. Thus, some small sales are being made at the farm level around 350 FCFA/kg (0.62 USD/kg) while, RCN warehouse prices at traders' level in Bobo-Dioulasso are between 500 and 650 FCFA (0.89-1.15 USD/kg) for an average KOR of 40-46 lbs

Source: UNPA/BF

Cote d'Ivoire

There were no major changes in the cashew market this week. The RCN arrivals remained on target for the CCA prediction of 750,000 tonnes. The level of RCN available is high at this time of the year and to secure storage becomes very important. Supply remains high while demand remains almost non-existent. In addition, there is a sharp decrease in RCN quality and the outturn of the available RCN is around 40lbs. Apart from the local processors who have for the first time achieved their objectives for the past 3 years, the other main actors (producers and traders) mentioned that they had a bad cashew campaign. This week the RCN farm gate price is between 150 and 400 FCFA/kg (0.27-0.71 USD/kg) against 200-400 FCFA/kg recorded last week. RCN warehouse price at the traders' level in Abidjan remains around 500 FCFA/kg (0.89 USD/kg) while the FOB price at the port of Abidjan remains around USD 1,600/MT for an average KOR of 40-46 lbs.

Source: KJOURA NGO

This is a publication of the [African Cashew Alliance](#). It is realized with the support of:

