



# AfriCashewSplits

*The source of the latest crop and price information*

**Week 12: March 9 – 15, 2020 – N°05**  
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## The International Cashew Market

In a period of crisis such as this it is important to focus on the facts. News media headlines are designed to grab our attention. Psychologists tell us that we tend to focus on the extremes. It becomes difficult to distinguish the reality from the stream of social and news media sensationalism and misinformation. For example, it is a fact that the current crisis has caused a big upturn in demand for all kinds of nuts in the markets of North America and to a lesser extent in Europe. One client told us that his demand was almost double that of a year ago. Consumers are buying quality, healthy foods that will stay fresh like cashew nuts. The concern for packers and roasters is that their supply chain will be disrupted. Past experience tells us that demand for snack nuts is resilient and that even if this demand spike passes in 6-8 weeks that the underlying trend will remain strong. It is a fact that the loss of the Chinese market January-mid March has so far meant lost demand of around 4000 tonnes of kernels somewhere in the region of one half of one percent of annual cashew demand.

International buyers of kernels are focused on Vietnam. On average they source about 75% of their kernels there. They are concerned. In the first two and a half months of 2020, Vietnam has exported 69,161 tonnes of cashew kernels. That is 12% up on 2019. In the first two weeks of March exports were up 30% on a year ago. This does not seem like the crisis that many Vietnamese processors would have us believe. This excellent export performance is despite the fall of Chinese imports by 57% in the period. So far Vietnam has done a good job at containing the corona virus and business has continued with overall export activity up during the period. Most of these sales were made months ago by reliable processors at higher prices than today. Smaller and less reliable processors are now offering lower prices even below US\$3.00 per lb. for WW320 but are failing to find support as Western buyers are covered and Chinese demand will take time to recover. The lesson for African processors is that buyers cannot buy from uncertified factories no matter how low the price may be.

Crops in South East Asia are good and maybe very good. Raw nuts prices are good especially against higher priced earlier cashew kernels sales. High quality RCN is readily available for processors. Imported stocks of Tanzanian RCN are in the hands of major trading houses. There may be up to two months supply in Vietnam unsold. In a time of uncertainty there is no rush for processors to come to the market. Or is there? If they wait too long, then supplies may be lower in quality. The Indian crop is likely to be lower than expected and Indian demand so far remains strong. There are reports that the Vietnamese government may close the border with Cambodia. Will that block trade? If it does a gap of 150,000 tonnes in Vietnams supply suddenly emerges. West African supplies are up to 70 days away from Vietnamese processors.

In the RCN trade, current offered prices from across West Africa do not match the current market for kernels. Buying RCN from Benin at US\$1250/t CFR or Cote d'Ivoire at US\$1150/ t Cfr will not make a profit for any processor who is selling at US\$3.00 per lb. WW320. But how many are selling at that price?

It is usual at this time of year for the market to be awash with bearish news. The major processors need raw material and they want to buy it at the lowest possible price. Traders want to help them so that they can get started and rotate their funds as often as possible. The corona virus crisis is a reality, and no one knows where it will take us. There may be a tightening of trade finance availability even as interest rates fall. Cashew kernels buyers will certainly reenter the market if only to replenish inventories. It is not a time to panic.

It may be a time to consider again what this situation would look like if African processors processed African raw cashew nuts. With willing buyers in need of quality, certified processors who are only 15-18 days by sea to major markets in the West would be deluged with enquiries. Surely the biggest lesson from this crisis for the African cashew sector is the need to take control of its own destiny. Stay safe and stick to the facts.

## 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 12 (9 – 15 March 2020)		This week vs last week		This week vs last month		
				Reported range	Outturn in lbs.	Variation	Trend	Variation	Trend	
NIGERIA	698	-	679	468	606	48	-26%	↘	100%	↗
BENIN	562	-	-	560		47	13%	↗	100%	↗
TOGO	-	-	-	560		43-48	100%	↗	100	↗
GHANA	673	1,157	698	628	739	49-51	-2%	↘	-69%	↘
BURKINA FASO	676	-	278	603	664	46-48	56%	↗	100%	↗
MALI	-	824	619	586	632	44-45	-2	↘	0%	↘
MOZAMBIQUE	692	692	627	560	638	44-45	-5%	↘	-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 12 (9 – 15 March 2020)	
		USD per ton	Outturn in lbs.
NIGERIA	1,150	NQ	48
BENIN	1,400	1,200-1,250	48-49
GHANA	1,500	1,200	49-50
COTE D'IVOIRE	1,300	1,150	48
MOZAMBIQUE	NQ	1,126	46-48

Worldwide WW320 export FOB prices in USD per lb.									
COUNTRY	1 year ago	1 month ago	Calendar week 12 (9 – 15 March 2020)		This week vs last month		This week vs last year		
			Range reported		Variation	Trend	Variation	Trend	
VIETNAM	3.40	3.10	3.00	3.30	-1%	↘	-2%	↘	
INDIA	3.50	3.30	3.30	3.40	-3%	↘	-9%	↘	
<b>Prices ranges offered/sold in:</b>									
MOZAMBIQUE								3.10	

## Country Reports

### Nigeria

In Nigeria, the crop is coming in as expected. The offered RCN quality ranges between 48 – 49 KOR. Even though no major trade has begun, it is reported that there have been some small imports to Vietnam during February but probably old crop.

RCN farm gate prices range between 170 – 220 NGN/kg (468 – 609 USD) depending on the production zone and quality.

### Benin

This year, the quality seems to be better than last year and this is due to the application of good maintenance, harvesting and post-harvest practices. Also there is a reduction of diseases and pests. It should be noted that the market is still trading at low volumes and only local collectors are buying small quantities.

Because of COVID 19, it was decided that the season's campaign would be launched directly on television (ORTB) on 19 March 2020. Prices started to fall due to the closure of the borders, especially the sea borders, the only route by which exports are allowed. Only indigenous buyers still buy at prices below 325 FCFA/kg (560 USD) the farm gate price set by the government. There are no official exports in week 12 as exporters are also waiting for the launch of season. RCN at 49lbs is offered at 1200 USD per tonne Cfr and may be available at 1150 USD.

## Togo

Togo has just launched its 2020 cashew season. There are a wide range of estimates from 16000 to 25000 tonnes. The farm gate price is set at 325 FCFA/kg (560 USD) in consideration to the international price trend. The authorities set the tax on the processed cashew to 5 FCFA/Kg whilst the raw cashew nut is taxed 40 FCFA/Kg.

## Burkina Faso

The harvesting and marketing campaign is well underway with a slight increase of activity as the volumes of nuts available increases. Farm gate prices range between 350 and 385 FCFA (603- 664 USD) depending on the production areas (nuts in the areas closer to Bobo and Banfora are more expensive than nuts in more remote villages). The prices delivered to stores in Bobo and Banfora are between 400 and 415 FCFA/kg (684 – 709 USD). Stakeholders are wondering whether production will be good given that most of the plantations are still in the flowering stage in this period of intense heat. In the field, the volumes are much lower in comparison to the volumes usually observed during this period in previous years.

RCN quality has improved this year with a KOR ranging between 46 and 48lbs with an average nut count of 185. WWW320 FOB is offered at 3.25 USD/lbs.

## Ghana

Some areas experienced first rains last week. This is a favorable situation for the trees to pick up new fruits and flowers.

It is also reported that cashew farmers in the Tain District had embarked on a peaceful demonstration on 11<sup>th</sup> March 2020 demanding for a farm gate price increase from the government.

The quality is expected to be around 48lbs on average this month. RCN farm gate prices have stabilized between 3.5 – 4.0 GHC/kg (628 – 739 USD per tonne) as at last week. RCN export to India for 4lbs is offered at 1200 USD per tonne with moisture content of 8-10%.

## Côte d'Ivoire

The season has started slowly in the World's largest producer. RCN buyers are few but buying has started and cash advances have been made. The minimum prices are holding in some areas but are under pressure in others. There is a committed effort to maintain the minimum price despite external pressure. There are also strong efforts to deter illegal cross border trade. The next two weeks will indicate the direction that the season will take. The crop forecast remains good.

## Mali

The Annual Cashew Days (JAA) of Mali which ended on Friday 13<sup>th</sup> March brought together all stakeholders in the sector in Kita (Kayes gerions). This 7th edition is organized for the first time by the Interprofession de la Filiere Anacarde du Mali (IPROFAM) and the Projet d'Appui à la filière de l'Anacarde au Mali (PAFAM). The government represented by the Ministry of Agriculture reiterated the support towards the development of the cashew sector. This event marked the official launch of the 2020 cashew season campaign.

Minimum RCN farm gate price at the launch of the season was set at 300 FCFA per kg (513 USD). However, this price is not unanimous, especially for producers who hope for a higher price. Currently, prices range between 200 – 275 FCFA/kg (586 – 632 USD).

In addition, the study for the elaboration of the national strategy for the development of the cashew nut sector in Mali was launched two weeks ago.

### Mozambique

It is reported that the coronavirus pandemic is somehow impacting RCN trades. The RCN export FOB price has experienced a little drop. Export prices vary based on the quality of the RCN being offered. RCN 44 lbs is traded at 959 USD/tonne whilst KOR 52 lbs is traded at 1126 USD/tonne. It is also reported that the RCN farm gate offered price is 0.57 USD/kg.

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](#)



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