



AfriCashewSplits

The source of the latest crop and price information

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info@africancashewalliance.com

The International Cashew Market

The season for forecasts and guesstimates has started. It is important for all African stakeholders to treat all of these with some skepticism. Figures from trade sources, not unexpectedly, but also unfortunately from some official sources are thrown around at this time of year to influence prices or politics without concern or consideration that this (mis)information impacts the livelihoods of some of the poorest people on the planet. We saw a good example of this recently when a gathering of cashew stakeholders puzzlingly forecast kernels prices to rise sharply and at the same time RCN prices to fall sharply. Both trends for their own benefit.

It is often better to look at the general picture than to get involved in the specific numbers. In February there are a few key factors in the market regardless of the marginal change in crop sizes Worldwide. Firstly, Vietnamese processors need to import about 1.5 million tonnes of RCN for delivery in 2021. Secondly, Indian processors need to import between 750,000 and 850,000 tonnes of RCN for delivery in 2021. 85% of this will come from African countries. It may move earlier or later, and it may be priced higher or lower, but it will happen. We could not say that for sure one year ago. That means that for the next few weeks the market will try to establish the prices at which this material will trade.

Secondly, cashew consumption trends are strong. Roasters and supermarkets in the West buy forward and need to cover their needs for forward delivery to manage the risk in their business. Some of these deals are now being negotiated. Some have already covered substantial quantities which means that the processors (mainly Vietnamese) or importers (mainly in the destination countries) that sold to them now carry the risk of price increases. Not surprisingly they would prefer if cashew kernels prices stayed as low as they are now. But no one will argue that cashew kernels are not attractively priced. Indian buyers are in a different position as they do not sell for forward delivery in the domestic market (about 85% of Indian demand) but they need to buy RCN forward to make sure that they have stock to meet the needs of customers. Meanwhile, consumers in Europe and North America keep buying this great-tasting and healthy nut. They do not know that prices are low or high or that sea freight may be difficult. The prices they pay are not immediately affected by these factors. In India consumption is likely to return to its former trend in 2021 as the market there recovers from the pandemic restrictions.

What do we know about production in 2021? We know that growing conditions over most of West Africa have been good. That means that good harvests can be expected. We also know that some northern areas have a deficit of rainfall and that the harmattan or rains can still have an impact. We know that in SE Asia the crops, although originally forecast as good are late, maybe by up to four weeks. This can have an impact on the availability and size of the harvests. For example, in Cambodia, the estimate is now marked down a little. We know that in India there are some concerns about a late crop too. In some African countries, it is common for government agencies to overestimate the size of their crop for example to show progress is happening faster than it really is.

It would be easy to get the idea that there is a gigantic crop coming. It would be easy, like last year to get the idea that there is some major threat to demand for cashew kernels. There is not. It is easy to get embroiled in the kind of discussions we have recently heard about how low prices might go. (Remember in 2017, when the discussion was about how high prices could go) That is the realm of speculators that, right now, prefer lower prices or RCN buyers that want lower prices to reduce their risk or increase their profit.

In reality, the expected harvest and the expected demand are likely to be again tightly balanced in 2021. Cashew kernels prices, because they are so low, may rise during the year (or maybe not but a sharp fall in prices seems the least likely outcome). RCN prices seem less likely to follow that trend. Processors will not want to pay prices that do not match the value of the kernels they can sell. Their calculation based on current Cfr/FOB prices looks tight.

It seems to me that a cautious approach in February and March makes sense. Follow all market information. Treat it all with caution. Always remember that in cashews almost everyone “talks their book”.

ACA Editorial

The Cashew Market in Africa

RCN farm gate price in AFRICA in USD per MT							
COUNTRY	1 year ago	1 week ago,	Calendar week 7 (Feb 15 – 21, 2021)		This week vs last week		
			Reported range	Outturn in lbs.	Variation	Trends	
BENIN	537	483	555	647	49	20%	↗
COTE D'IVOIRE	661	-	370	564	45-48	100%	↗
GHANA	755	733	614	702	48-49	-11%	↘
GUINEA CONAKRY	532	549	496		38-48	-121%	↘
NIGERIA	623	902	875	928	47-48	0%	↘

RCN FOB export prices offered in USD per MT			
COUNTRY	1 year ago,	Calendar week 7 (Feb 15 – 21, 2021)	
		US\$ per ton	Outturn in lbs.
BENIN	1,225	1250	50-52
GHANA	1,250	1,200-1,275	48-49
COTE D'IVOIRE	1,150	1,150-,1250	48

Worldwide WW320 export FOB prices in USD per lb.						
COUNTRY	1 year ago,	1 week ago,	Calendar week 7 (Feb 15 – 21, 2021)		This week vs last week	
			Range reported		Variation	Trend
VIETNAM	3.18	3	2.80	3.10	-2%	↘
INDIA	3.35	3.8	3.70	3.90	0%	→
COTE D'IVOIRE	3.25	3.2	2.80	3.1	-8%	↘

Country Reports

Benin

The quality from this season is expected to be superior given the climatic conditions (reasonable amount of rainfall and low harmattan) and good crop management practices. The first test results show RCN qualities of above KOR 49 lbs. with a nut count of up to 180 per kg.

The marketing campaign has not yet been launched. No exports are allowed before the official opening of the season. This year, the season is slated to be launched on the 11th of March 2021 thereafter exports can begin. However, exporters are negotiating export contracts. Contract proposals with cashew farmer associations are also being developed.

Even though the season has not fully started, pre-season trades are ongoing at the farm gates with prices ranging 300 – 350 FCFA per kg.

Côte d'Ivoire

In Côte d'Ivoire, the cashew market is slowly gaining momentum since the government announced official prices. The farm gate price is fixed at 305 FCFA per kg, the warehouse price at 330 FCFA per kg and the price at the port is fixed at 389 FCFA per kg. Producers have received their share of jute bags; this is not the case for local traders who are still waiting for their jute bags to be loaded at the port. Exports have not yet started. Local buyers have received some amounts of financing, but the majority are waiting to sign contracts before they start purchases. In the southern zone, the quality of the first stocks is around 49 lbs. Since September, it has not rained in the northern part. This has impacted the quality in this zone where recorded quality is around 44 lbs.

Harvests are well underway and are becoming more generalized and intensified. Official prices announced by the government are not currently being respected in all regions.

RCN FOB is offered between \$1150 - 1250 USD per tonne. WW320 kernels are traded for \$ 2.8 – 3.6 USD per lb.

Ghana

In most part of the production areas, rains have begun, which according to some farmers signifies the sign of bumper harvest but may also affect RCN quality if farmers do not follow daily picking practices.

Farm gate prices range between GHC 3.5 – 4.0 per kg but immediate collection prices range between GHC 4.0 – 4.2 per kg. The quality range reported for RCN is KOR 48 – 49 lbs.

RCN FOB price range between \$ 1200 – 1275 USD per tonne.

Ghanaian WW320 cashew kernels are still being traded at \$ 3.00 – 3.25 USD per lb. and are expected to be stable in the coming weeks.

Guinea

RCN outturn is quite good with KOR ranging between 39 – 40 lbs. The average farm gate price for the week is reported at 500 GHF per kg and RCN FOB is offered for \$ 750 USD per tonne.

RCN export volumes for the period January to 17 February 2021 are reported at 1,835 tonnes according to AGUIPEX.

Nigeria

This week's RCN quality ranges between 47 – 48 lbs. Reports suggest that local processors have not begun buying RCN because they expect a price drop when the season starts. Farm gate prices range between 330 – 350 Naira per 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](#)

