

Dear clients,

This week it is more or less the last week of the holidays in Europe, and the question really is whether the buyers (industry/dealers) have followed the market.

Our believe is that they have thought prior going on holiday that prices would remain pretty stable, and on return they would be able to buy easily their needs.

Well we have seen the reaction on the export market in recent days after the return of the professional buyers, the market right away increased with U\$ 00,10 on especially W 240, W 320 and W450.

RCN:

The RCN trading has been active with firm prices, but in general shellers mostly show interest in High Outturn seeds like IVC with outturn 46-47 lbs- but very little availability in this origin. Guinea Bissau with o lower outturn (50-51 lbs) still offered but at levels around U\$ 1830/U\$ 1.850 CIF.

Many shellers are still waiting/watching for the arrival of Indonesian & East Africa crops. Up to that time they will try to source in the local market from big RCN traders. Trading RCN in the domestic market is very active in Vietnam and the focus is mostly on good quality lots, RCN with outturn \$/lbs or up is immediately sold. Lower quality RCN not a lot of interest.

There is big shortage of RCN this year if packers cannot buy Indonesian seeds. Many factories are closed already as they cannot make parity between kernels and RCN. At present there is still quite some stock for IVC, Nigeria seed with low outturn 40-43 lbs, quality is very bad so processors are not interested to buy, they accept to close factory to make safe for them

Prices traded RCN:

Raw seed market is crazy at high price, Indonesian seed is offered at 2275 USD/MT for 55lbs/200, at this level packer need to sell W320 at around 4.60-4.70 usd/lb. All packers are watching market and cannot accept high level like this.

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Vietnam high quality (outturn 30% / nut count 195 – 200) at 2020 USD/MT ex-factory; West Africa (IVC, Nigeria) depending on quality (25-28%/ nut count 190) at 1660 – 1795 usd/mt; Ghana Good Quality (28-29%/nut count 185) at 1840 – 1885 usd/mt; Guinea Bissau new crop (30%/ nut count 220) at 1973 – 2015 USD/mt.

*** According to the Chairman of the IVC Council of Cotton and Cashew (CCA): From 01/1 to 20/7, the Ivorian firms have purchased a total of 638,000 tons of raw seed from farmers, processed and exported 428,000 tons, among which Vietnam has bought about 300,000 tons. In crop year 2016 - 2017, Vietnam market share of the total output of Ivorian exports is 61% expectedly, followed by India (34%) and other countries. These days many cargos of RCN arrived in Vietnam which cause heavy port congestion at main port Cai Lai so many processors cannot get the cargo as expected then affect to their processing capacity to perform shipment on time for kernels contracts (in case they are short of rcn). They are trying to change to other small port in order to get cargo sooner and avoid quality deterioration but buyers have to pay more trucking charge to the local logistic company.

KERNEL MARKET

From our Vietnamese reps:

At present, it is peak season for buying kernel from Chinese to serve demand for Mid- Autumn festival so buying interest from China is increasing, the price is going up much compared to last 2 weeks, especially for low quality grades. These days many Vietnamese processors concentrate on export to this market. Price traded to China at levels:

W240: 9.60 usd/kg tin can, W320 at 9.30, W450/LBW/SW at 9.00,

Others market like EU, North America, Middle East are still stable, the price is little increasing. Especially there are many inquiries for top 10 packers who are approved for supplying to big roaster and supermarket.

Price traded from medium to top packer last week to Western market at level below:

- W240 at 4.35 – 4.40 (stock is okay)
- W320 at 4.15 – 4.25 (not much stock offer for nearby)
- W450: 4.15 – 4.25 (many inquiries for this grade but not much stock available for offering)
- WS/WB: 3.25 – 3.35 (demand is good)
- LP: 3.05 – 3.10 (not much demand and stock is good for offer)

According to news from VINACAS collaborator in China, recently there are some factories was established along the border between China & North of Vietnam. They buy cashew kernels from Binh Phuoc Province then re-process, these factories are also equipped machines from Vietnam for processing (treatment, shelling, peeling, packaging) & their products will be consumed in China market, the quantity for processing have trend to increase more & more.

We think buyers should send letter to Vinacontrol/Cafecontrol to request them to test moisture very strictly to eliminate the risk because they use Kett tester for measuring moisture while EU and US inspection company use another method so there is big difference 0.3-0.5%. It is difficult for our inspector when Cafecontrol give moisture level below 5% while we feel by our experience that moisture may over 5%. If buyers have message to Cafecontrol then it will help us much to push Cafecontrol to calibrate their tester to make moisture close to right level in EU/US.

This year raw seed from West Africa and Vietnam is big then percentage of W240 increase 5-7% in processing lines, percentage of W320 and w450 is less about 10 - 15%, and lower grade like SK, SL is increased 5-7% than previous year.

Due to price is increasing so much, there is quite some default on low price contract or unexpected shipment schedule from unreliable small medium packers. Some of them go to bankruptcy, some of them in weak financing and close factory and some still in biz but try to default to get money. Or they shipped very bad quality. These days we had to reject many lots due to bad quality/infestation when we checked before loading. We heard that some buyers face heavy delay or quality problem have to come to Vietnam to sold problem.

From our Indian contacts:

The export has been extremely quiet, with very little being offered, and with Vietnam prices lower than India offerings demand has been poor

Although some processors from Panruti are reporting sales on W320 to Greece and Middle East at \$4.40 per lb fob and say they are now asking \$4.50 per lb fob against further bids at the level We have seen some offers from smaller Kerala shippers during the past week at \$4.30/4.25 per lb fob, but not from shippers with whom we are willing to trade at the moment.

There is good demand on the local market for export kernels – but very little is being offered due to poor production and very high cost of imported raw seed

There are bids this morning which are unconfirmed, basis today's exchange rate of 67.14 rupees=\$1

W240 at \$4.98

W320 at \$4.84

Per lb ex factory, UNPACKED

There is strong demand this morning from Delhi/Mumbai/Kolkata markets and the market is slightly firmer in rupee terms with bids

FS at \$4.38

LWP at \$.09

The raw seed market is also firmer again after the involvement on KSCDC/CAPEX purchases, and some additional sales have been made to Orissa, West Bengal, and Andhra Pradesh at 150 rupees per kilo duty paid (but not tax) which will equate to around \$2,235 per mt

KSCDC has put out further tender for 2000 mts Guinea Bissau goods and it is felt that prices will move up to between 155/160 rupees per kilo

Indonesian new crop seed has traded up to \$2,100 CF for 52 lbs out-turn and some reports maybe up to \$2222,300 per mt CF has traded but this seems to be wishful thinking

If you process in Kerala and pay the minimum agreed wages to permanent workers only the price of \$2,100 per mt CF would mean that to break even one would need to get an average price for ALL kernels at \$4.96 per lb ex factory UNPACKED, which is completely impossible

It is difficult to see how any private processor in Kerala can operate if processing new crop Indonesian and Tanzanian seed in the coming months

Many factories are also under very difficult financial constraints with their banks so the whole situation in Kerala and some other states is extremely difficult, and with KSCDC/CAPEX again operating it will mean very difficult time for the private processors

Prices per lbs incl pallet//folie Fca Rotterdam,Eec Cleared:

WW 320	U\$ 4,42
WW 450	U\$ 4,37
WS	U\$ 3,47
LP	U\$ 3,28
LBW 320	U\$ 4,25
SP	U\$ 2,90
WW360	U\$ 4,30

STATISTICS:

According to Ministry of Agriculture and Rural Development, the quantity of importing RCN in July expected to gain 178,000 MTS & the total quantity up to 7 months will be 582,000 MTS increasing 2.9% compare to same period of 2015.

The quantity of exporting kernels also expected to gain 32,000 MTS in July, lead to total 7 months will gain 189,000 MTS increasing 2.5% compare to same period of 2015.

Average price of exported kernels during 7 months is at 7,694 usd/mt, increase 6.6% compared to same period last year

STATEMENT OF IMPORTING RAW SEEDS IN VIETNAM UP TO JULY 2016

1. Quantity Import

Month	Quantity (MT)	Compare to same period 2015 (%)
1	34,005	-9.47%
2	20,913	-45.61%
3	116,668	54.84%
4	35,334	-23.53%
5	100,931	17.91%
6	159,999	0.82%
7	165,858	29.93%
Total	633,710	11.27%

2. Top 10 Biggest Importers

Month	Top 10 Biggest Importers (Members of Vinacas)
1	Olam VN, Minh Huy, Cao Phat, Tanimex-LA, Lafooco, Thanh Hien, My Le, Hoang Son I, Phuc An, Duy Duc
2	Cao Phat, Olam VN, Minh Huy, Lafooco, Thanh Thom, RALS VN, Dai An, An Dien, Nam Ha, Tu Hai
3	Olam VN, Cao Phat, Minh Huy, Hung Phu, Hoang Son I, Thanh Hien, Lafooco, Quang Son, My Le, Tanimex-L
4	Da Kao, Rals VN, Huynh Minh, Olam VN, My Le, Long Duc, Tuan Bong, Phuc An, Lafooco, Nam Ha
5	Olam VN, Hoang Son I, Huynh Minh, Da Kao, Tan Hoa, Bimico, Tanimex-LA, Rals VN, Cao Phat, Ladocashew
6	Hoang Son I, Da Kao, Huynh Minh, Olam VN, Tan Hoa, Tanimex-LA, Thao Nguyen, Cao Phat, Rals VN, Bimico
7	Olam VN, Hoang Son I, Cao Phat, Da Kao, Rals VN, Tan Hoa, Kieu Loan, Tanimex-LA, Hoang Ha BP, Bimico

3. Importing Markets in June

	Exporters	Quantity (MT)
1	Cote Divoire (Ivory Coast)	84,657
2	Ghana	30,567
3	Nigeria	26,878
4	Benin	4,809
5	Guinea	4,543
6	Togo	3,761
7	Mozambique	2,000
8	Senegal	1,988
9	Burkina Faso	1,394
10	Cambodia	1,380
11	Guinea-Bissau	1,242
12	Gambia	1,102
13	Niger	984
14	United Arab Emirates	394
15	Tanzania (United Rep.)	126
16	Myanmar (Burma)	34
Total		165,858

STATEMENT OF EXPORTING KERNELS IN VIETNAM UP TO JULY 2016

1. Quantity Export

Month	Quantity (MT)	Increased Compare to same period 2015 (%)
1	25,040	12.54%
2	8,741	-31.05%
3	28,404	38.82%
4	30,932	10.07%
5	33,930	6.65%
6	34,146	8.97%
7	32,750	-5.23%
Total	193,943	7.04%

2. Export Markets

2.1/ USA

Month	Quantity (MT)	Compare to same period 2015 (%)
1	6,656	36.90%
2	1,827	-48.24%
3	8,414	30.52%
4	11,666	2.27%
5	11,771	-3.66%
6	10,985	5.28%
7	10,057	-15.28%
Total	61,374	1.00%

2.2/ China

Month	Quantity (MT)	Compare to same period 2015 (%)
1	6,591	-0.73%
2	1,443	-34.63%
3	4,356	43.90%
4	3,112	35.80%
5	3,709	23.18%
6	2,970	-6.42%
7	4,217	2.70%
Total	26,399	7.94%

2.3/ EU & other markets

Month	Quantity (MT)	Compare to same period 2015 (%)
1	11,793	9.73%
2	5,471	-21.18%
3	15,634	42.29%
4	16,153	12.16%
5	18,450	11.25%
6	20,191	13.90%
7	18,477	-0.55%
Total	106,170	10.63%

3. Markets Ranking

Month	Top 10 Biggest Markets
1	USA, China, Netherlands, Germany, Canada, Thailand, Australia, UK, Russia, India
2	USA, China, Netherlands, Australia, UK, Canada, Germany, Thailand, India, New Zealand
3	USA, China, Netherlands, Australia, UK, Germany, Thailand, Canada, Singapore, Italy
4	USA, Netherlands, China, Australia, UK, Singapore, Germany, Canada, Thailand, Israel
5	USA, Netherland, China, UK, Australia, Singapore, Germany, Canada, Thailand, Israel
6	USA, Nertherland, China, UK, Singapore, Canada, Thailand, Australia, Germany, Israel
7	USA, Nertherlands, China, UK, Australia, Germany, Singapore, Thailand, Canada, Russia

4. Enterprises took part in Exporting

Month	Top 10 Biggest Exporters (Members of Vinacas)
1	Olam VN, Thao Nguyen, Hoang Son I, Minh Huy, Lafooco, Tan Hoa, Nam Son, Haprosimex JSC, Hapro, Tanimex-LA
2	Olam VN, Minh Huy, Tanimex-LA, Hoang Son I, Thao Nguyen, Lafooco, RALS VN, Duy Duc, Tan Hoa, Bimico
3	Olam VN, Minh Huy, Hoang Son I, Thao Nguyen, Rals VN, Phu Thuy, Haprosimex, Bimico, Tan Hoa, Lafooco.
4	Olam VN, Thao Nguyen, Phu Thuy, Minh Huy, Hoang Son I, Rals VN, Da Kao, Tanimex-LA, Kieu Loan, Bach Hy
5	Olam VN, Thao Nguyen, Phu Thuy, Minh Huy, Hoang Son I, Da Kao, Rals VN, Haprosimex JSC, Hapro, Kieu Loan
6	Olam VN, Thao Nguyen, Minh Huy, Hoang Son I, Phu Thuy, Rals VN, Haprosimex JSC, Da Kao, Hapro, Intimex
7	Olam VN, Thao Nguyen, Minh Huy, Hoang Son I, Phu Thuy, Rals VN, Da Kao, Haprosimex JSC, Lafooco, Vietcashew

5. Exporting Markets in July

Number	Importer	Quantity (MT)
1	United States of America	10,056.54
2	Netherlands	4,595.55
3	China	4,216.80
4	United Kingdom	2,024.84
5	Australia	1,341.12
6	Germany	1,257.27
7	Singapore	1,011.83
8	Thailand	901.11
9	Canada	676.10
10	Russian Federation	506.52
11	Italy	624.12
12	Israel	328.50
13	Korea (republic)	315.53
14	India	317.91
15	Taiwan	254.70

Kindest regards,
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