



# AfriCashewSplits

The source of the latest crop and price information

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## The International Cashew Market

The cashew kernels market has been quiet in recent weeks. WW320 prices fell as a result and traded below US\$3.15 per lb FOB at one point, well below any calculated parity with current RCN prices. In 2019, Vietnam has further strengthened its market share on cashew kernels. Imports till mid-November suggest that Vietnam has more than enough RCN imported to meet likely export commitments in 2019. This has made Vietnamese buying on old crop Tanzanian and at the new crop auctions difficult to understand in terms of pricing, but with first quarter new cashew kernel sales commitments at higher prices to meet, there may be some logic. Factories without a forward sales book have tended to close temporarily and wait for a better calculation to emerge.

Demand for kernels has improved through 2019 in response to lower prices. Current levels should make sense to buyers, but this is a slow period for new purchasing in the key markets of Europe and the USA. Buyers may look to reassess demand in the New Year before making moves to cover 2020 requirement balances. Broken cashew demand would seem to have been particularly adversely impacted by the very high prices of 2017 and 2018. According to some buyers of kernels this has been compounded by a loss of trust in quality and food safety standards on lower grades. Inventories of cashew prices continue to be a cause of concern for many African processors, especially with the Indian market effectively closed to them for kernels, although India relies heavily on Africa for RCN. The Cashew Export Promotion Council of India (CEPCI) has persistently pushed the Indian government for higher minimum kernel prices and import tariffs have escalated, a situation that could trigger a proportionate response in the near future.

As we head toward the end of the year the crop and stock balances suggest that the market is well supplied. There may even be a possibility that some traders are overstocked on RCN. This makes it seem for now at least that a return to a realistic calculation between RCN and cashew kernels for processors is more likely from a fall in RCN prices than a rise in kernels.

*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 48<br>(25 Nov – 2 Dec 2019) |                 | This week vs last week |       | This week vs last month |       |   |
|   |            |             |            | Reported range                            | Outturn in lbs. | Variation              | Trend | Variation               | Trend |   |
| MOZAMBIQUE                                  | 837        | -           | -          | 552                                       | 788             | 44-48                  | -     | -                       | -     | - |
| KENYA                                       | -          | -           | -          | 445                                       | 592             | 48-50                  | -     | -                       | -     | - |

| RCN CFR export prices offered in USD per MT |             |   |                 |
|---|-------------|---|-----------------|
| COUNTRY                                     | 1 year ago, | Calendar week 48<br>(25 Nov – 2 Dec 2019) |                 |
|   |             | US\$ per ton                              | Outturn in lbs. |
| GUINEA                                      | NQ          | 1,037-1,108                               | 46-48           |
| TANZANIA                                    | 1,650       | 1,650-1,700                               | 52-53           |

| Worldwide WW320 export FOB prices in USD per lb. |            |             |             |   |      |                        |       |                         |       |
|--|------------|-------------|-------------|---|------|------------------------|-------|-------------------------|-------|
| COUNTRY  | 1 year ago | 1 month ago | 1 week ago, | Calendar week 48<br>(25 Nov – 2 Dec 2019) |      | This week vs last week |       | This week vs last month |       |
|  |            |             |             | Range reported                            |      | Variation              | Trend | Variation               | Trend |
| VIETNAM  | 4.55       | 3.45        | 3.15        | 3.10                                      | 3.30 | 2%                     | ↗     | -8%                     | ↘     |
| INDIA  | 4.50       | 3.55        | 3.48        | 3.40                                      | 3.55 | 0%                     | →     | -2%                     | ↘     |
| <b>Prices ranges offered in:</b>                 |            |             |             |   |      |                        |       |                         |       |
| MOZAMBIQUE                                       |            |             |             | 3.18                                      |      |                        |       |                         |       |
| KENYA  |            |             |             | 3.55 – 3.60                               |      |                        |       |                         |       |

## Country Reports

### Guinea

It has been reported that from January to October 2019, 49,264.39 tons of RCN have been exported out of Guinea. The Cfr export price is reported between 1,037-1,108 for 46-48lbs. Lower quality levels of 41-42lbs. are said to fetch a Cfr export price of approx. 820 USD per ton.

### Mozambique

This year's crop production is officially estimated at 148,000 tons. Other sources however state this estimate is too high. Some commercial stakeholders' estimates are much lower. The reference farm gate price has been set at 34 MZN per kg. This price may be revised during the season if there is an approx. 10% variation of the cashew price in the international market. In week 48, the RCN farm gate price is reported to range between 552-788 USD per ton (35-50 MZN per kg). The reported outturn ranges between 44-48lbs. Occurrence of high temperatures in Nampula and Zambezia Provinces, up to 42 degrees during the harvesting period, are said to potentially influence the volume of production if the situation persists.

It has been agreed to supply RCN to the domestic industry first, before the official opening of RCN exports. However, there are complaints that this policy does not truly benefit processors as exporters are not allowed to export but are allowed to buy (and stock) until the exports are opened. Some reports state that over 80% of the crop volume has already been purchased for export and thus local processors are unsure if there will be enough RCN available. INCAJU (authority) has issued a service order, prohibiting the circulation of RCN to the city ports (Maputo-Beira-Nacala), until the factories are supplied. However, processors are said to be skeptical if it will be respected.

It is reported that 24,000 tons of RCN have been sold. The national goal is to have 80,000 tons of RCN absorbed by local processors. Reports state that from January to October 2019, around 9,000 tons of cashew kernels have been exported. Currently in week 48 the FOB export price for WW320 is quoted at 3.18 USD per lb.

### Kenya

A production volume of 10,000 tons is estimated for the current Kenyan cashew season. In week 48, the farm gate price ranges between 445-593 USD per ton (45-60 KSH per kg). The average outturn is reported at 48-50 lbs. However, quality is expected to decrease as a result of heavy rainfall along the Kenyan coastal strip, the country's main RCN producing region. The ban on RCN exports remains in place.

The FOB export price quoted for WW320 lies between 3.55-3.50 USD per lb and is negotiable.

### Tanzania

Marketing of the 2019 cashew crop has been progressing well. Auctions have been conducted between 31 October and 1 December with a total of 132,396 tons sold at prices ranging from 1,045-1,270 USD per ton ex-warehouse for new crop material of good quality before export costs and taxes. Traders initial offers of 1,550 USD per ton Cfr have been marked up as high as 1,700 USD per ton Cfr. Processors' appetite at these high levels is very limited. Some trades have taken place to India, but many Vietnamese factories prefer to wait. At these levels there is not a good calculation for processors on the current kernels market.

The position on the old crop balances remains unclear with estimates from official sources during the recent ACA conference in Dar es Salaam varying from a balance of 80,000 – 114,000 tons. There are also reports in the market that all old crop is shipped.

Certainly, the high prices being bid at auction for new crop make the old crop offers seem attractive, but the kernels market is less receptive to facilitating the current RCN prices.

The crop estimate was initially a healthy 300,000 tonnes. However, later reports indicate that the crop may be smaller. Actual deliveries into warehouses seem to indicate a good crop. Yet, as has been the case for more than a year the actual situation in Tanzania is very difficult to accurately quantify.

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](#)

