

2018 cashew season in focus - A behavior change or price correction?

November 2019



Both RCN and Kernel markets showing declining prices in 2019 as compared to 2018

African RCN Prices CIF (USD/MT)

	<u>2018</u>	<u>2019</u>
Jan	\$2,200 - \$2,500	\$1,480 - \$1,500
Feb	\$2,200 - \$2,300	\$1,350 - \$1,750
Mar	\$1,900 - \$2,100	\$1,200 - \$1,500
Apr	\$1,850 - \$1,966	\$1,100 - \$1,400
May	\$1,700 - \$1,900	\$900 - \$1,350
June	\$1,600	\$1,000 - \$1,150
Sept	\$1,200 – IVC \$1,725 - TZ; \$1,400 –	\$1,150 - \$1,375
Nov	IVC	\$1,450 - \$1,525
Dec	\$1,525 - MZ	

Kernel Prices W320 FOB (USD/lbs.)

Based on Montly Weighted Average

	<u>2018</u>	<u>2019</u>
	<i>Vietnam</i>	<i>Vietnam</i>
Jan	\$4.66	\$3.67
Feb	\$4.66	\$3.38
Mar	\$4.45	\$3.35
April	\$4.37	\$3.19
May	\$4.35	\$3.20
June	\$4.11	\$3.21
July	\$3.94	\$3.17
Aug	\$3.83	\$3.29
Sept	\$3.57	\$3.32
Oct	\$3.46	\$3.33
Nov	\$3.62	
Dec	\$3.65	

Source ACA Website and RRF



2019 prices lower than 2018 for multiple reasons; market inefficiencies, financial, and economic

- Decrease in Quality of RCN. Why? Farmers/Traders held on to RCN waiting for the price to increase. Improper Post harvest handling (storing wet goods) caused the quality to decrease.
- Some processors bought the early crop - quality of the early crop is high. Some processors bought even though the price was high. Then the price decreased along with the kernel prices leaving the processor with high priced inventory.
- No outlet for broken or pieces
- Lack of financing
 - Unpredictable market making financial institutions unwilling to loan
 - High inventory of unprocessed rcn or kernels in warehouses
- Due to the sudden drop in RCN prices in 2018 left many traders holding pricey inventory forcing them to lose money. This lead to less traders in the market in 2019
- Speculation let to higher RCN prices
- After a couple of years of over inflated RCN and Kernel prices, the market is correcting itself