

Dear Client,

At the moment it is summer in Europe and very little activity because most buyers are in the holiday mood or on holiday.

On the contrary, many believe the market has increased again between U\$ 0,05 and U\$ 00,10 cents per lbs.

These days the market is still active, by buyer's – but mostly industries – covering their needs for September, October and December 2016. The problem at the moment is that the quality of the cashews has deteriorated quite dramatically and most of the consumer buyers are focusing on top packer or very good medium packers. There, the gap in prices between top packers and medium packers is widening very much. The gap at the moment is reaching about U\$ 0,10 to U\$ 0,15 cents per lbs.

Top packers are indicating prices as follows W 240 U\$ 4,20, W 320 U\$ 4,10 WS U\$ 4,30 all FOB. These are prices from Vietnam and Indian are asking U\$ 0,10 cents higher.

Although there is still some buying interest, we see many buyers in EU, USA, Australia and Middle-East who cannot pay the current market levels, because their buyers are not accepting the current prices yet.

Although consumers are still needing to buy, dealers are stepping out because the potential to make money on these prices in combination with the worsening quality aspects the risk is getting too high, and they are now looking at other safer investments.

For W 450 there is still some buying interest but nothing much available - Buying levels indicated at U\$ 3,95.

For WS still interest and buying interest are going around U\$ 3,30 FOB.

For LP there are still many offers, this is of course due to the fact the quality is worsening.

There a quite a lot of defaults going on or shippers requesting additional U\$ cents per lbs to have their contracts executed, many claims of quality!

In addition to this due to the fact some afloat cargos are being refused by buyer's due to many claim on quality, the banks of course have discounted the documents for various shippers, the shipper cannot guarantee the money and therefore many banks do not accept to discount the documents for many other shippers especially in the Binh Phuoc province, so almost all smaller shippers in the Binh Phuoc province have slowed down their business and cannot export like before anymore

The Vietnamese domestic market is firm at high levels, many small processors are closing their factories because they cannot make parity between RCN and kernels prices.

We received following info from one of our contacts:

QUOTE

Price of RCN is not down and still in the high trend, there is not much offer for good quality GB at the moment while there is still some offer for IVC low outturn like 40-43 lbs but not much buyer showing interest for low outturn. Guinea Conakry 50/195 is offered at 1725 USD/mt CIF, IVC 45/200 is offered at 1575 usd/mt cif. Buyers do not have interest and concentrate on receiving cargoes of pending contract first. There is quite some stock of RCN from IVC that arrived here but cannot be sold because quality is very bad, it is wet, mold, outturn around 42-44 lbs. Meanwhile processors are still looking for good quality of RCN but supply is not much. Price of IVC 46.5 - 47LBS is sold at 37,500 VND/kg (1681 USD/MT at factory gate).

We have traded business at levels below:

- W240: 4.12-4.18
- W320: 3.95 – 4.15
- W450: 3.85 - 3.90
- LBW320: 3.85
- WS: 3.15-3.30
- LP: 3.15 (top packer)

We can get offer at levels below:

- W240: 4.10 – 4.25
- W320: 4.00 – 4.20
- WS: 3.25 – 3.35
- DW: 3.50 – 3.70
- SK: 2.60 -2.70
- LP: 2.97 – 3.15
- SP: 2.66 – 2.85

UNQUOTE

Aldebaran's point of view:

1. When you still need to buy up to and including December 2016 either buy from a top packer – so you can rely on the quality- or buy from Medium packers, but rather on the spot in Rotterdam for example so you can inspect the goods.
2. We are worried about the quality and the price levels, and the quality getting worse means in the end the prices will not be paid.
3. Our expectation is garbled, we cannot see which effect the higher prices and lesser quality can mean in the end.
4. We know most dealers are stepping out, which means prices could settle down.

PRICE LIST on FCA Rotterdam basis

- 458 cartons of 50 lbs Mozambique Fancy Splits,crop 2015 at U\$ 3,35 per lbs
- 700 cartons of 50 lbs Vietnamese LBW 320 crop 2016 at U\$ 3,98 per lbs
- 355 cartons of 50 lbs Vietnamese LP,crop 2016 at U\$ 3,23 per lbs
- 478 cartons of 50 lbs Vietnamese LWP,crop 2015 at U\$ 3,28 per lbs
- 145 cartons of 50 lbs Vietnamese SP,crop 2014 at U\$ 2,77 per lbs
- 700 cartons of 50 lbs Vietnamese WS,crop 2016 at U\$ 3,38 per lbs
- 700 cartons Vietnamese W450,crop 2016 at U\$ 4,15 per lbs
- 700 cartons of 50 lbs Vietnamese crop 2016 at U\$ 4,25 per lbs

Kindest regards,

Paul, Nurcan, and Mark

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Please check our website for our weekly market reports

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