



AfriCashewSplits

The source of the latest crop and price information

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The International Cashew Market

The inescapable story this week is the impact of COVID 19 on the cashew market, which has been to reduce trading activity, whilst processors and kernels buyers try to work out the impact on the market. The most immediate impact has been the reduction in Chinese kernels demand probably impacting by 7,000-8,000 tonnes of lost kernel orders so far. The most serious impact would be if the virus caused factories in Vietnam to close causing a slow down or worse of processing and impacting the demand for RCN. This could cause lower RCN prices, but could also create spot or prompt demand for cashew kernels.

The effect on a strained Vietnamese cashew processing sector of the current situation could be serious. The processors will not have a short-term problem with the supply of raw material. The Vietnamese and Cambodian crops are forecast to be good and are coming in. Caution is needed as some of the figures used at the recent World Cashew Conference in Abidjan are clearly exaggerated perhaps in a crude effort to put pressure on African RCN prices. There are also balances of Tanzanian RCN with resellers. The problem will emerge, if factories cannot work due to restrictions placed on large workplaces. The entire community will be hoping that this does not happen.

There is a slow start to the season in West Africa, perhaps with the exception of Ghana, where Indian buyers needed to top up raw material supply. It is still only February, but the trend of an early announcement of minimum prices and a slow arrival of cash advances is repeated this year setting a tone for a weak start to the market. Vietnamese buyers are likely to come slowly to the market based on the COVID 19 scare, a large domestic crop and the uncertainty in the market. Indian buyers could be seen earlier as the Indian crop may be delayed and balances from 2019 raw material are low. Indian demand should again be good in 2020, but the Indian economy is not in ideal condition and demand growth may slow.

Elsewhere demand is expected to continue to grow. The lowest prices for kernels seen in many years will continue to stimulate demand growth in North America, Europe and the Middle East. Kernels buyers may be reluctant at present – they do not like buying in falling markets.

The fundamentals suggest that the market is well supplied in 2020, but that there is, based on long term demand trends, no major surplus. This would suggest that the current down trend may reverse towards the end of the West African season. However, the unknown impact of the COVID 19 virus can change this from week to week. Look out for reports of contract defaults on RCN, which could be bad news for the market in the short term. The coming weeks could test the minimum prices at the farm gate in West Africa and impact the international prices for RCN, but whole kernels should maintain values in or around current levels.

Has the need for processing in Africa ever been clearer? In the current situation cashew kernels buyers should recognise that dependence on a single origin for kernels is a major risk. In the event of a problem in Vietnam, India would not be able or possibly even interested in switching away from the domestic market. Most Indian factories are not likely to be approved by international kernel buyers. The supply sources that need to be encouraged are the processors of Africa, that have built food-safe certified factories.

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 9 (17 – 23 Feb 2020)		This week vs last week		This week vs last month		
				Reported range	Outturn in lbs.	Variation	Trend	Variation	Trend	
NIGERIA	652	-	-	552	690	48-49	-	-	-	-
BENIN	562	-	-	455	620	48-50	-	-	-	-
TOGO	-	-	454	413	455	-	-5%	↘	-	-
GHANA	849	1,137	940	659	847	50-53	-25%	↘	-51%	↘
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 9 (17 – 23 Feb 2020)	
		USD per ton	Outturn in lbs.
BENIN	1,225	1,200-1,250	48-49
GHANA	1,500	1,250	50
COTE D'IVOIRE	1,300	1,150	49
MOZAMBIQUE	NQ	1,050-1,450	44-50

Worldwide WW320 export FOB prices in USD per lb.									
COUNTRY	1 year ago	1 month ago	Calendar week 9 (17 – 23 Feb 2020)		This week vs last month		This week vs last year		
			Range reported		Variation	Trend	Variation	Trend	
VIETNAM	4.55	3.24	3.05	3.30	-1%	↘	-2%	↘	
INDIA	4.50	3.65	3.30	3.40	-3%	↘	-9%	↘	
Prices ranges offered/sold in:									
MOZAMBIQUE				3.10					

Country Reports

Nigeria

Reports state that Indian and Vietnamese exporters are yet to release funds to the Nigerian RCN market. The farm gate price is reported to range between 200 – 250 NGN per kg (552 – 690 USD per ton) for 48-49 lbs. Some buyers with local funding are purchasing and storing the RCN in anticipation of an export price increase. Reports suggest that the Nigerian cashew crop is late this year, but a good crop is forecast.

Benin

Official sources foresee a 2020 crop volume of 171,000 tons. The government has announced a reference price of 325 fCFA per kg and shipments are allowed to start from March 19. This is a 19% reduction on last year probably in line with the international market for RCN. Depending on quantity and quality available at farm gate the price currently ranges between 275-375 fCFA per kg (455 – 620 USD per ton). Outturn ranges between 48-50 lbs. The season has got off to a slow start.

Currently, RCN for export is offered at 1200-1250 USD per ton CFR for qualities between 48-49 lbs.

Togo

Reports state that there is currently very low quantity of RCN on the market. The price of the small quantities available at the farm gate ranges between 250-275 GHC per kg (413 – 455 USD per ton).

Burkina Faso

The 2020 season is scheduled to be launched on February 29 in Orodora in the province of Kéné Dougou.

Ghana

In week 9, farm gate prices are reported to be between 3.5 – 4.5 GHC per kg (659 – 847 USD per ton). The average outturn is reported to be between 49-51 lbs. Cash and carry with delivery to warehouse has decreased from 5.7 GHC per kg to 5.2 GHC per kg. The quality levels remain high at 50-53 lbs.

Large buyers from Vietnam are still remain mainly absent. Some contracts made by Indian buyers for shipment before March are leaving the port at 1,250 USD per ton CFR.

Côte d'Ivoire

According to news outlets the 2020 crop estimate is 800,000 tons. The minimum price is fixed at 400 fCFA per kg (690 USD per ton) but there are reports of offers at farm gate at 250 - 300 fCFA per kg (519 USD per ton). This may be due to a lack of buying activity at this early stage in the season.

This year there are again announcements of the government's effort to crack down on illegal transborder smuggling of RCN neighboring countries. Reports from the field state that Ivorian soldiers are patrolling the Kwamesekrom side of the border making sure no cashew crosses the border. This is meant to continue until the end of the cashew season in Ghana.

Mozambique

RCN sold at 36 – 41 MZN per kg (560 – 638 USD per ton) at farm gate. Until now the officially reported total marketed output is quoted at 131,000 tons. Furthermore, official sources state that 22,000 tons of RCN have been exported.

The FOB export price currently ranges between 1,000 – 1,400 USD per tons for qualities between 44-50 lbs. WW320 kernels are offered at 3.10 USD per lb.

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](#)

