



AfriCashewSplits

The source of the latest crop and price information

Week 15: March 30 – April 5, 2020 – N°06

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The International Cashew Market

There has been a little more life in the RCN trade this week. Markets in West Africa have seen some trade with prices in some areas moving up, though transportation to ports remains a challenge. In the kernels markets some Vietnamese processors continue to offer lower prices to buyers who are not buying and who will not buy from uncertified processors anyway. So far, the coronavirus crisis has caused a sharp increase in demand for all food including cashew nuts. Spot markets at destination are empty. Unfortunately, it seems some processors in Vietnam are worrying about the crisis that they have failed to realize that consumption is at levels never before seen at this time of year. Other processors, who have sold out until July and even December are watching as the market falls and relishing the profit opportunity that presents itself. Kernels buyers find the current prices attractive but are: 1. Trying to predict how demand will be in the second half of the year and 2. Waiting for signs that the market has reached the bottom. The situation is similar to the last four months of 2008 during the financial crisis although of course for much sadder reasons. The first reaction is uncertainty but once the facts are established some composure returns.

The markets are very quiet as business has slowed down. This will most likely lead to lower crop size in many countries including major producers like India and Cambodia. Some estimates suggest that the Indian crop may be lower than expected by 30%. There are also likely to be continued supply chain disruptions. The combination of slow movement of raw material to processors, reduced crops and increased early year demand could create a tight kernels position in the middle of the year. If the lockdown scenario continues in the US and EU countries, demand could stay very strong for kernels. If the lockdown ends sooner rather than later then demand will return to normal. It is unclear how that will affect RCN but it seems likely that there will be good markets for well dried and stored product. In the meantime, a quiet period is likely. During that period, it is essential to have good market information on-time and to avoid some of the rumors and misinformation. ACA is here to help.

ACA Editorial

The Cashew Market in Africa

RCN farm gate price in AFRICA in USD per MT										
COUNTRY	1 year ago	1 month ago	1 week ago	Calendar week 15 (March 30– April 5, 2020)			This week vs last week		This week vs last month	
				Reported range	Outturn in lbs.	Variation	Trend	Variation	Trend	
NIGERIA	652	-	-	552	690	48-49	-	-	-	-
BENIN	562	-	-	455	620	48-50	-	-	-	-
TOGO	-	-	454	413	455	-	-	↘	-	-
GHANA	849	1,137	940	659	847	50-53	-	↘	-51%	↘
MOZAMBIQUE	692	692	627	560	638	44-45	-	↘	-16%	↘

* Cote d' Ivoire has announced a minimum farm gate price of 400 fCFA per kg (690 USD per ton).

RCN CFR export prices offered in USD per MT			
COUNTRY	1 year ago,	Calendar week 15 (March 30– April 5, 2020)	
		USD per ton	Outturn in lbs.
BENIN	1,225	950-1,000	48-49
GHANA	1,500	1,050	50
COTE D'IVOIRE	1,300	950-1050	48
MOZAMBIQUE	NQ	NQ	44-50

Worldwide WW320 export FOB prices in USD per lb.								
COUNTRY	1 year ago	1 month ago	Calendar week 15 (March 30– April 5, 2020)		This week vs last month		This week vs last year	
			Range reported		Variation	Trend	Variation	Trend
VIETNAM	4.55	3.24	2.85	3.30	-1%	↓	-2%	↓
INDIA	4.50	3.65	3.30	3.40	-3%	↓	-9%	↓
Prices ranges offered/sold in:								
MOZAMBIQUE					NQ			

Country Reports

In some countries this week there is little news as people adhere to guidelines to help reduce the impact of coronavirus. As a result we have limited reports available.

Ghana

Presently, the two major cities of Ghana, Accra and Kumasi are under partial lockdown, while border closure and travel ban has been imposed nationwide. The partial lockdown so far permits the transport of agricultural produce by land and export through the ports.

The rains continue to intensify in some cashew production zones. The second crop looks good as more trees continue to pick up new fruits and flowers. Failure to harvest the apples on time might lead to a drop in quality which is highly possible as farmers may have no interest in harvesting their cashews on regular bases due to low prices.

RCN quality is at 48lbs with moisture content as high as 15 – 20 %. There are no records of local processors on the field at the moment. Farm gate price ranges 2ghs – 2.5ghs/kg in certain areas.

RCN FOB offered at \$950/tonne with India as the main destination. It is reported that Vietnamese are requesting for lower rate compared to what is offered the Indians with a minimum KOR of 48lbs and moisture content between 8 -10%

Guinea

The new season was launched on 1st April. Early season buyers' ideas look low at GNF2500/kg. There was not much trade reported.

Côte d'Ivoire

The government has declared a nationwide state of emergency and curfew, and a lockdown of Abidjan. Agricultural produce are allowed to move in spite of the many restrictions.

Prices and trade have picked up this week. Traders report prices moving up to CFA350/kg with buying interest for good quality material. The volume of trade is affected by the lack of buyers' inspectors in

country. The prospect is for Asian buyers to come back to the market toward the end of April but a mechanism to allow them to buy with confidence needs to be negotiated so that trade can flow.

Mali

It is the beginning of the cashew season in Mali, the qualities are good because of the absence of rain at the moment and the persistent heat enables the nuts to be well dried. Mali's borders are closed and only trucks carrying goods are currently allowed in and out following the recorded case of COVID19 in Mali.

RCN can be exported without any problem but buyers from abroad can no longer come in to buy. This poses a real problem because in Mali, foreigners such as Burkinabe, Ghanaians and Ivorians are the major buyers of RCN due to unavailability of port in Mali. There are not many Malians who export the RCN. It is also difficult for foreigners to send their money to Mali for purchases when they themselves are not present. The RCN exported from the beginning of this season is estimated at 18 000 tonnes. Although local processors haven't started buying RCN, they have begun to gather RCN at the cooperative level. This activity is in line to sell products collectively at the farmer cooperatives.

It is reported that the RCN quality at this early stage of the season ranges between 45lbs and 49lbs. Farm gate prices this week are between 200 – 275 FCFA/kg (586 – 632 USD).

Nigeria

Major areas in Nigeria, such as Abuja, Lagos and Ogun State are currently under lockdown. So far the cashew producing areas are not affected by the lockdown. As in many countries, movement of raw material is hindered by restrictions on transport in some states.

RCN prices fell as a result but showed some limited signs of recovery this week moving up by 5-10% from a low level to just below US\$300 per tonne 46-48 lbs at the farm gate for undried material. There are reports of poor quality in some districts due to poor handling although the overall crop is maintaining the quality improvement that has been seen in recent years.

Reports indicate that processors have been active sourcing raw material at these attractive levels with processors offering WW320 as low as US\$2.80 per lb FOB which is competitive with any other origin. The quantities purchased for processing appear to be above the volumes of last year already which indicates that the opportunity for processors in Nigeria is high this year.



Thank you to all our network of reporters and analysts for their contribution to this report.

This is a publication of the African Cashew Alliance