



AfriCashewSplits

The source of the latest crop and price information

Week 35: August 25 – 31, 2019 – N°25

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The International Cashew Market

The cashew crop in West Africa has a long tail again this year¹. Buyers remain active as crops in Guinea Bissau (200,000 tons) and Cote D'Ivoire (800,000 tons) are upgraded² in volume. This returns Cote D'Ivoire to the leadership position in World production. Meantime crop balances in Benin and Nigeria are being tidied up³. It appears shipments will continue well into September and just like last year West Africa will still be shipping when the Tanzanian crop starts in 30-45 days.

Import wise India is roughly on par with last year despite receiving virtually no Tanzanian material from the 2018 crop so far. Vietnam had by mid-August already imported 82% of the imports received in the entire year of 2018. From a supply point of view for RCN these factors seem to indicate that there is adequate supply of RCN to keep the market going. How long can this position continue? There are two crops due, Indonesia and Tanzania. Both are likely to be good in volume and quality.

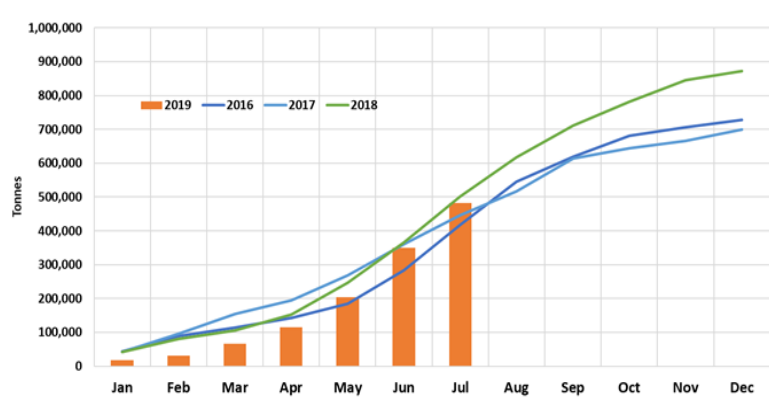
The Tanzanian position is complex. A Vietnamese trader and processor has reputedly purchased 176,000 tonnes of old crop. If this material is shipped the Tanzanian government will have space to take in the new crop. However, it is far from certain that it will be shipped. International RCN traders will be carefully watching to see if and at what price 2018 crop becomes available. Pressure will mount on the Tanzanian authorities for an orderly resolution of the stock before the new crop arrives. Ironically it looks as if the Tanzanian material is more likely to be needed in India than in Vietnam in the short – medium term. This is a volatile situation where regulation, politics and the market are intertwined. It seems to this reporter that to hold inventory speculating on the outcome in Tanzania could be risky.

In reality the market has managed well without the Tanzanian old crop and prices has still declined. Some sales opportunities in spot trading type markets have been lost. There is no indication of a major gap in cover among buyers. European imports are well up, but it is reliably reported that the demand in the supermarkets does not match the increase in imports. US imports are down on last year as the US market still manages high priced purchases and slow demand. India is likely to be an active market as the Diwali festival approaches, but the needed RCN is likely to be in the country before the end of August.

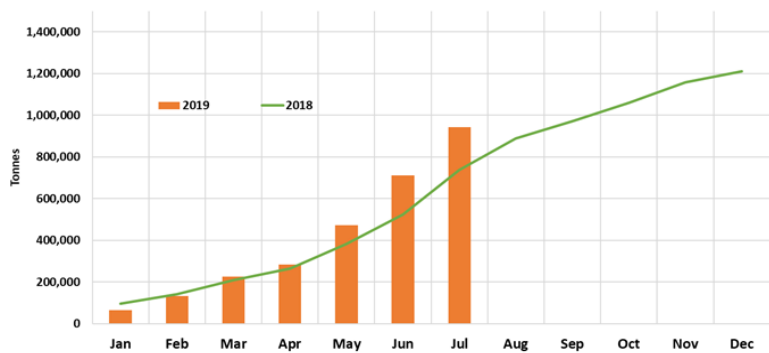
2019 is a recovery year where demand readjusts to lower prices in many markets, but this takes time, especially in markets where marketing plans at wholesale and retail level are made up to 12 months ahead. It is only in the Chinese market that we can see a major growth in imports this year. In fact, 43% of the increase in Vietnamese export of cashew kernels is accounted for by trade with China, but the Chinese market is still only one third the size of the US market for example.

The recent buying interest for cashew kernels in the international market has supported prices. WW320 have moved to a range US\$3.20 – US\$3.40 per lb. This may reflect the change in buying methods rather than any fundamental shift in demand. The volatility of the past two years has caused major buyers to narrow their cover window, which means they have to enter the market more often, but not that they buy more material. In other words, the latest buying could come to a sudden end.

India RCN Imports on target to match 2018



Vietnam RCN Imports run well ahead of 2018



The question many of us are asking now – is there enough RCN available to get the market to new crop? The answer appears to be yes. For sure if the Tanzanian material is shipped or at least a good proportion of it. We should also factor in slow demand growth, an early Tet festival, which will close Vietnamese processors for second half January, lower levels of forward cover for strategic reasons and plenty of old crop material still in the market.

The reaction of the kernels market which rose in price after the announcement of the sale of Tanzanian RCN might seem surprising. How can more supply make prices go up? In fact, the two will only play out over several weeks. The increased buying of kernels is most likely a reaction to the time of year – we are coming to the end of the period for buying in time for seasonal demand in Europe and North America. The shipment of RCN from Tanzania should ensure that there will be no supply constriction toward the end of the year.

¹ Long tail as in has been going on for a longer time than expected

² Upgraded as in the estimates of the volume were increased

³ Tidy up as in looking after the last remaining aspects

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 35 (25 – 31 August 2019)			This week vs last week		This week vs last month	
				Reported range		Outturn in lbs.	Variation	Trend	Variation	Trend
SENEGAL	NQ	636	635	508	677	49-52	-7%	↘	-7%	↘
GUINEA BISSAU	NQ	NQ	635	592	677	50-52	0%	→	-	-

RCN CFR export prices offered in AFRICA in USD per MT			
COUNTRY	1 year ago	Calendar week 35 (25 – 31 August 2019)	
		US\$ per ton	Outturn in lbs.
BENIN	1,600	1,200	47-49
SENEGAL	NQ	1,250	52
GUINEA BISSAU	NQ	1,300-1,500	50-52

Worldwide WW320 export FOB prices in USD per lb.									
COUNTRY	1 year ago	1 month ago	1 week ago	Calendar week 35 (25 – 31 August 2019)		This week vs last week		This week vs last month	
				Range reported		Variation	Trend	Variation	Trend
VIETNAM	4.55	3.30	3.25	3.20	3.35	1%	↗	1%	↗
INDIA	4.50	3.48	3.48	3.40	3.55	0%	→	0%	→
Prices ranges offered in:									
SENEGAL (Domestic only)				3.03-3.09					

Country Reports

Senegal

In week 35 it is reported that the farm gate price ranges between 300-400 CFA per kg (USD 508 – 677 per ton) with an average outturn of 49-52 lbs. Based on recorded weight at the port, the crop volume is estimated to be 52,550 tons. The reported scarcity of rainfall is said to have allowed producers to harvest quality nuts, especially in the last phase of production.

It is reported that about 85 tons have been purchased by local processors.

RCN Cfr export price is around US\$ 1,250 per ton for 52 lbs. The quantity of raw nuts exported through the port of Ziguinchor is reported at 47,400 tons. WW320 kernels are reported to be offered for domestic purchase between USD 3.03 – 3.09 per lb.

Guinea Bissau

In week 35 it is reported that the farm gate price ranges between 350-400 CFA per kg (USD 592 – 677 per ton) with an average outturn of 50-52 lbs. It is furthermore observed that the estimated crop volume has increased to 200,000 tons.

It is reported that 180,663 tons of RCN have been declared for export, with approx. 149,000 tons already exported. The RCN Cfr export price is quoted between USD 950 – 1,500 per ton for 50-52 lbs.

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](#)

NEWSFLASH

The 2019 ACA Annual Cashew Conference is coming to Tanzania from November 7-9! The conference will host a **Market Intelligence Systems (MIS) workshop** for a limited number of conference delegates. This workshop will explore the importance of market intelligence for the cashew industry and how to equip yourself with the right skills to identify and validate market information. If you want to be a part of this workshop please sign up by sending an email with subject “MIS workshop registration” to: aca@africancashewalliance.com

