

Dear client,

As from today we also will be sending out a market report on cashews, more or less in the same trend as we do for the peanuts and sunflower. We will send this every 3 weeks, but in case you need more specific information we are always here at hand to provide this.

Yesterday Vinacas held a meeting between brokers and traders for raw seeds and kernels, to see which expectations they had for the near future and first half next year.

Brokers contributed that the market price should keep firm and a bit up, however seller's need to watch the market carefully because price of raw seeds is still high compared to kernels prices. Indonesian raw seeds is being offered at U\$ 1,800 C+F now which would mean seller's need to make near to \$4.00 /lb FOB on W320 to break even. This is the price for bigger volumes, but still small tonnages are available around U\$ 1,700 C+F. We have also heard that the Indonesian crop is not good and possibly 40% down. Everyone thinks that at the moment all is very difficult due to the fact that raw seed currently is the highest in the cashew industry and people wonder when buyers will not follow on the offered higher prices up to U\$ 3,70 /lb to U\$ 3,80 /lb for W320.

According to Vinacas figure, in 2014 the Vietnam crop was about 420,000 MT and import 500,000 MT from Cambodia and Africa (during 9 months 2014). However, quantity of kernels Vietnam export for 9 months of 2014, it is 225,000 MT kernels which calculate to RCN of about 945,000 MT. We think quantity of raw seed should be fairly calculated because there is still some quantity of raw seed in warehouse of processors now, not totally run out and stock of RCN last year bring to 2014 is not much.

Market this week ease a bit as China is not buying much like last month. USA and EU buyers also feel that the price is high so they are reluctant to buy. Some buyer said that they can buy cheaper from India so they watch the market. However for broken grades, there is still quite some inquiry and there is not much stock available to offer.

Today we can get offer from medium packer for W320 around U\$ 3.55 - 3.60 /lb while last week they offered at U\$ 3.65 /lb. WS is offered at U\$ 2.95 - 3.10 /lb and W240 offered at U\$ 3.95 - 4.00 /lb. For your interest, Tanimex - top packer – gives a price idea for W240/W320 at U\$ 4.30/3.80 /lb for next year.

About three years ago Tanzanian seed was at \$1,750 /mt C+F for the first November shipments, and we ended up in February the following year buying at \$1,050 C+F, as kernel prices and subsequently raw seed prices collapsed.

We do see interest to buy for next year – but we feel with maybe slightly weaker trend nearby, buyers will chase the market in the short term.

Current situation:

INDIAN CASHEWS

- W180 at \$5.10 /lb FOB
- W240 at \$4.00 /lb FOB
- W320 at \$3.60 /lb FOB

But we do have the feeling that slightly lower may be possible with firm bid, although many shippers continue to report Olam as strong buyer for nearby shipments - reportedly being shipped to Vietnam. Nothing being offered on the local market as factories just restarting to produce after the Onam holidays (and Islamic festivals) Delhi / Mumbai quieter today but there is still some demand for good quality broken grades. No changes on raw seed - seems everyone waiting to hear from Tanzania - though with maybe slightly weaker tone on kernels it is hard to see that Tanzanian prices will be workable as many suggest price will be minimum of \$ 1,800 C+F.

VIETNAM CASHEWS

Indications from medium packers seem unchanged for November and December:

- W240 at \$3.95 /lb FOB
- W320 at \$3.55 /lb FOB
- WS at \$3.07/3.10 /lb FOB
- LP at \$2.80/5 /lb FOB

W320 we may have some limited demand for prompt shipment at \$3.50 /lb FOB - maybe \$3.52 /lb FOB. We do hear some reports of more offers again today coming from traders who now want to start to move some goods, but generally better packers are well sold till the end of 2014.

In case you have questions of enquiries for peanuts, do not hesitate and contact us please. Your feedback is highly appreciated.

Kindest regards,
Paul, Nurcan and Mark
Trade Department

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Prices on FCA Rotterdam basis are as follows*:

Packaging quantity	Total lb	Origin	Grade	Crop	Price US \$ /lb
150 cartons	7,500	Indian	WW320	2014	\$3,69
150 cartons	7,500	Vietnamese	WW280	2014	\$3,89
450 cartons	22,500	Vietnamese	WW450	2014	\$3,38

Prices on C+F Rotterdam basis are as follows*:

Packaging quantity	Total MT	Origin	Grade	Crop	ETA	Price US \$ /lb
250 cartons	17,500	Vietnamese	LBW320	2014	28-10-2014	\$3,30
700 cartons	35,000	Vietnamese	LBW320	2014	1-11-2014	\$3,30
100 cartons	5,000	Vietnamese	SW350	2014	26-10-2014	\$3,25
150 cartons	7,500	Vietnamese	WW280	2014	26-10-2014	\$3,85
700 cartons	35,000	Vietnamese	WW450	2014	10-10-2014	\$3,34

* Prices are subject to final confirmation.