



# AfriCashewSplits

*The source of the latest crop and price information*

**Week 14: April 1 – 7, 2019 – N°09**

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## The International Cashew Market

The markets continued to slide down this week. RCN in particular came under pressure as volumes harvested mounted and buyers stayed away. This caused prices at the farm gate to fall across the World including prices in India and Vietnam. We are now seeing the market at the farm gate below the minimum prices in some countries which effectively brings the market to a standstill. It has also encouraged governments in West Africa to review their policies with clarifications and enforcement statements coming from a number of important origins.

On cashew kernels the main development has been more offers from the top Vietnamese processors who have offered at US\$3.30-3.35 WW320 per lb. FOB this week with some less reputed processors offering at US\$3.25 per lb. FOB. Buyers were not tempted by these offers as is often the case when the market is falling. It seems that for the time being kernels buyers see RCN falling and stay away even though the RCN prices are above the current kernels' parity. This can continue as long as buyers have cover. This probably runs out mid-year which means that kernels buyers are likely to come to the market in the next six weeks. The question will be as to whether they come for major cover or just a couple of months cover. That will largely be determined by the sentiment in the market at that time.

New purchasing is light, but the World has not stopped eating cashews. Vietnamese kernels exports of kernels in the first quarter are actually up by 3%. Imports to major markets are slightly up on last year and demand is reported to be starting to grow. When the new lower prices kick in later this year demand is likely to recover strongly.

Why is the RCN market so weak then? Firstly, lets note that Vietnams imports for the first quarter are on track to match last year and there is a good crop there. Indian imports are down mainly due to the loss of Tanzanian imports. Overall the supply of RCN has not yet become restricted for processors due to old crop stock and good local supply. That will eventually change. Secondly, the crisis in the RCN trade of last year has had a huge impact with the available financing reduced, some traders in a critical position as well as advances and pre financing severely reduced. With willing sellers on the farm but no money to buy the market must fall and has fallen below minimum price levels. Finally, processors are short, roasters are short, traders are neutral so none of them are unhappy that prices are falling. Only the farmer in West Africa who is dependent on the export trade and thus on foreign financing suffers in this case.

We have long maintained in this column and elsewhere that the RCN trade is not sustainable due to its volatility and high risk. We are currently seeing a failure in the funding of the RCN trade which should be taken as a signal by the sector in West Africa that processing at least a large proportion of the local crop locally is the only way to ensure an outlet and fair treatment for farmers. Until this happens management of the RCN crop to prevent loss and quality decline are needed.

Where to next? Demand will recover both for kernels and RCN. The sentiment will change and probably when it does it will do so quickly. Processors with sales of kernels will find it much easier to raise capital for RCN and the market will pick up again. Kernels and RCN are at prices last seen fours ago and are attractive for buyers of cashew kernels and roasters. The market may drift lower until this happens on kernels but could drop significantly on RCN still. We are in a very unusual situation with low levels of cover and the crops well advanced. There must be concern that quality of RCN will suffer whilst it waits on farms and village warehouses for sale. The next four weeks will make or break the season, but the repercussions could be felt for years.

## 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 14<br>(1 – 7 April 2019) |                 | This week vs last week |       | This week vs last month |       |   |
|   |            |             |            | Reported range                         | Outturn in lbs. | Variation              | Trend | Variation               | Trend |   |
| NIGERIA                                     | 1,326      | 699         | 456        | 363                                    | 559             | 46-48                  | 1%    | ↗                       | -52%  | ↘ |
| BENIN                                       | 1,402      | 608         | 641        | 513                                    | 667             | 45-48                  | -9%   | ↘                       | -3%   | ↘ |
| GHANA                                       | 1,667      | 820         | 697        | 394                                    | 493             | 45-48                  | -57%  | ↘                       | -85%  | ↘ |
| MALI  | 1,075      | -           | 587        | 214                                    | 342             | 44-47                  | -111% | ↘                       | -     | - |

| RCN CFR export prices offered in AFRICA in USD per MT |            |  |                 |
|---|------------|--|-----------------|
| COUNTRY   | 1 year ago | Calendar week 14<br>(1 – 7 April 2019) |                 |
|   |            | US\$ per ton                           | Outturn in lbs. |
| NIGERIA   | 1,750      | 1,100                                  | 46-48           |
| BENIN   | 1,950      | 1,150                                  | 47              |
| GHANA   | 1,950      | 1,100 – 1,250                          | 45-48           |
| CÔTE D'IVOIRE   | 1,850      | 1,200                                  | 48+             |

| Worldwide WW320 export FOB prices in USD per lb. |            |             |            |  |      |                        |       |                         |       |
|--|------------|-------------|------------|--|------|------------------------|-------|-------------------------|-------|
| COUNTRY  | 1 year ago | 1 month ago | 1 week ago | Calendar week 14<br>(1 – 7 April 2019) |      | This week vs last week |       | This week vs last month |       |
|  |            |             |            | Range reported                         |      | Variation              | Trend | Variation               | Trend |
| VIETNAM  | 4.55       | 3.40        | 3.45       | 3.25                                   | 3.35 | -5%                    | ↘     | -3%                     | ↘     |
| INDIA  | 4.55       | 3.55        | 3.48       | 3.45                                   | 3.55 | 0%                     | →     | -1%                     | ↘     |
| WW320 prices ranges offered in:                  |            |             |            |  |      |                        |       |                         |       |
| GHANA  |            |             |            | 3.80                                   |      |                        |       |                         |       |
| BENIN  |            |             |            | 3.80                                   |      |                        |       |                         |       |
| CÔTE D'IVOIRE                                    |            |             |            | 3.30 – 3.35                            |      |                        |       |                         |       |

## Country Reports

### Nigeria

In calendar week 14 the reported farm gate price remains at 130 – 200 NGN per kg (USD 360 – 560 per ton) depending on location. Average quality is reported at 48lbs, with lower qualities of 46-47lbs. in some areas. Buyers remain largely absent from the market.

Cfr export price for RCN 46-48 is offered in week 14 at USD 1,100.

About 52,000 tons are estimated to have been bought by local processors. There are reports of a growing public as well as private interest in processing cashews in Nigeria.

It is reported in the news media that 50,000 tons of RCN is stuck in Nigerian export ports due to capacity and procedural delays.

### Benin

This week reports a decrease in the farm gate price to 300-390 CFA per kg (USD 510-680 per ton).

RCN quality is reported to vary strongly based on location between 39 to 50lbs.

RCN is offered in this week at USD 1,150 per ton Cfr depending on quality. Reports quote cashew kernels WW320 offered at USD 3.80 per lb. There is still a large lack of buying activity both of RCN and kernels.

## Ghana

In calendar week 14, the farm gate price has dropped to a range of 2.0 – 2.5 GHC per kg (USD 395 – 740 per ton). Reports persist of a decrease in quality. The current range of outturn is reported at 45-48 lbs. The for Ghana unusually low quality continues to be attributed to climatic conditions (early onset of season) and post-harvest handling. However, there are reports of imported RCN being traded as Ghanaian perhaps giving a false view of the quality harvested in the country.

In this week buyers remain absent.

It has been reported in this week that 45-48 lbs. RCN are offered at USD 1,100 – 1,250 per ton Cfr.

## Cote d'Ivoire

Unconfirmed reports of producers looking for sales below the minimum farm gate price of 375 CFA per kg (USD 640 per ton) continue to persist. Based on the official farm gate prices, the Cfr export price for RCN 48+ lbs. is calculated at USD 1,100 without any profit margin added.

Reports quote cashew kernels WW320 offered at USD 3.30-3.35 per lb.

The Government has announced a reduction in the export tax on RCN from 10% to 7% of the CIF value in an effort to support farm gate prices. They have also announced that they will enforce the border trade regulation and will clamp down on exporters selling below the minimum price equivalent.

## Mali

Widely estimates of the 2019 crop in Mali, which range from 60,000 – 100,000 tons, must be treated with caution. Cross border trade, slow export and slow statistical reporting all make it difficult to estimate the crop. This week reports a decreased farm gate price of 125-200 CFA per kg (USD 215-340 per ton) at farm gate. The average outturn remains reported at 44 – 47 lbs. Buyers remain absent.

An estimated 20,000 tons have been exported since the onset of the season. This amount is likely a mix of Malian and foreign crop.

## Guinea Bissau

The Government has announced that the 500 CFA per kg price previously announced as a minimum farm gate price is in fact a guide price and that business may be transacted between farmers and buyers at negotiated market prices. The export levy on RCN is 15 CFA per kg. However, taxes have been increased with the ACI up to 5% from 3% and CPR up from 15 CFA per kg to 50 CFA per kg. The crop has not yet begun to flow.

## Tanzania

Our international market reporter reports that the Tanzanian government has again this week called for bids for 220,000 tons of RCN lying in warehouse in Tanzania. We understand that the last-mentioned value for export was USD 1,600 per ton FOB. Even given the usual high quality of Tanzanian RCN this price will make it difficult for buyers to show interest given the prices in India and Vietnam as well as West Africa. The announcement also confirms that the much-publicized sale of 100,000 tons to Indo Power Solutions, a Kenyan shelf company, is not going ahead. Given a reported processing capacity estimated at 10,000 tons, the Government must return to the RCN market, which has in the meantime fallen by USD 200-300 per ton. Meanwhile the market prices could be negatively impacted by the release of the Tanzanian material at current market values.



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](#)