

Dear client,

During the last 2 to 3 months we have seen an enormous change in the market, due to enormous increases in price this after a relatively quiet stable market. Currently – End of May 2015 – range of prices is W240 from 3.75 to 3.95, W320 from 3.50 to 3.75, W450 from 3.35 to 3.50, Splits from 3.10 to 3.25, Pieces from 3.00 to 3.15 FOB with hardly any offers at the lower end of the range. The other item that is really noticeable is the disappearance from LP//SP//WS/Scorched cashews from India. Therefore a renewed interest on the supply from Vietnam, resulting in increased prices from Vietnamese off grades.

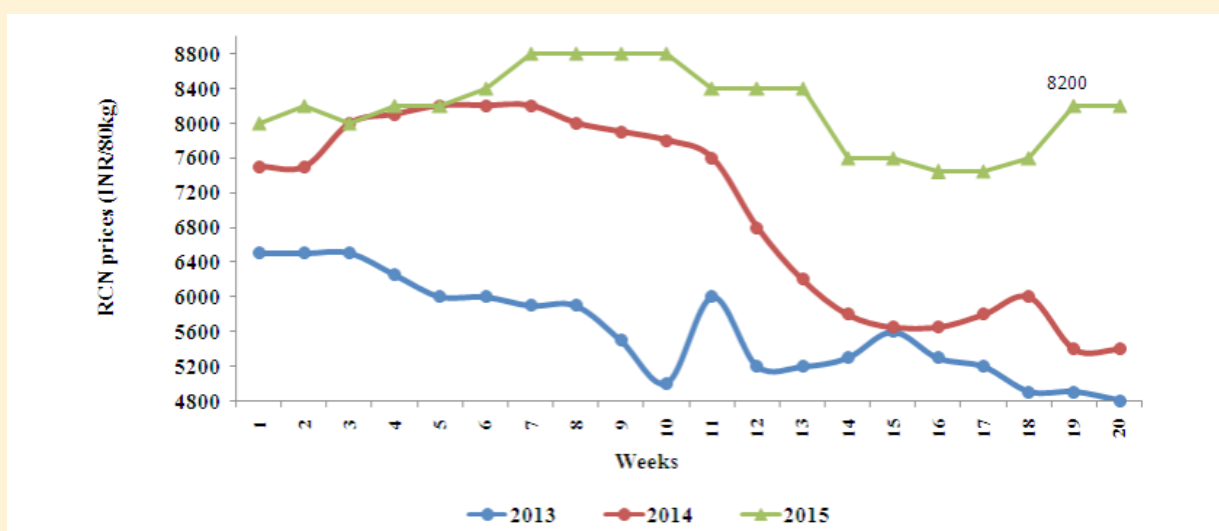
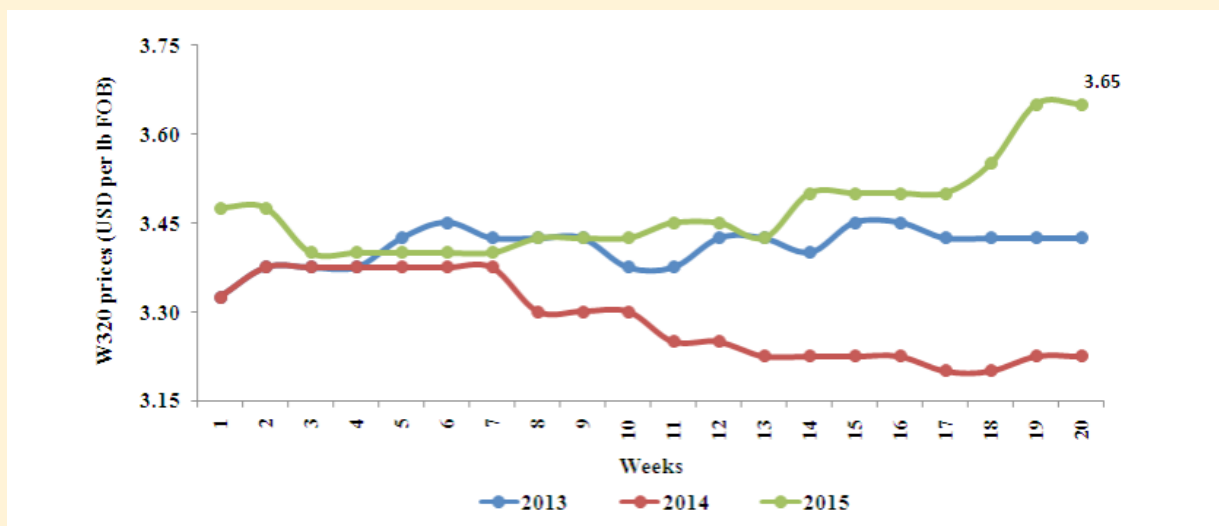
Up to end of March everything was peaceful no problem and a very stable market. In the RCN market, things started to change by middle of March. There were reports of lower kernel yields in many areas. Delays in shipments and fears of further reduction in yields in later arrivals forced shellers to pay higher prices to secure supplies of early arrivals. One thing which is different this year is the increase in number of RCN traders (also shellers). Although the quantity each new player will or can buy is not large, the cumulative effect has led to more competition in RCN buying leading to people paying prices which are totally out of whack with kernel prices. Traditional players are forced to follow the market to meet their requirements. On the kernel side, availability was comfortable in the first quarter. Buyers were able to get what they needed. There was no pressure to pay higher levels to lock in supplies for forwards. By end March/early April, offers started becoming scarce. With the delays in RCN shipments and increase in RCN prices, shellers were reluctant to make new sales and started increasing kernel offers. Some buyers who needed product for second quarter started paying higher prices and this prompted some business for second half at a small premium. Today, even those premium prices seem low!! In the last 2 months – from middle of March to middle of May – RCN price has gone up by 250-300 dollars per ton which is equal to 45 to 55 cents per lb of kernels. In the same period, kernel prices have gone up by about 20-30 cents. This leads us to believe that unless there is a big decline in RCN prices, shellers will not be able to reduce kernel offers.

The import statistics of USA and European union (respectively 2nd and 3rd main cashew consumption areas after India) for first quarter of 2015 once again confirm the vigorous demand for cashew. Total year to date (ytd) imports of these two areas experienced an average growth of over 10%. It means this two areas together need around 25 000 MT of cashew kernel more than past years (equiv. to 75 000 MT of RCN). This growth have to be added to India consumption growth which is approximatively as high. Consumers worldwide definitively want to eat tree nuts in general and cashew nuts in particular.

Those import statistics also allow to note the slowdown of local processing in Africa. Hardly hit by the high prices observed last year but above all this year, West African processors who are still very weak, should significantly reduce their volume of activity this year. Processors in Burkina, Ghana and Nigeria which do not benefit of any tariff protection are the most affected ones. It is likely that the quantities of cashews processed locally across West Africa will fall sharply this year, which should be considered as a partial failure for all players in the cashew sector in the sub region. The current world market situation cashew (fast growing demand, strong development of Asian industry, no raw cashew nuts unsold stocks at the end of the season) suggests (except major incident) that 2016 campaign will see high prices again. It is therefore imperative that all players in the cashew sector now decide if they want or not to develop local processing and if they want to do it that they push the adoption of protective measures (export tariffs, smoothing funds, export subsidies, subsidized loans) for the development of local processing.

Our opinion:

- We still believe the increase in prices will top off during June 2015, maybe against all odds for the period July, August and beginning September there might even be a slight drop in prices! After September nobody really knows.
- Due to the fact the spot market in Europe is completely empty, and all unsold goods are directly sold from the containers afloat, we advise you to buy for the periods July and August 2015 on a hand to mouth basis and to book for these periods now.
- The danger still exists that due to the sharp increase in prices, there will be defaults on contracts earlier made at lower prices levels either on RCN or on shelled cashews.
- It is therefore really necessary that all involved RCN dealers, Shellers, Dealers and Consumers try to ease the situation which is not beneficial to the whole market, because we don't want to end up in a similar situation as years ago in Vietnam.



US cashew kernel imports year to date				
Metric Tons	April 2012- March 2013	April 2013- March 2014	April 2014- March 2015	Evolution
Vietnam	58 090	79 570	91 937	↑ 16%
India	30 645	33 609	30 589	↓ -9%
Brazil	11 519	9 337	5 530	↓ -41%
Cote d'Ivoire	1 621	3 115	3 255	↑ 5%
Mozambique	1 688	2 408	1 640	↓ -32%
Indonesia	1 437	1 851	1 573	↓ -15%
Thailand	839	1 183	1 258	↑ 6%
Benin	263	450	664	↑ 48%
Kenya	334	345	173	↓ -50%
Ghana	479	1 171	923	↓ -21%
Tanzania	159	251	649	↑ 159%
Nigeria	388	486	95	↓ -80%
China	145	232	384	↑ 65%
Burkina Faso	180	427	477	↑ 12%
Togo	51	247	217	↓ -12%
Guinea	47	126	57	↓ -55%
Other origins	316	357	369	↑ 3%
Total	108 199	135 163	139 791	↑ 3%

Europe (EU28) cashew kernel imports year to date				
Metric Tons	April 2012- March 2013	April 2013- March 2014	April 2014- March 2015	Evolution
Vietnam	41 976	44 344	62 835	↑ 42%
India	23 841	26 736	27 808	↑ 4%
Brazil	7 015	5 883	5 777	↓ -2%
Côte d'Ivoire	676	1 462	1 999	↑ 37%
Tanzania	1 305	1 481	1 164	↓ -21%
Indonesia	479	541	1 238	↑ 129%
Burkina Faso	598	719	544	↓ -24%
Mozambique	618	380	761	↑ 100%
Nigeria	107	372	412	↑ 11%
Ghana	431	565	285	↓ -50%
Benin	83	144	281	↑ 95%
Singapour	31	64	95	↑ 50%
Togo	-	-	199	
Sri Lanka	157	54	67	↑ 24%
Madagascar	116	82	26	↓ -68%
China	48	85	48	↓ -44%
Thailand	1	75	33	↓ -55%
Guinea	15	-	16	
Gambia	-	-	17	
Guinea-Bissau	-	-	93	
Other origins	644	908	1 027	↑ 13%
Total	80 050	81 128	103 970	↑ 28%

Our recommendations are still the same:

To farmers: to sell every week what is harvested just after drying it. Wherever possible to privilege local processors that are the only guarantee for stable prices for the future years of overproduction.

- To the traders and exporters: to continue to work on small revolving contracts to not end up in contractual default on quantities, delays or prices. Not to play with fire by speculating, prices decrease is unlikely but can occur if the quality deteriorates too quickly. At the current level of prices charged, a slight decrease of 10% equivalent to a loss of 4 GMD/kg.

- To local processors: to do everything you can to supply our factory as much as possible and as quickly as possible, diversifying your channels and supply areas and adjusting your purchase price. Raw Cashew Nut is very expensive but cashew kernel will also increase over the coming months. Be careful to be able to renegotiate prices for the sale of your cashew kernels during the second half of 2015. The price of cashew kernels should experience a continuous rise in the international market.

What can we expect in coming months?

Given the fragmented production base, it is impossible to say what the crop is until major portion of the African crop is shipped. Since shipments are slow, we will have a reasonable idea only by Aug. One thing is more or less certain, kernel yields are lower in almost all African origins. If shipments pick up in May/June, RCN prices could come down a bit. But that may not be enough to compensate for decrease in yield.

We expect kernel availability to be lower than normal in May/Jun. Hopefully, things will be better after July but by that time, buying will be at its peak in Asia (including the largest consumer – India – which is predominantly a “spot” market). In the third quarter, we can also expect some buying from importing countries to fill uncovered positions for 2015 and some portion of early 2016 requirements.

Next few months will be interesting. There are several factors which will determine the Cashew Market trend i.e. RCN prices, roaster & retailer strategy, trends in other nuts, general economic situation in the main importing countries and currency movements.

In our JAN 2015 analysis of Cashew price movement for 10 years, we saw that prices moved in the following ranges (except for the aberrations in 2008 and 2010/2011):

2.00 to 2.50 from 2005 to 2007
2.50 to 3.00 from 2008 to 2011
3.00 to 3.50 from 2012 to 2014

At any time, it is dangerous to predict what will happen in a market (for anything). Specially for our “crooked” nut (!!) at a time when supply position is not very clear. But based on a gut feeling we are willing to hazard a guess that in coming months, price for W320 will tend toward the middle or higher end of the 3.50-4.00 range with very little chance of it going below 3.50.

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

Kindest regards,
Paul, Nurcan and Mark
Trade Department

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APRICOT PRICES FCA*

Packaging quantity	Total kg	Origin	Grade	Crop	Price US /mt
38 cartons	475	Turkish	# 0 (Jumbo)	2014	6,900
60 cartons	750	Turkish	# 1	2014	6,600
500 cartons	6250	Turkish	# 2	2014	6,200
344 cartons	4300	Turkish	# 4	2014	5,850
568 cartons	7100	Turkish	# 6	2014	5,100
40 cartons	500	Turkish	mix (coloured)	2014	5,550

Packed in 12,5kg cartons. Goods will be on pallets, wrapped in shrink foil. Each pallet contains 90 cartons.

PEANUT PRICES FCA*

Packaging quantity	Total MT	Origin	Grade	Crop	Price US\$ /MT
7 big bags	8,60	Argentinian	Runner 40/50 blanched	2014	1625
107 big bags	133,75	Argentinian	Runner 60/70 blanched	2014	1525
30 big bags	37,50	Argentinian	Runner 70/80	2014	1160
10000 bags	250,00	Argentinian	Runner 80/100	2015	1225
63 big bags	78,75	Argentinian	Runner splits blanched	2014	1575
120 poly bags	3,00	Chinese	Virginia Shandong 24/28	2013	1875
220 cartons	5,50	Chinese	Virginia Shandong 25/29 blanched	2013	1925
20 big bags	24,00	Chinese	Virginia Shandong 25/29 blanched	2013	1925
360 cartons	9,00	Chinese	Virginia Shandong 29/33 blanched	2014	1895
6 big bags	2,00	Groundnuts	Rejects	2013	750
4 big bags	3,00	Groundnuts	Rejects	2014	750
20 big bags	25,00	Nicaraguan	Splits blanched for bird feeding	2014	1075
262 big bags	285,00	Nicaraguan	Splits blanched	2014	1575
18 big bags	16,00	South-African	Common Natsals 60/70	2014	1750
16 big bags	16,00	USA	Medium Runner 40/50 blanched	2013	1450
6000 bags	370,00	USA	Medium Runner South-West 40/50 EXTRA CLEANED	2013	1350
60 big bags	60,00	USA	Medium Runner 40/50	2014	1395
19 big bags	19,00	USA	Jumbo Runner 40/50 High Oleic	2013	1400
30 big bags	30,00	USA	Virginia Nr. 2 with splits	2013	1250
20 big bags	20,00	USA	Virginia Extra Large	2013	1475
182 big bags	182,00	USA	Jumbo Runner 38/42 blanched	2013	1445
100 big bags	100,00	USA	Runner splits blanched	2013	1335
Sunflowers					
1077 paper bags	21,50	Argentinian	In-shell 22/64 Striped	2014	1250
5 big bags	5,00	Bulgarian	Premium kernels EXTRA CLEANED	2014	EUR 920

* Prices are subject to final confirmation.

PEANUT PRICES CIF*

Packaging quantity	Total MT	Origin	Grade	Crop	ETA	Price US\$ /MT
2280 vacuum bags	57,00	Chinese	Red Skin 60/70	2014	30-5-2015	2250
760 vacuum bags	19,00	Chinese	Virginia 24/28	2014	15-6-2015	2000
1360 cartons	34,00	Chinese	Virginia 25/29 blanched	2014	1-6-2015	1875
584 poly bags	17,50	Chinese	In shell 11/13	2014	1-6-2015	1700
720 cartons	18,00	Chinese	GWS Grade AA	2014	25-6-2015	6250
44 big bags	44,00	Nicaraguan	Splits blanched	2014	15-5-2015	1550
100 big bags	100,00	USA	Medium Runner 40/50	2014	25-5-2015	1350

CASHEW PRICES CIF*

Packaging quantity	Total lb	Origin	Grade	Crop	ETA	Price US\$ /lb
200 cartons	10000	Vietnam	LBW320	2015	5-6-2015	3,52
200 cartons	10000	Vietnam	LP	2015	16-4-2015	3,15
200 cartons	10000	Vietnam	WW450	2015	16-6-2015	3,55

* Prices are subject to final confirmation.