



AfriCashewSplits

The source for the latest crop and price information

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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 international cashew kernels market has gone a little quiet again following the wave of buying 2/3 weeks ago. Buyers appear to have filled their gaps for the time being and have decided to wait and watch developments. Current price levels are workable but will most likely cause demand in key markets of India, Europe and the Middle East to remain flat this year. The USA market is showing growth on import statistics, but the trend can only be judged once we have figures for the first half of the year. WW320 prices remain in a range US\$4.36-US\$4.60 per lb FOB, depending on the reputation of the processor, and look a little soft. Broken kernels are holding their value as reduced processing volumes impact on availability.

With RCN prices still high relative to kernels only the most efficient processors are hitting anticipated profit levels and even they have stepped back their processing volumes. However, this appears to suit buyers especially at this time of year when there is little pressure from seasonal demand. Purchasing of RCN has stepped up in recent weeks but there is no indication of any change in the approach of buyers. Indian and Vietnamese processors seem content to follow the slow buying pattern that has so far held RCN prices in check. However, the late and reduced activity early in the season has reduced the availability of funds at origin and increased inventories meaning that there is less money in the market.

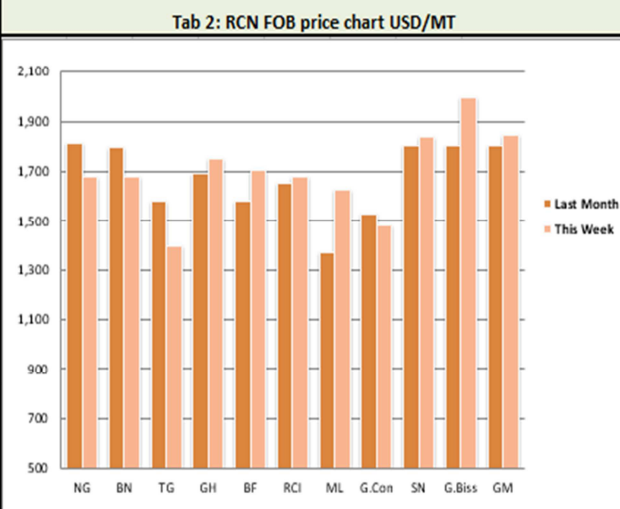
News this week from Guinea Bissau where the minimum price has been declared a “guideline” only will come as a relief to exporters and farmers who can get on with the business of selling the crop. This probably removes the last impediment to record availability of RCN from West Africa in 2018. It should not be concluded that prices will fall sharply. The available RCN is needed. However, prices need to match the kernels level more closely to get product moving through the system. In Cote D’Ivoire harvesting is still ongoing. It looks as if the crop could reach the forecast 750,000 tonnes. There are reports of an increase in the number of trucks being rejected at the port, but this is not as bad as being portrayed by some who may be seeking to influence buying decisions on their existing stock lying in the ports.

Farm gate prices in many countries are at or close to minimum levels circa CFA500/kg or equivalent. This may be due to perceptions of lower quality but is also due to the lack of available funds and existing inventories of RCN for export. It may be that the blockage in the system causing RCN internationally to hold a higher value than replacement at the farm gate is the level of stocks held by traders. If and when this is cleared, we could see RCN prices come into line with the farm gate and the kernels market.

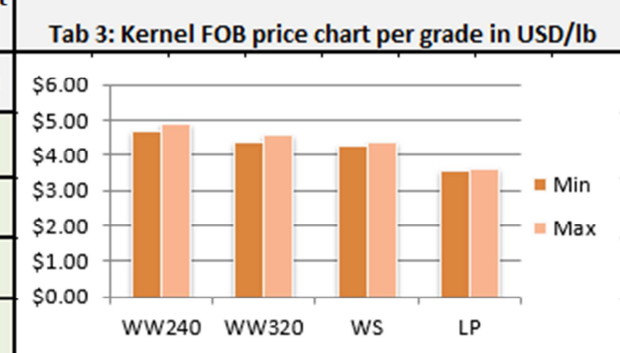
Looking further ahead we think that it is difficult to see reasons for price volatility on cashew kernels. There is a possibility of a drop in kernels prices mid-year as RCN shipments increase and if kernels buyers in the West, who seem to be well enough covered until the Autumn, stand back from the market and enjoy their Summer. Demand this year may be boosted by the World Cup (don’t think buyers have not already factored this in) but overall unless we see prices back close to US\$4.00 per lb slow growth is anticipated. Meantime crops look good so that supply will probably exceed demand in 2018 but not by enough to impact prices dramatically and assuming that the RCN actually makes it to the market.

Source: Jim Fitzpatrick from Ingredient Sourcing Solutions (ISS)

| RCN FOB price in AFRICA (USD/MT) | | | | | | | | 11/5/2018 |
|----------------------------------|------------------|--------------------|-----------|-------|---------|-------------------------|-----------|-----------|
| COUNTRY | Last year (2017) | Last Month (April) | This week | | | This week vs last month | | |
| | Average | Average | Min | Max | Average | Outturn | Variation | Trend |
| NG | 1,830 | 1,813 | 1,650 | 1,700 | 1,675 | 45-49lbs | -0.08 | ↘ |
| BN | 1,927 | 1,792 | 1,600 | 1,750 | 1,675 | 47-49lbs | -0.07 | ↘ |
| TG | 1,750 | 1,581 | 1,400 | 1,600 | 1,400 | 46-48lbs | -0.13 | ↘ |
| GH | 1,700 | 1,688 | 1,650 | 1,850 | 1,750 | 46-49lbs | 0.04 | ↗ |
| BF | 1,750 | 1,581 | 1,660 | 1,750 | 1,705 | 46-49lbs | 0.07 | ↗ |
| RCI | 1,860 | 1,650 | 1,600 | 1,750 | 1,675 | 46-48lbs | 0.01 | ↗ |
| ML | 1,600 | 1,372 | 1,550 | 1,700 | 1,625 | 45-48lbs | 0.16 | ↗ |
| G.Con | 1,726 | 1,528 | 1,460 | 1,500 | 1,480 | 46-48lbs | -0.03 | ↘ |
| SN | 2,250 | 1,800 | 1,730 | 1,950 | 1,840 | 50-52lbs | 0.02 | ↗ |
| G.Biss | 1,770 | 1,800 | 1,900 | 2,100 | 2,000 | 50-54lbs | 0.10 | ↗ |
| GM | 2,500 | 1,800 | 1,750 | 1,950 | 1,850 | 50-52lbs | 0.03 | ↗ |

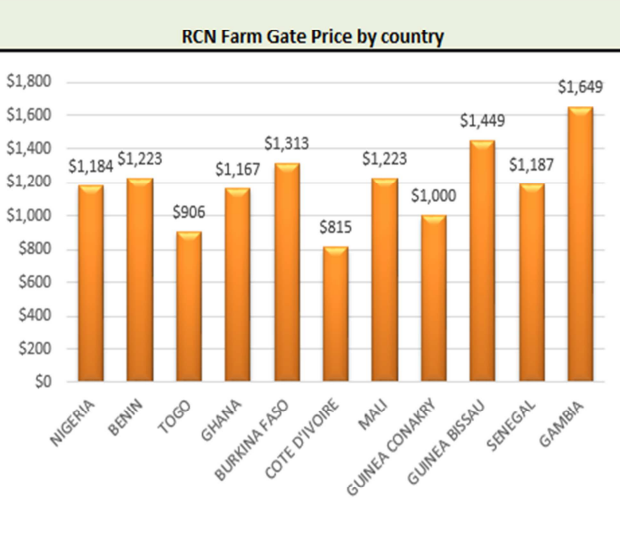


| Cashew Kernel FOB prices in Vietnam | | | | | | | | 11/5/2018 |
|-------------------------------------|-----------|------------|-----------|--------|--------|-------------------------|-------|-----------|
| Product | Last year | Last Month | This week | | | This week vs last month | | |
| | Average | Average | Min | Max | Av | Variation | Trend | |
| WW240 | \$5.30 | \$4.75 | \$4.70 | \$4.90 | \$4.80 | 1.04% | ↗ | |
| WW320 | \$4.95 | \$4.49 | \$4.35 | \$4.60 | \$4.48 | -0.34% | ↘ | |
| WS | \$3.90 | \$4.26 | \$4.25 | \$4.35 | \$4.30 | 0.93% | ↗ | |
| LP | \$3.40 | \$3.59 | \$3.55 | \$3.60 | \$3.58 | -0.42% | ↘ | |



The Cashew Market in West Africa

| RCN Farm gate price in AFRICA in US\$ | | | | | | | | 11/5/2018 |
|---------------------------------------|------|---------|---------|-----------|-------------|-------------------------|-------|-----------|
| COUNTRY | Cur | May-17 | Apr-18 | 11-May-18 | | This week vs last month | | |
| | | Per T | Per T | Per T | Outturn lbs | Variation | Trend | |
| NIGERIA | US\$ | \$1,786 | \$1,350 | \$1,184 | 45-47lbs | -14% | ↘ | |
| BENIN | US\$ | \$1,223 | \$1,477 | \$1,223 | 45-48lbs | -21% | ↘ | |
| TOGO | US\$ | \$1,265 | \$1,197 | \$906 | 42-46lbs | -32% | ↘ | |
| GHANA | US\$ | \$1,118 | \$1,246 | \$1,167 | 46-48lbs | -7% | ↘ | |
| BURKINA FASO | US\$ | \$1,235 | \$1,234 | \$1,313 | 46-48lbs | 6% | ↗ | |
| COTE D'IVOIRE | US\$ | \$1,349 | \$1,234 | \$815 | 37-45lbs | -51% | ↘ | |
| MALI | US\$ | \$1,096 | \$1,022 | \$1,223 | 44-47lbs | 16% | ↗ | |
| GUINEA CONAKRY | US\$ | \$1,289 | \$1,126 | \$1,000 | 37-47lbs | -13% | ↘ | |
| GUINEA BISSAU | US\$ | \$1,391 | \$1,882 | \$1,449 | 50-54lbs | -30% | ↘ | |
| SENEGAL | US\$ | \$1,539 | \$1,340 | \$1,187 | 48-52lbs | -13% | ↘ | |
| GAMBIA | US\$ | \$1,833 | \$1,425 | \$1,649 | 48-52lbs | 14% | ↗ | |



| Country | Production Forecast in 2018 | Weather/growing conditions past week |
|----------------|-----------------------------|---|
| Nigeria | 215,000 | Rains intensified and RCN quality is dropping |
| Benin | 100,000 | Rains intensifying in the various production zones |
| Togo | 6,000 | Rains intensifying in the various production zones; Sharp decrease in RCN quality |
| Ghana | 80,000 | Rains are intensifying in the various areas of production; High moisture content recorded |
| Burkina Faso | 40,000 | The second batch of cashew trees flowering seems to be good. Rains starting in the various cashew production zones. |
| Cote d'Ivoire | 750,000 | Arrivals continue positive slightly ahead of last year. Given good weather the crop should reach forecast. Quality has dropped but not as much as feared. |
| Mali | 40,000 | Very hot weather in the main production regions. Rains expected to start soon in some regions closed to Bobo-Dioulasso and Cote d'Ivoire border |
| Guinea Conakry | 20,000-30,000 | Rains are intensifying; Risk of High moisture rate at the producer levels |
| Guinea Bissau | 200,000 | Good weather for cashew production; Good flowering of cashew trees |
| Senegal | 50,000 | Good weather for cashew production; Good flowering of cashew trees |
| Gambia | 8,000 | Good weather for cashew production; Good flowering of cashew trees |

National Analysts Comments

Cote d'Ivoire

The cashew market remains quiet in Cote d'Ivoire. The rains are intensifying in all production areas and RCN quality decreased sharply to an outturn range of 37-45lbs with high moisture content. Many trucks are still sent back from the ports as unsuitable for export due to RCN moisture content of more than 10%. Most exporters stopped their purchases due to the current poor quality of the nuts and the increase in the tax on RCN export this year.

Subsequently, RCN prices decreased further in all production areas. The RCN farm gate price is currently between 400 and 500 FCFA/kg (0.72-0.9 USD/kg) for an average RCN Outturn of 38-45lbs and the warehouse prices are between 445 and 600 FCFA/kg (0.8-1.08 USD/kg). FOB prices are currently between 1,650-1,700 USD/MT for an average RCN Outturn of 43-47lbs.

Source: Mr. Kamate Issoufou from K.R Organisation

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