



# AfriCashewSplits

*The source of the latest crop and price information*

Week 44: October 26 – Nov 1, 2020 – N°15

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## The International Cashew Market

Demand for cashew kernels remains strong in destination markets. In Western markets demand has remained strong throughout 2020. In Europe, a return to movement restrictions and limited social contact is unlikely to have a negative impact on demand. The US market has returned to fast growth in 2020 after years of slow movement. Whether or not this trend continues throughout November-January will have a significant knock on effect on RCN demand. The outlook for the remainder of 2020 is strong so far as export shipments from Vietnam show.

The Indian market is more difficult to judge. It is reaching the most important demand period, Diwali. Demand has been better in recent weeks especially on whole grades. On broken grades demand has improved. Processors are anxiously following developments in what has been a difficult year for them. India still needs some import of RCN for the crop year to February 2021. The volume needed will depend on demand in the coming two weeks. Processors will be reluctant to speculate. A steady demand especially for Tanzanian and Indonesia RCN is expected but resistance to higher prices is likely to be strong.

It is not an overstatement to say that the continued processing in Vietnam saved the cashew market in 2020. Vietnamese exports are now at record levels. RCN imports to mid-October remain down 15 – 18% as they have been down since March. This can only be partly explained by a better crop in Vietnam in Feb-April. It is likely that Vietnam could need an additional 350,000 – 400,000 tonnes of RCN. Part of this will be supplied from afloat material and bonded stocks but a steady buying pattern for RCN can also be expected. How this might evolve is related to trends in kernels prices. WW320 have moved up a little and are now in the range US\$2.90-3.15 per lb FOB depending on processor, certification, and shipping position. Broken kernels have moved up by more from good processors. Demand from China will also play a part. Demand has picked up in the last week and there is a long run in to Chinese New Year on February 12<sup>th</sup>.

It is probably foolhardy to try to predict the cashew market in the early months of 2021 but... By then lower raw material prices will be feeding to retail prices in the developed economies. This will happen at a time when underlying factors are fundamentally strengthening demand. There is no reason to believe that crops in Vietnam and Cambodia will be in any trouble but the high production of 2020 seems unlikely to be matched. It is likely that questions will remain over Indian demand. The coronavirus crisis is likely to still be with us but the prospect of vaccines will be closer. The recession is likely to continue but many economists predict a fast bounce back from a recession unlike any other. Cashew kernels prices will remain attractive for buyers. African processors and growers should be ready for a better year.

RCN CFR export prices offered in USD per MT			
COUNTRY	1 year ago,	Calendar week 44 (Oct 26 – Nov 1, 2020) Should be later	
		USD per ton	Outturn in lbs.
COTE D'IVOIRE	1000	1150	
GUINEA BISSAU	1350	1400	52/53
TANZANIA	NQ	1450	52/53

Worldwide WW320 export FOB prices in USD per lb.								
COUNTRY	1 year ago	1 month ago	Calendar week 44 (Oct 26 – Nov 1, 2020)		This week vs last month		This week vs last year	
			Range reported		Variation	Trend	Variation	Trend
VIETNAM	4.55	3.24	2.91	3.15	-1%	↘	-2%	↘
INDIA	4.50	3.65	3.40	3.55	-3%	↘	-9%	↘
Prices ranges offered/sold in:								
MOZAMBIQUE					NQ			

## Country Reports

### Mozambique

The official crop forecast is 173 000 tonnes. This would be a record crop and something of a surprise to many in the trade. The ANNOUNCED reference farm gate price is 37 Meticals per kg (510 USD per tonne). The main harvesting of RCN is expected to begin in the second half of November. In the Southern and Central Zone, the harvesting will take place in the first half of December.

RCN buyers are in place in Mueda and Nangade districts since mid-October. Outturn 49 lbs was sold at 50 Meticals per kg (690 USD per tonne).

It has been a difficult year for processors particularly larger units. Some face the prospect of old crop kernels stocks in warehouse as the new season begins. This may make it difficult for them to begin buying new crop material leaving farmers to depend on the RCN export market for sales. The crop development and the purchasing patterns will need to be closely followed in the coming weeks.

### Kenya

Optimistic estimates of the 2020 production at 13 000 tonnes are unlikely to be realized due to a late season and growing conditions. It is reported that the late onset of the October-December rain season could have a significant impact on the cashew season. This could also lower the quality of the nuts.

Farm gate prices range between Kshs 50 – Kshs 60 per kg USD460-550 per tonne.

### Tanzania

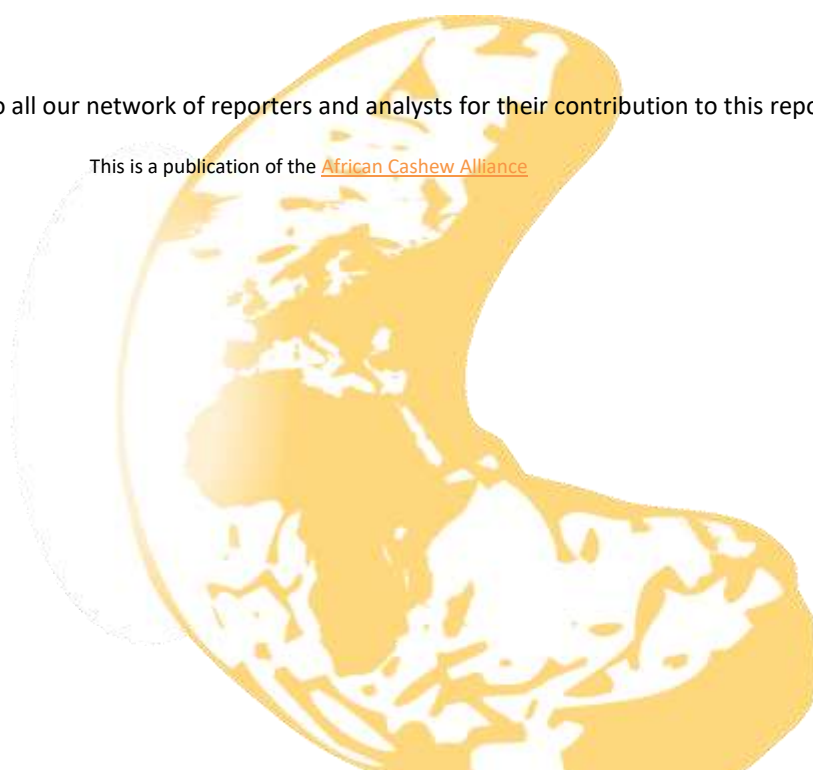
Estimates of the Tanzanian crop range from 278,000 – 300,000 tonnes which is a significant improvement on last year's crop in the region of 20%. 2020 is the first of the last three seasons to open without a significant old crop stock lying in warehouses in Tanzania. Early bids were low, but these were followed by much higher

prices that peaked around US\$1161 per tonne. The softening of the RCN market in recent weeks has reduced buyer interest and bids. Prices have settled around US\$1000 per tonne ex warehouse. Trade has been brisked as Indian buyers in particular look to buy the high quality lots. It is estimated that about 100,000 tonnes has been delivered to auction warehouse and 65,000 tonnes has been sold.

Higher quality Tanzanian RCN is likely to be in good demand as the weeks unfold especially if the Indian festival season sees a late surge in demand. Offered reseller prices in the range of US\$1450 per tonne Cfr do not leave much room for margin. We may see the auction tested with lower bids in the coming weeks. Exporters are also faced with the challenge of container and vessel availability that could delay shipments impacting their ability to meet commitments but also pressurizing them based on auction terms that demand fast movement of the cargo.

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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