



AfriCashewSplits

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Week 13: March 25 – 31, 2019 – N°08

info@africancashewalliance.com

The International Cashew Market

It was another stable week on prices for cashew kernels with limited trade. International buyers are adopting a wait and see approach for now with many having cover until mid-year which means that they have another four to six weeks before making a decision on their next tranche of cover. Imports in the main Western markets have started with mixed signals. Early season imports for the EU are positive but this must be tempered by the fact that December imports were 25% down on 2017 and every month in the second half of 2018 was down by double digit percentages against 2017. This may suggest that inventories are low, and the good figures are “catch up”. US imports are steady, but reports indicate that demand is slow. This could be a downturn based the fact that lower prices have not been passed on to consumers yet or it could be that retail buyers expect a price fall. Demand in the most important market, India seems positive but smaller markets in the Middle East and China have yet to show recovery following the price falls. Cashew kernels WW320 are available to buy at US\$3.35 per lb FOB with higher prices for later shipment and for processors who are ranked as highly reliable so called “top processors”. It does seem clear that buyers of kernels have plenty of business to do and that the current prices are attractive, but they will take their time making decisions.

Processors are in a similar frame of mind. They are not prepared to sell kernels unless they can cover the raw material at a profit. This is becoming aggravated by poor demand and low prices for broken cashews. Processors are concentrating on purchases of their own crops in India and Vietnam and in Vietnam on imports from Cambodia. Good crops are forecast in all three countries where farm gate prices have fallen over the past two weeks.

The combination of good crops, inventory of old crop RCN and a fairly slow period for processing may mean that demand for RCN in 2019 is down. A rough calculation, albeit early in the season, indicates that Vietnam may need 150,000 tonnes less RCN in 2019. If we compare to this time last year inventories are much higher with stocks in some West African countries and a large stock in Tanzania which may come to the market. Prices reported offered for RCN in the international market this week were Ghana 48-49 lbs US\$1320-1340 per t Cfr, Cote D’Ivoire 48+lbs US\$1300 per t Cfr, Nigeria 46-49 lbs US\$1150-1200 and Tanzania 48-52lbs US\$1600 per tonne FOB. There was some trade of Nigerian and Cote D’Ivoire RCN. Current RCN prices do not make much sense for processors in Vietnam who hope to see lower prices and will wait for the time being. The trend is being magnified by the lack of early financing and farm gate prices have drifted a little lower in many places. Based on a technical analysis one might expect RCN prices to drop further in the international market unless kernels pick up quickly.

Looking forward, the season may prove difficult after the slow start. A good argument can be made for improved kernels prices later in the year but that is dependent on roasters who could well go back to the hand to mouth strategy successfully employed in 2013-2015. This would reflect on processing volumes and demand for RCN. However, if processors wait too long the raw material may not be properly stored at origin and quality could decline. This could mean an opportunity for well organised West African processors who are facing reduced competition for raw material in the early part of the season. Perhaps the argument that lack of processing is the fault of the RCN trade will be tested this year.

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 13 (25 – 31 March 2019)			This week vs last week		This week vs last month	
				Reported range		Outturn in lbs.	Variation	Trend	Variation	Trend
NIGERIA	1,594	689	632	359	553	46-48	-38%	↘	-51%	↘
BENIN	1,409	614	689	599	684	45-51	-7%	↘	4%	↗
GHANA	1,678	841	832	651	743	46-49	-19%	↘	-21%	↘
CÔTE D’IVOIRE	1,174	605	646	641		46-48	-0.72%	↘	6%	↗

MALI	1,221	-	-	556	616	44-47	-	-	-	-
GUINEA BISSAU	1,785	-	-	855		46-54	-	-	-	-
GAMBIA	1,105	-	1,022	1,031		50-52	1%	↗	-	-

RCN export Cfr prices in AFRICA in USD per MT				
COUNTRY	1 year ago	Calendar week 13 (25 – 31 March 2019)		
		US\$ per ton	Outturn in lbs.	Remark
NIGERIA	1,750	1,150 – 1,200	46-49	Offered
BENIN	1,900	1,200	47	Offered
GHANA	1,980	1,320 – 1,340	48-49	Offered
CÔTE D'IVOIRE	1,850	1, 250 – 1,300	48+	Offered

Worldwide WW320 export FOB prices in USD per lb.									
COUNTRY	1 year ago	1 month ago	1 week ago	Calendar week 13 (25 – 31 March 2019)		This week vs last week		This week vs last month	
				Range reported		Variation	Trend	Variation	Trend
VIETNAM	4.55	3.40	3.40	3.40	3.50	1%	↗	1%	↗
INDIA	4.55	3.55	3.48	3.45	3.55	1%	↗	-1%	↘
Prices ranges offered in:									
GHANA				3.55					
COTE D'IVOIRE				3.35 – 3.55					
GUINEA BISSAU				3.35 – 3.55					

Country Reports

Nigeria

An unofficial report estimates the 2019 crop size at 260,000 tons. The official crop estimate is expected to come in at the end of the season (end of May). The reported farm gate price ranges between 130 – 200 NGN per kg (USD 360 – 550 per ton) depending on location in calendar week 13. Average quality is reported at 48lbs, with lower qualities of 46-47lbs. in some areas. Buyers remain largely absent on the market. The on-going gridlock and inefficiency at the ports is reported to be exacerbating exporters difficulties in concluding contracts with foreign buyers.

Cfr export price for RCN 46-49 is offered in week 13 at USD 1,150 – 1,200.

About 25,000 tons are estimated to have been bought by local processors. Nigerian cashew kernels WW320 are offered at USD 3.55 per lb. without buyers at this level.

Benin

This week reports a farm gate price of 350-400 CFA per kg (USD 600-680 per ton).

RCN quality is reported to vary between 45 to 51lbs. with an average quality reported at 47lbs., which is slightly lower than last week.

RCN are offered in this week at USD 1,200 – 1,400 Cfr depending on quality.

Ghana

An official 2019 estimate is not expected until end of April. However, the earlier reported unofficial 2019 estimate of 80,000 tons has been reported again in week 13. This week's RCN farm gate price range remains at 3.5 – 4.0 GHC per kg (USD 650 – 740

per ton). Reports describe the outturn currently at 46-49lbs. The slight decline in quality has been attributed to weather conditions, loss of flowers and post-harvest handling. Furthermore, due to the lack of international funding, the buyers remain absent.

Reports state that 90,000 tons have been traded so far. This amount is unusually high for the time of the year and likely a mix of Ghanaian and foreign crop. It has been reported in this week that 48+ lbs. RCN are offered at USD 1,320 – 1,340 per ton Cfr.

Cashew kernels WW320 are this week in Ghana offered at USD 3.55 per lb. without buyers at this level.

Cote d'Ivoire

There continue to be unconfirmed reports of producers looking for sales even below the minimum farm gate price of 375 CFA per kg (USD 640 per ton). This may be the last volumes of old crop material, lower quality or inferior material. However, it remains clear that there is a shortage of finance in the sector.

Cfr export price for RCN 48+ lbs. is offered this week at USD 1,250 – 1,300.

Reports quote cashew kernels WW320 traded at USD 3.30 per lb.

Mali

This week reports a farm gate price of 325-360 CFA per kg (USD 555-615 per ton) at farm gate. The average outturn is reported at 44 – 47 lbs.

An estimated 15,000 tons have been exported since the onset of the season. This amount is likely a mix of Malian and foreign crop.

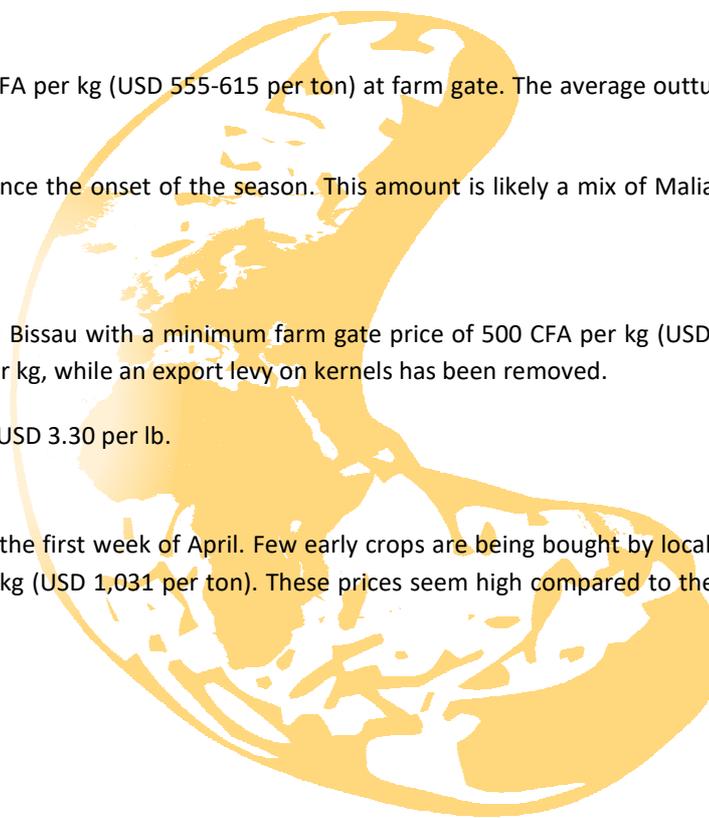
Guinea Bissau

The cashew season has been launched in Guinea Bissau with a minimum farm gate price of 500 CFA per kg (USD 855 per ton). The export levy on RCN has been set at 15 CFA per kg, while an export levy on kernels has been removed.

Reports quote cashew kernels WW320 traded at USD 3.30 per lb.

Gambia

Trade of the 2019 crop is expected to start as of the first week of April. Few early crops are being bought by local processors at very high farm gate prices of about 600 CFA per kg (USD 1,031 per ton). These prices seem high compared to the international market.



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](#)