



# AfriCashewSplits

*The source of the latest crop and price information*

**Week 17: April 25 – May 01, 2022 – N°8**

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## The International Cashew Market

The international market has been somewhat buoyed by rising kernel prices over the past two weeks and by improved export figures from Vietnam to all markets. Notably, China returned to the cashew market in late April. Although China is not as large a buyer as the three major consumers India, the EU and the USA Chinese buying has a significant on market sentiment in Vietnam.

As it stands prices are now in the range of 25 cents per lb above the low prices of the early season for the main exporter, Vietnam. Buyers of kernels are likely to continue to be cautious at least until the rise in prices has consolidated. Shipments from Vietnam and consumption in India have given positive demand signals in the past two weeks. The kernels market is still only 11% above 10-year lows. Prices are competitive. There are some shorts still to be covered. Some of these are at lower prices. There is room for a further rise in kernel prices but there will be resistance to a strong upward movement in prices. Look out for the prospect of defaults and contract renegotiations on earlier low priced kernel sales giving further impetus to kernel prices. This could kick in as early as June.

African cashew kernels continue to make premium prices over Vietnamese kernels. This has been somewhat eroded by recent rises in Asia. Vietnamese prices rose but African prices stayed relatively stable. This is by way of correction. Vietnam's prices were illogically low for some time and need to come closer into line with raw material costs. Again we expect the premium for African kernels to be sustained but not at the levels (circa 35 cents per lb ) that we saw from October to April).

The RCN market has moved up a little again or at least the offered prices have. There is some resistance to paying higher prices from Vietnam buyers that are price-focused. Indian buyers that are more focused on RCN quality are more likely to pay the new levels for origins such as Benin, Guinea Bissau and Senegal. It looks as if the market cannot sustain further rises on RCN even if kernel prices were to rise steadily as expected. However, the situation is complex. The Indian crop is not likely to be as good as expected. In Vietnam supplies from Cambodia and in-country RCN stocks can probably sustain processors at reduced volumes for 3 months. However, buyers that need cargo in their factories three months from now need to make decisions on buying very soon. Following the rise in prices, some RCN contracts are likely to be "renegotiated" causing delays to shipments and distortions to costs on kernel contracts that have already been made and most of which cannot be changed if we add to this enigma, the absence of the major Vietnamese trader of recent years from the market and the uncertainty around future operations. The prognosis is as unclear as at any time in recent years.

It is not easy to predict the next moves in the market. Further kernel prices seem likely but should not support any rise in RCN prices in the international market. International RCN prices could, on the other hand, support farm gate price rises but fading quality, uncertainty related to shipping in the western countries of West Africa and unclear regulatory measures seem likely to keep farm gate prices stable in most countries and to calm down as new harvest arrives in Senegal and Guinea Bissau.

Strategically, 2022 could be a positive year for the African cashew sector. Kernel exports are likely to reach a new record and minimum farm gate prices have been exceeded across the region so far. Lower production forecasts now are seen as a consequence of weather conditions and distortion caused by overly optimistic initial forecasts. So far the African sector has avoided the major negative impact of the inexplicably low kernel prices sold by Vietnamese exports in the first quarter which today look like a spectacular own goal. The market remains low in historical terms but is less vulnerable to price falls as the year progresses. It is not an environment for speculation but consolidation now will likely pay off in the coming years.

## 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 25 – May 01, 2022)			This week vs last week		This month vs last month	
				Reported range		Outturn in lbs.	Variation	Trends	Variation	Trends
BENIN	908	879	990	1,071	1,153	44-51	11%	↗	21%	↗
BURKINA FASO	740	720	859	800	840	45-47	-4%	↘	13%	↗
COTE D'IVOIRE	632	628	578	577		47-48	-100%	↘	-118%	↘
MALI	677	608	578	495	659	43-47	0%	→	-5%	↘
NIGERIA	1,214	1,193	1,304	1,157	1,398	46-48	-2%	↘	7%	↗
TOGO	641	1,055	1,168	906	1,005	43-45	-22%	↘	-10%	↘

RCN FOB export prices offered in USD per MT			
COUNTRY	1 year ago,	Calendar week 17 (April 25 – May 01, 2022)	
		US\$ per ton	Outturn in lbs.
BENIN	1,375	1700	49-50
GHANA	1,300	1,300-1,350	47-48
COTE D'IVOIRE	1,275	1,350-1,420	48/49

Worldwide WW320 exports FOB prices in USD per lb.									
COUNTRY	1 year ago	1 month ago	1 week ago	Calendar week 17 (April 25 – May 01, 2022)		This week vs last week		This week vs last month	
				Range reported		Variation	Trend	Variation	Trend
VIETNAM	3.17	2.93	2.95	2.95	3.10	2%	↗	3%	↗
INDIA	3.7	3.80	3.8	3.70	3.90	0%	→	0%	→
COTE D'IVOIRE	3.15	3.18	3.15	3.10	3.25	1%	↗	0%	→

## Country Reports

### Benin

RCN quality is still good in Benin. KOR was between 44 and 51lbs this week. The highest KOR of 51lbs were recorded in the Plateau Department while the lowest was obtained in the Atacora Department.

Current prices range between 650 and 700 FCFA per kilo (USD 1,071 – 1,153 per tonne), with a national average price of 670 FCFA per kilo. These prices are justified by the quality of nuts in the market. The RCN price is however affecting local processors, most of whom are unable to buy. Reports show that only about 3 to 4 factories in Benin can obtain supplies, but at a much slower pace than in previous years as the prices seem beyond their capacity given current cashew kernels pricing.

Some processors are seeking to renegotiate kernel sales contracts considering soaring cashew prices in the field

Reports indicate that more than 65,000 tons of RCNs have been sent to Cotonou for export. However, actual export has not started.

## Burkina Faso

The official RCN production forecast for the season as announced by the government is 120,000 tons. However, almost two months into the season, reports indicate that actors, including the producers, expect a lower production volume based on observations. This is largely due to the impact of the weather which caused flowers to wither.

RCN trading is still ongoing in Burkina Faso, with farm gate prices between 475 and 510 FCFA per kilo (USD800 – 840 per tonne). This is over and above the official minimum farm gate price of 330 FCFA per kilo (USD 515 per tonne) announced in February. RCN quality remains good, with an average KOR of 44 lbs and an acceptable humidity rate of 11%.

Some local processors are still buying RCNs, while some are hesitant to buy due to high market prices. Meanwhile, reports indicate that the market price of kernels has had a stable to downward trend over the past weeks. WW240 are selling between 3.45 and 3.55 USD/lb FOB while WW320 is between 3.25 and 3.30 USD/lbs FOB, per trade reports.

## Cote d'Ivoire

The harvest continues much as expected although trade sources estimate that the crop may be lower than the 1.1 m tonnes of the official estimates. Processors have been active in sourcing from local traders and some at the farm gate where prices are largely unchanged despite a fall in the available quality. Export of RCN continues and is picking up pace although shipments to Vietnam are behind this time last year. Farm gate prices in Cote d'Ivoire are not reaching the high levels reported in Benin and Nigeria probably due to lower competition and the absence of many Vietnamese buyers.

## Nigeria

RCN quality at the farm gate declined this week, with KOR of 43- 46lbs. Quality at the warehouses is slightly better, with KOR of 46-48lbs.

Cashew trading activities are still ongoing in Nigeria. Prices currently range from NGN480,000 (USD1,157) to NGN580,000 (USD1,398) per ton. The highest prices were recorded in Oyo at NGN580,000, while the lowest was recorded in Kogi, at NGN470,000(USD 1,128). Prices in Kwara and Edo were NGN530,000 and NGN510,000, respectively. High demand for RCN caused prices to rise as high as NGN610,000 per ton on Good Friday in Ogbomosho.

There are still no official figures for RCN exports even though it has been ongoing for some time. The official FOB price for the week was USD1,200 this week.

Reports indicate that an estimated 60,000 tons of RCN have been purchased by local processors.

## Mali

The political tensions in the country which have resulted in several sanctions by ECOWAS are having a huge toe on the cashew season. There was no official launching of the season this year. Trading activities are still ongoing, nonetheless.

There were again more RCNs in the cashew market this week. As indicated last week, two reasons account for this: the high cost of basic commodities aggravated by the ongoing political crisis which is making it difficult for farmers to stock crops.

RCN prices remained stable this week, selling between 300 and 400 FCFA per kilo (USD 495 – 659 per tonne), depending on quality. Farmers with larger stocks continued to get better prices.

RCN quality is meanwhile beginning to decline due to fewer rains and poor drying on the part of farmers.

RCN export, mainly by Ghanaian and Ivorian exporters, again increased this week. Reports indicate that, unlike in previous years, exporters are not taking the risk of keeping their stocks in Mali due to the political crisis. So far, an estimated 96,000 tons of RCNs have been exported, according to reports.

## Togo

The first harvest is nearing an end and the nuts are increasingly declining in quantity and quality. From an average KOR of 49 lbs in previous weeks, the current KORs are between 43 and 45 lbs. This year, with the delay in the rains, it is uncertain how good the second harvest will be.

From selling between 600 and 610 FCFA per kilo last week (USD 988 – 1,005 per tonne), trade RCN prices dropped to between 550 and 600 FCFA per kilo (USD 905 – 988 per tonne) depending on the quality. Reports indicate that the fall in price is due to the continuous decline in nuts quality.

RCN Export is still ongoing. There are however no official figures. Local processing companies also continue to buy organic RCN . Meanwhile, kernel prices have remained almost unchanged , according to reports, with WW320 selling at 3.35 USD per lb FOB.

## Guinea Bissau

During the recent ACA GME with Jim Fitzpatrick , a leading trader, John Rao gave us a picture of the evolving situation in Guinea Bissau. The harvest has started in some areas and is expected to be an excellent crop this year . It may exceed early estimates in the 230,000- 240,000 tonnes range.

There are a number of complications in the movement of the RCN to processing markets in Asia. Firstly, the tax structure has been changed representing an increase in export tax/costs in the range of US\$50 per tonne. Secondly, the authorities are seeking to make traders into tax collectors by assigning responsibility for the deduction of newly introduced taxes on farmers to them. This has been shown to be difficult in other countries where it was tried and often leads to the development of a grey market which Guinea Bissau can ill afford. The third factor is the continuing difficulty with export shipping. There is likely to only one shipping line available to exporters in 2022 . Freight costs will be high. Container availability will be limited. Efforts to source break bulk vessels have been made but pricing is high. Initial prices for export trade of 52/53 lbs RCN are in the range US\$1670-1700 per t Cfr Asian ports. This may work for Indian buyers but will be challenging for Vietnamese processors in the lower cashew kernels market that they have created.

## Senegal

The harvest is beginning. High farm gate prices are expected to ease as the season progresses. Forecasts are very good with some estimates as high as 50,000 tonnes RCN. The harvest situation is difficult to estimate as there are always illegal shipments from Guinea Bissau. However it can be stated with confidence that Senegal's cashew production is rising. As in Guinea Bissau the export facilities causes something of a bottleneck. Vessels and containers are available but the shallow draft in Ziguinchor port limits the weekly shipments. The position in Senegal for cashews is moving in a positive direction and the government is taking interest in both regulation and support for the sector.



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This is a publication of the [African Cashew Alliance](#)