



AfriCashewSplits

The source of the latest crop and price information

Week 18: April 20 – 26, 2020 – N°07
info@africashewalliance.com

The International Cashew Market

The cashew market has picked up some positive momentum over the past two weeks. Buyers for India and Vietnam have recognized that the window for buying RCN has narrowed. They need to act to secure supplies for processing in July. Prices at the farm gate and on the international market have strengthened as a result. It has also become clear that the lockdown has made the collection and movement of RCN more difficult as expected. There are some concerns too that later crops will be lower crops as has been seen in the past. The late entry of buyers has turned the market into something of a scramble for early shipment but the potential upward movement in price is limited by the kernels market prices.

Cashew kernels prices have moved up over the past week especially for forward shipments from reliable, certified processors. There is a very tight supply position for nearby deliveries in some destination markets as demand has been strong. As markets in Europe and North America ease their “lockdown” restrictions demand should drop back down to normal levels. Buyers will still need to replace the additional goods sold. There has been some evidence of this with enquiries for prompt shipment kernels to good West African processors this week and buying of forward contracts from Vietnamese processors. Trade statistics are strong with Vietnamese exports for the first two weeks of April up 40% on the same period in 2019. US imports of kernels for each of the last six months have been up by 11-21%.

There is an excellent opportunity for African processors to build experience, reputation and profit at the present time. The effective absence of India from the kernels export market opens up a supply gap of 12% market share. This could be filled by African processors. Probably of more interest is the access that West African processors can build to markets in Europe and the USA. The short transit time now and during mid-year when Vietnam is likely to be tight for RCN supply can open doors for processors. It will still be necessary to have good quality, food safety practices, quality management systems but there may be one of the best opportunities ever seen to show that African processors can compete without being forced to drop prices. It may also focus buyers in target markets on their high dependence on a single source of supply – US buyers imported 84% of their cashew kernels from Vietnam in February.

The opportunity may seem like a mirage for processors that are struggling with management under social distancing conditions. Factory layout, sanitary practices and equipment as well as basics like transport and information are all featuring in requests from processors to ACA and ComCashew. There are supports available and plenty of information too. In Vietnam, large factories continue to operate and in India factories are operating with 50% labour but that does not necessarily mean 50% processing capacity. Processors are encouraged to contact industry support organizations to get processing and take advantage of this opportunity.

The initial concern that demand would be immediately damaged by the coronavirus crisis has receded. The risk now is more that supply will not meet demand in 2020 for supply chain disruption reasons rather than crop size.

It seems that supply chains will continue to struggle with the challenges of moving RCN 12,000 – 15,000 kilometers to be processed. This could set a limit on supply quantity, on RCN prices and on kernels supply. Kernels demand is more secure based on the current trend, but an economic recession is likely to follow. In the past demand for edible nuts has fared well in times of recession but this is not a time to make too many predictions. So far, this crisis has exposed the contradictions in the structure of the cashew value chain and questioned the integrity of the supply chain. More questions will be asked. The biggest one may be - has Africa got the answer?

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 17 (April 20-26, 2020)		This week vs last week		This week vs last month		
				Reported range	Outturn in lbs.	Variation	Trend	Variation	Trend	
NIGERIA	696	534	-	338	468	46-48	100%	↗	-33%	↘
BENIN	687	543	-	498	540	47-48	100%	↗	-5%	↘
GHANA	740	661	-	526		48	100%	↗	-151%	↘
MALI	-	398	-	166	249	41-48	100%	↗	-92%	↘
GUINEA CONAKRY	-	-	-	531		38-49	100%	↗	100%	↗

* 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 18 (April 20-26, 2020)	
		USD per ton	Outturn in lbs.
NIGERIA	900	1000-1,050	46-48
BENIN	1,050	1,150-1,250	48-49
GHANA	1,150	1,250	50
COTE D'IVOIRE	950	1,050 – 1100	49
MOZAMBIQUE	NQ	NQ	NQ

Worldwide WW320 export FOB prices in USD per lb.									
COUNTRY	1 year ago	1 month ago	Calendar week 18 (April 20-26, 2020)		This week vs last month		This week vs last year		
			Range reported		Variation	Trend	Variation	Trend	
VIETNAM	3.20	2.85	2.95	3.10	2%	↗	6%	↗	
INDIA	3.50	3.10	3.20	3.30	3%	↗	5%	↗	
Prices ranges offered/sold in:									
MOZAMBIQUE				3.10					

Country Reports

Benin

A yield survey in Benin is being carried out and the trends in the field indicate that production will be in the region of 130, 00 tonnes, roughly equal to last season's production.

In order to allow cashew producers to cover their cost of production and to respect the minimum price, FENAPAB, the producers' federation, has issued a press release to encourage producers to sell at least at the minimum price of 325f/kg and to respect the barrier measures to control COVID19.

About 60,000 tonnes of RCN have already been assembled for export and 3000 tonnes is reported bought by local processors. The RCN farm gate price ranges between 300 – 325 FCFA/kg for 47 – 48 lbs with a nut count of 180-185 per kg.

Though the government set a minimum price of 325 FCFA/kg; there are however trades below this minimum this ranges depending on the location and quality.

RCN FOB is offered at \$1150/ton and Cfr offered at \$1280/tonne.

Ghana

The rains continue to intensify in some cashew production zones which have led to a drop in quality. The season's second crop is coming to an end with fewer fruits and flower on the trees. The average quality is 48lbs with moisture content of 15-20 %

Although there has been a drop in quality, farm gate price, contrary to expectations, is currently being sold at 3.3 – 3.5 ghs/kg . Farmers are said to be holding on to their produce hoping for further increase in prices following the 20% increase in the last 7 days.

RCN FOB offered this week ranges at \$1000 - \$1100/tonne with India as the main destination. There has been a strong demand from Vietnam.

Guinea Conakry

Production is expected to be similar to last year.

Current kor is 38-49 lbs depending on the production regions

As at April 17th, a total of 1,081 tonnes of raw cashew nut has been exported. RCN farm gate is reported to be at GNF 5000/kg.

RCN for export is offered at \$800/tonne for 41-49 lbs.

Côte d'Ivoire

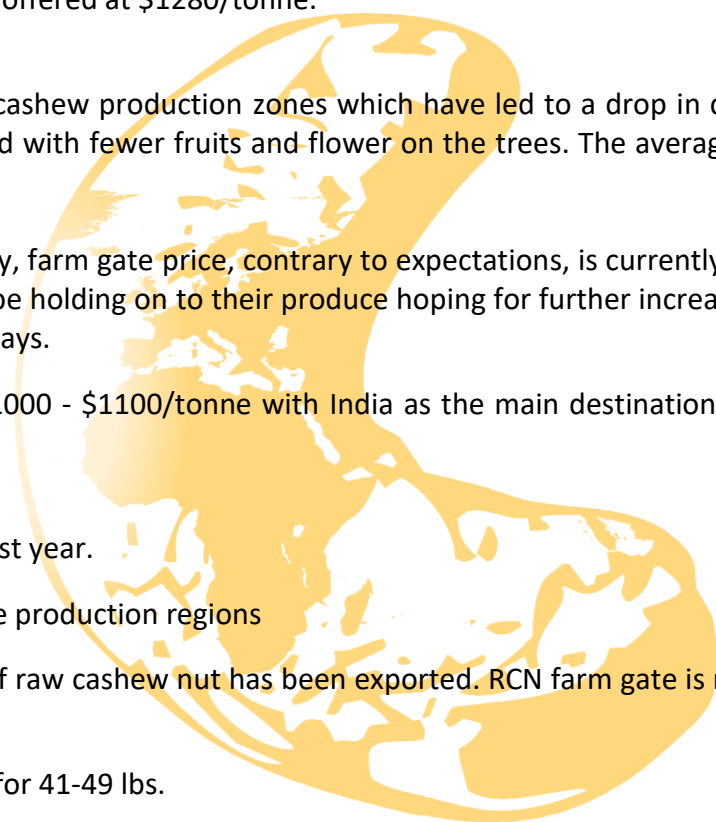
The market has picked up in the past 10 days as buyers have become more active and the CCA has been buying at CFA400/kg following the decision by the government to support the cashew farmers with buying. Open market trade is reported at CFA350-375/kg.

The movement of RCN to the ports continues. Crop forecasts have not been revised but there is concern that the second crop will not be as good as expected.

Mali

The sector faces a difficult year as transport and buying are interrupted by the corona virus crisis. Report states that poor storage conditions are affecting the quality of RCN. Farm gate price ranges between 100-150FCFA per kg.

Buyers are reported to be using small trucks of 5 tons and 10 tonnes to transport nuts. Commercialisation is mainly by foreign buyers, it allows them to go and buy directly at the producer level at a very low price. However, this situation is predicted to have a big impact on the statistics this year in Mali.



Nigeria

In week 18, farm gate prices are reported to be between NGN130-180 per kg. RCN quality remained at 46-48 lbs however due to poor storage condition; some areas are experiencing even lower quality at 43lbs. As in many countries, movement of raw material is hindered by restrictions on transport in some states. Published reports suggest that the crop may be reduced by as much as 25% with some private estimates even more pessimistic.

It is reported that about 50000 tonnes of RCN have been bought for processing or resale. Nigeria has processing facilities which were not fully utilised in recent years but may return to activity this year.

RCN Cfr export price currently is offered \$1,050 per tonne.

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](#)



AFRICAN C ASHEW ALLIANCE

Growing the African Cashew Industry!