

Dear client,

At the moment Mr. Paul van Velzen is enjoying a few days of holiday break in Vietnam after a hectic few weeks. He arrived on 20th of April 2016 and is now reflecting this fastest week of increase in prices. We are, of course, sure that it was not Paul that caused this market to explode, but there are a few other factors that caused this situation.

When Paul left Europe, there was already an underlying firm trend, and the last couple of weeks we already saw an increase from U\$ 3,55 to U\$ 3,75 for W320 as a basis. RCN shippers defaulted or negotiated new prices with sellers in India and Vietnam.

On the beginning of Paul's trip, Aldebaran could still purchase from Medium shippers for W320 at U\$ 3,77, W450 at U\$ 3,70 and WS at U\$ 3,18, but that has altered till now 3/5/2016 to respectively U\$ 3,92, U\$ 3,85 and U\$ 3,28 and there are very limited offers of all grades as a matter of fact. For top shippers you can add at least U\$ 0,10 per lbs.

These are the prices of Vietnamese exporters, we do not even talk about the Indian situation which seems to be developing worse and worse - this of course because of the unknown situation in RCN and the import tax that still nobody knows what the real situation is. And... when nobody really knows nobody takes steps.

Indian prices are reported to trade at U\$ 4,05 for W320 and W240 at U\$ 4,18, but most exporters are off the market and are basically not capable of offering any kernels. There are reports of defaults of medium shippers and delays (which will end up in defaults further on). Also, continuous reports of cashew processors being in serious financial problems and again prospect of future factory closures. This argument is also being used not to ship, but only a reason not to accept the loss. Some shippers are selling their so called not possible shipment contract to sell at higher levels. We will take all defaulters on in arbitration and will name them in this and following reports, so all can be aware of the offenders, maybe some other buyers are being also confronted with the same companies, who maybe later sell on higher levels.

At the moment we have 2 possible defaulters namely Emmanuelle and the Southern Cashew Company, anybody who is also confronted with defaults from these 2 companies please contact us.

From Vietnam all we can say now peace is declared until Wednesday 4/5/2016 when the holidays are over and the first defaulter already appeared with us : **Hue Anh Phat.**

In Vietnam we basically can say most exporters do not know what to do, every time they sell a certain level next deal could be US\$ 0,05 cents higher. We can say that most top packers are not willing to sell May/June/even July positions due to the fact they have to fulfill their contracts to the bigger buyers. That indicates too that they have limited access to RCN and is noted due to the fast increase of local Vietnamese/Cambodian RCN again putting pressure on all nearby price levels. Levels we do see offered are around US\$ 4,15 for W240, US\$ 4,00 for W320, US\$ 3,35 for WS and US\$ 3,15 for LP.

Aldebaran's conclusions/advise:

- 1. Nearby market extremely firm and could go firmer for at least the positions May, June and July 2016. This market basically is in hands of dealers who have purchased again and now are awaiting their shipments and like Aldebaran only will offer these when they have paid and physically have the documents in hand. Again a conclusion there is a role for dealers.**
- 2. Nearby market will also give a lot more defaults and delays of contracts putting even more pressure on the prices. Top packers will continue to ship but also slower we are sure.**
- 3. For the periods August through December 2016 nobody knows really but we expect with more RCN arrivals it should calm down to max levels of W320 at US\$ 4,15, W240 at US\$ 4,25, W450 at US\$ 4,05 and WS at US\$ 3,40.**
- 4. When you need goods go physical and buy what you can buy on the spot in Rotterdam.**
- 5. Buy other grades/counts which could be available like SW, LBW, DW and other origins like Africa and Brazil.**

Kindest regards,

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