

Dear Client,

Please find below our update about the cashew market.

Aldebaran's view and advice:

A few months ago general kernel prices went down to FOB levels for standard W 320 to US\$ 4,55- US\$ 4,66 FOB and all players whether they were manufacturers, brokers or dealers believed levels might creep down, but as many times proven they didn't.

Due to the fact that the general market believed market would go down, automatically everybody stopped buying, or just purchased their immediate needs, this resulting now in a very tight market with no kernels to spare in either the European or USA market.

Again it proves that this market is one of UP a few months and then DOWN again a couple of months.

Reality is really nobody knows, we only can ascertain certain levels in which the market will be and for W 320 we as Aldebaran believe that this range CIF Europe is US\$ 4,75 to US\$ 4,95.

The conclusion is also keep buying short term, but buy more when levels reach US\$ 4,75 basis.

Again for certain grades like LP or WS or SW or LBW availability is not that big, because most buyers will use this to mix, and try to get a cheaper price.

Few other pointers:

- RCN availability seems to be sufficient and might be an indication market MIGHT ease off about 00,10 per lb for April thru June 2018.
- Demand still going strong and free availability is very limited.
- Limited stockholders in Europe//USA, treasure them by giving them some business you might need them from time to time.

FCA Rotterdam availability:

CASHEWS					
653 cartons	32.650 lbs	Indian	LWP ORGANIC	2017	5
389 cartons	19.450 lbs	Indian	WW320 ORGANIC	2017	5
70 cartons	3.500 lbs	Indian	WW240	2017	5
596 cartons	35.000 lbs	Vietnamese	LBW320	2017	4
441 cartons	22.050 lbs	Vietnamese	LP	2017	3
30 cartons	1.500 lbs	Nigerian	FS	2017	4
145 cartons	7.250 lbs	Nigerian	LWP	2017	4
175 cartons	8.750 lbs	Nigerian	WW240	2017	5
1031 cartons	51.550 lbs	Vietnamese	WW240	2017	5

300 cartons	15.000 lbs	Vietnamese	WW320	2017	4
700 cartons	35.000 lbs	Vietnamese	WW320 ORGANIC	2017	5
591 cartons	29.550 lbs	Vietnamese	WW450	2017	4
180 cartons	8.640 lbs	Vietnamese	WS	2017	4

#### 1/ RCN market:

- The crop from West Africa is arriving and there are some offer in the market these days, we heard the crop seems good. Prices are still very high, today we see offers for Nigeria at 2100 usd/mt for 50/200 and IVC at 2180 usd/mt for 48-49 lbs. Ghana at 2310 - 2350 usd/mt for 51 lbs/200
- The Vietnamese and Cambodia crop is arriving with very small quantity, several tons per day so it is just bought for roasted using for Tet holiday. Prices around 43,000 VND/kg (2280 usd/mt dried seed). Many rains these days ,may affect to crop and quality may not be good and insect development, flower cannot pollinate properly. However it is too early to say about the crop and many people still believe crop is better than last year.
- Domestic is a bit quiet for RCN this week compaired to first half January because Chinese buyers almost stop buying for Tet holiday and most processors close for Tet end of this week. Before seed trader can sell Tanzanian seed at 56,000 vnd/kg but this week and today difficult to sell, some people pay only 53,000 vnd/kg with small quantity.
- We heard quite some seed traders/importers in Vietnam loose money on RCN//processing and some people are unable to pay their debts now. Beside this there are still some shellers who buy small quantities of West Africa RCN at high price like US\$ 2100 for Nigeria early crop seed and US\$ 2100 – 2150 for IVC 49/200. This is very risky for processors, but we think they got some profit last year on RCN then they still can try small quantity at this level, if price is up then they win, if price is down then they still can stand with loss of small quantity.
- Most big and medium processors still have enough RCN to process until Mar because they keep Tanzanian seed for their processing, do not sell in local when they see offer for West African seed still high. However small processors are running out of seed so they need to buy some for their processing in March. When kernels buyers do not have much demand, they only buy small volume from big and medium packers then we expect price of RCN will come down soon. If kernels buyers still need to cover for nearby shipment then big and medium packers do not have enough product to supply and price is up, small processor have chance to sell kernels and buy RCN from the medium trader then prices of RCN will be firm or up a bit. At current RCN price it is very risky for processors so we think biz will be traded with small quantity per lot, people will not buy big quantity at current level and price of RCN have a tendency coming down in March – April when crops are in peak season. However, recently Indian processors are short of RCN and bought at higher price than our indication price above, plus there are many small processors here who need RCN so quantity they buy is also huge, it also makes price of RCN not easy to come down significantly in short term.

#### 2/ Kernels market:

- Demand of kernels after New Year is increasing a bit and price is firm. There are not many stock of kernels in Vietnam unsold for nearby shipments . Buyers bid these days for w320 at 4.60 but difficult to find offers at these level. Many biz done at 4.65 and this week medium packers ask 4.68-4.70 and top packer ask at 4.78-4.80 for w320.
- Recently US buyers bought big quantity of w240 so there is not much stock from good packer, even they are short of this grade but from small/medium packers, some to them still can offer w240 at around 4.85 – 4.90

- Broken grades like WS and LP from decent quality packers have been moving well and not many good offer available. Some small/medium packer have offered with small quantity at 4.40 for ws and 3.57 for lp. Good packers seems sold out.
- Domestic is not very active because almost all the small packers have closed their factory, medium and top ones just concentrate on fulfilling pending contract and prepare for Tet holiday. Some biz traded in domestic at a bit higher price like w320 at 4.63 usd/lb unpack and need to reprocess, better quality traded at 4.70 unpack.
- Domestic market for roasted cashew is not active like last 2 week as all shops bought enough for their need so they reduce demand. We see this year demand in domestic market for roasted cashew in skin is good, even price is higher than last year but this item is used more for Tet's gift.
- Chinese slow down their buying this week as they cover enough for their demand of Lunar New Year already. They just buy slowly to supply for their Lunar mid Jan festival. The price traded to China still at 5.25 usd/lb and w320 at 5.08 usd/lb tin can packing ex-factory
- The price of cashew shell is reduced a bit, it is 2200 vnd/kg compared to 2500 vnd/kg last 3 weeks so it is not support to processors for processing when RCN price is high.
- Many buyers are watching market and wait for the World Cashew Conference in Macau this week to see the situation of RCN and kernels then they may decide to buy for Apr to Aug or just stick to buying nearby shipment to reduce risk of high price. We have met some buyers these days and understand that buyers expect for price come down so that they can increase their sale. When price is high like 4.70 or higher, buyer just want to buy prompt shipment when they need product and limit their stock because Cashew kernels is very high compared to Almond, they think price may enter the down trend this year.
- At current time processors cannot solve the math for RCN price and kernels price. Price of RCN is very high as I mentioned above and still has no signal for price come down yet while kernels price is still not in break-even point with RCN. However processors need to buy RCN for their worker to do otherwise they have to pay some subsidize money to their worker and they need to wait around 2 months for rcn from Africa to arrive at their warehouse or wait 15-30 days for Viet seed and Cambodian seed (if rcn new crop brought to processing right after collection then difficult to peel and more breakage). This situation is causing difficult and risk to processors this year. Many big and medium processors intend to reduce processing capacity maximum and keep stock of rcn for their processing up to 3 months only, not buying for whole year to avoid loss in case price come down later. All cashew people are watching closely for market price of rcn and kernels from now up to Mar to decide for their buying/selling.
- Traded biz at levels below: (usd/lb fob)
- W240: 4.80
- W320: 4.60-4.78
- W450: 4.50-4.60
- LBW320/sw320: 4.40 – 4.55
- WS: 4.40 – 4.65
- LP: 3.55-3.70
- SP: 2.68

#### Market at a glance

##### India

Cashew kernel FOB prices continued to remain stable in the last few weeks, with out much change on either side. Kernel price in the domestic markets for various grades remain stable when compared with last week.

The RCN crop is progressing well in the key cashew growing states and the first arrivals are expected

in a couple of weeks from now. Now, all eyes on the union budget to be presented on Feb-01, and cashew industry are eagerly watching out for waiver of import duty on RCN.

Tanzania: The raw cashew nuts deposited into various Tanzanian warehouses totalled 288,978 tons as of January-27-2018. Tanzania is estimated to have produced in excess of 300,000 tons during the recently concluded

season, a new record. This is possible due to favorable weather conditions, yield increased due to GAP and the harvest of new plantations.

Mozambique: In the recently concluded season, Mozambique cashew production was lesser than initial estimation due to weather anomalies. Mozambique production is estimated close to 100,000 tons as against of last season production of close to 140,000 tons.

West Africa: In general, the weather is so far good in the West African countries. The NCAN has announced last week that Nigeria's official cashew season flag off ceremony is scheduled on Jan-31-2018. In Benin and Cote d'Ivoire, crop is expected to arrive a bit earlier when compared with last two seasons. Considering the favourable conditions and fruit setting of newly plantations, this year West African crop is likely to exceed that of last year crop of 1.52 million tons.

Source: Cashewinfo.com

#### Cashew Market Commentaries from Experts

##### CNSL update Mangalore-Karnataka

In Mangalore, the CNSL is being traded at around INR 24-26.5 per kg, while cake fetched about INR 4.93-5 per kg and shells about INR 8 per kg. Cardanol is being traded at INR 51 per kg.

Source: Kanco Venkatesh and Santhosh Silva, Karnataka

The market looked a little steadier in recent days perhaps based on Vietnamese processors reaction to concerns on their crop but also buyers, as another month ends, continuing a relatively conservative

approach covering step by step. Overall crop forecasts in the major producing regions of India and West Africa are good to very good following on from good crops in East Africa and an improved crop in

Brazil. There seems no prospect at this time of a shortage of raw material in 2018 especially as there will be some reaction to the much higher prices at wholesale and retail level. However, there was no fundamental shortage of raw cashew nuts in 2017 either and still the market reacted strongly.

Regardless of whether we think this was justified, an overreaction, a manipulation or just the fruits of poor market information the fact is that this market can react sharply to relatively small imbalances

either way. Looking at what we know today the prognosis for 2018, Northern crops is positive but the initial tone will be set in South East Asia as Cambodian and Vietnamese farmers come to market and

Vietnamese processors react. It will also be highly influenced by the crop timing in West Africa which at this moment is expected early. Looking at the first crops to set the tone – if those crops are good and arrive in time then the market should remain within the current range and the downward pressure on kernels demand may kick in later. If those crops are poor or even just late despite the fact

they may comprise only a small portion of overall production there may be another volatile season ahead.

Source: Jim Fitzpatrick

EU and USA market : Kernel supply in the destination countries is tightly balanced, any demand in fact has a price strengthening effect.

The market of cashew nut kernels is moving up slightly because of limited uncommitted stocks in

Europe and USA. It seems end of the year sales have been good, since buyers are in the market for relatively nearby deliveries. Currently, prompt deliveries are fetching an increasing premium in comparison with the origin prices especially from Vietnam.

Indian kernel prices jumped up much in the past weeks, and the new is that the Indian market is too empty on RCN, causing the risk of too limited kernels being available, resulting in higher local kernel prices.

Supply: Currently the supply of RCN has to come from the Tanzanian and Indonesian crop. Both crops are OK but the prices are high and remain high despite, buyers are working on to lower kernel prices.

Mozambican crop was not so good but most of the Mozambican crop is processed locally anyway. Processors are awaiting for new crop from West Africa which will start coming in shortly (may be two

to three weeks). The demand for the first new crop is expected to be good, but also we can see that the availability of the RCN from West Africa will be too late to fill in early demand from India and Vietnam, resulting in some uncertainty on the direction of the prices when the volume of the crop comes in. On the other hand, there are offers from various African traders already, prices based on last year

ending contracts. For example, prices are mentioned for Nigeria product already between Usd 2050- and 2100 per ton.

Demand: Most buyers are covered for their nearby shipments (1st quarter) and partly for 2nd quarter but they are also awaiting for kernel prices to ease. How realistic is this going to be, will be known in a

couple of weeks. We do not expect big changes in the nearby future unless something dramatic and unforeseen will happen. World supply should grow slightly while demand is expected to show growth

as well (kernel exports for 2017 compared to 2016 was up slightly).

Consumers so far are not seen to reduce their consumption because of the higher kernel prices, whereas European consumers of course have an advantage of the stronger Euro now. Kernel shipments from Vietnam will be down in February because of the TET holidays in February.

Our recommendation would be to be covered until April and watch the market closely from April onwards. When calculations allow, probably take cover up to 50-60% of your requirements.

Now the focus shifts to all interesting conference (WCC) in Macau next week:

<http://www.cashewconvention.com/>

Source: Kees Bokland, Global Trading Agency, The Netherlands

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Market was quiet during the week as prices were higher and buyers could not confirm the offer. To seller it is reasonable to offer at such levels as they had paid very high prices for RCN, but again most of the buyers were away from the market. Medium packers traded W240 at usd 4.85, W320 at Usd 4.65 per lb fob and prices offered by top and reliable packers were at Usd 4.95 for W240, W320 at Usd

4.75/4.80 per lb fob for March shipment without being confirmed by buyers. Towards the end of the week, offers were mainly for end of February and or early March shipment but prices were somehow

higher a little in comparison with traded levels, forcing buyers not to confirm the offer.

RCN prices are still high and offers are being made without being interested by packers. Packers see no reason to chase RCN at current high level as they can wait till new crop is available. All indications with regards to new crop are so far ok, with good development. Cashew trees are flowering but it is too early to say whether Vietnam will have a good crop or not. Very limited arrivals of new seeds come to the market but the quantity is too small to mention about.

Source: Mr. Kim, Khiem Nguyen Co., Ltd, Vietnam

STATEMENT OF IMPORTING RAW SEEDS IN VIETNAM UP TO DECEMBER 2017

Quantity Import

Month	Volume (Mt)	Compare to same previous 2016 (%)	Average Price (USD)	Compare to same previous 2016 (%)
1	51,343	50.99%	1,618	-0.01%
2	42,570	103.56%	1,993	26.54%
3	74,917	-35.79%	1,936	24.32%
4	102,772	190.86%	1,874	23.62%
5	149,794	48.41%	1,851	30.02%
6	250,622	56.64%	1,856	28.11%
7	214,949	29.60%	1,902	27.76%
8	172,433	24.22%	2,001	30.02%
9	83,353	-12.25%	2,072	32.32%
10	57,229	-39.59%	2,100	25.67%
11	48,677	-7.81%	2,100	12.82%
12	63,767	-49%	2166	22.4%
TOTAL	1,312,425	15.12%	1,956	23.23%

Top 10 Biggest Importers

Month	Top 10 Biggest Importers ( Members of Vinacas)
1	Cao Phat, Hoang Son 1, Da Kao, Rals VN, Tanimex-LA, Haprosimex JSC, My Le, Tu Hai, Duy Duc, Phuc An
2	My Le, Da Kao, Cao Phat, Phuc An, C&N (Tanimex-LA), Duy Duc, Phu Thuy, Haprosimex JSC, Tan Hoa, Bimico
3	Da Kao, My Le, Hapro Binh Phuoc, Bimico, Tan Hoa, Haprosimex JSC, Kieu Loan, Cao Phat, Minh Huy, Thao Nguyen
4	Long Son, Hoang Son I, Olam VN, Rals VN, Tan Hoa, Olam VN (IZ Bien Hoa II), Duy Duc, Bimico, Tu Hai, C&N (Tanimex-LA)
5	Long Son, Hoang Son I, Rals VN, Da Kao, Olam VN, C&N (Tanimex-LA), Bimico, Olam (IZ Bien Hoa II), Minh Huy, An Phu
6	Hoang Son I, Long Son, Da Kao, Kieu Loan, Olam VN (Bien Hoa IZ II), Olam VN, Thao Nguyen, Cao Phat, C&N (Tanimex-LA), Bimico
7	Olam VN, Hoang Son 1, Long Son, Olam VN (Bien Hoa IZ II), Rals VN, Kieu Loan, Da Kao, Thao Nguyen, C&N (Tanimex-LA), Nam Ha, Phu Thuy, Tan Hoa
8	Rals VN, Da Kao, C&N (TANIMEX-LA), OLAM VN, Thao Nguyen, Cao Phat, Hoang Son 1, Olam VN (IZ BIEN HOA II), Phuc An, Long Son

9	RALS VN, Tan Hoa, Olam VN, Long Son, Bimico, Cao Phat, Valency VN, Hoang Thanh, Tu Hai, Duy Duc, Da Kao
10	Long Sơn, Đa Kao, Hoang Ha BP, Cao Phat, Rals VN, Valency VN, Tu Hai, Hung Phu, Nam Son, Olam VN
11	Long Son, An Phu, Tu Hai, Hoang Son 1, Son Thanh, Phuc An, Rals VN, Hoang Ha BP, Da Kao, Thao Nguyen
12	Long Son, Da Kao, Duy Linh, Hoang Son, Phuc An, Phu Son, Duy Duc, Cao Phat, Kieu Loan, Haprosimex JSC

#### Importing Markets for Whole 2017

TT/ S/n	IMPORT ORIGINS	VOLUME (Mts.)
***	(World Total)	1,312,424.51
1.	COTE D'IVOIRE (IVORY COAST)	448,216.50
2.	NIGERIA	176,584.00
3.	TANZANIA (UNITED REP.)	144,727.10
4.	GHANA	142,420.40
5.	CAMBODIA	87,235.70
6.	GUINEA	69,428.20
7.	BENIN	55,353.00
8.	INDONESIA	42,017.80
9.	MOZAMBIQUE	30,612.90
10.	GUINEA-BISSAU	29,434.60
11.	TOGO	27,312.30
12.	BURKINA FASO	23,355.70
13.	SENEGAL	12,007.31
14.	GAMBIA	10,975.00
15.	THAILAND	3,719.70

16.	MADAGASCAR	2,793.00
17.	INDIA	1,394.10
18.	MYANMAR (BURMA)	1,195.30
19.	PHILIPPINES	1,026.00
20.	LAOS	932.90
21.	NIGER	879.90
22.	BANGLADESH	199.00
23.	GABON	145.20
24.	SINGAPORE	108.70
25.	GERMANY	104.70
26.	AUSTRALIA	104.60
27.	SIERRA LEONE	86.40
28.	CAMEROON	53.20
29.	UNKNOWN	1.30
30.	FRANCE	0.002
31.	UNITED ARAB EMIRATES	0.001
32.	RUSSIAN FEDERATION	0.001

#### STATEMENT OF EXPORTING KERNELS IN VIETNAM UP TO DECEMBER 2017

##### Quantity Export

(Month)	Volume (Mt)	Compare to same previous 2016 (%)	Everage Price (USD)	Compare to same previous 2016 (%)
1	17,815	-28.85%	9,138	22.10%
2	13,500	54.44%	9,068	21.97%
3	24,424	-14.01%	9,482	24.73%
4	28,915	-6.52%	9,664	26.44%

5	32,898	-3.04%	9,970	27.77%
6	35,900	5.14%	10,316	31.13%
7	37,551	14.66%	10,378	29.62%
8	39,137	8.77%	10,280	24.38%
9	34,329	7.18%	10,087	16.89%
10	34,387	7.20%	9,979	12.48%
11	33,642	14.17%	10,157	12.38%
12	30,189	15.31%	10,142	10.19%
TOTAL	362,687	3.72%	9,888	21.27%

## 2. Export Markets

### 2.1/ USA

Month	Volume (MT)	Compare to same previous 2016 (%)
1	5,518	-17.09%
2	3,752	105.39%
3	8,486	0.86%
4	9,633	-17.43%
5	11,692	-0.67%
6	12,472	13.54%
7	12,352	22.82%
8	12,646	3.85%
9	10,602	-2.92%
10	8,646	-19.29%
11	9,010	-5.24%
12	8,504	-0.38%
TOTAL	113,312	0.07%

### 2.2/ China

Month	Volume (Mt)	Compare to same previous 2016 (%)
1	3,452	-47.62%
2	2,309	60.01%
3	2,968	-31.87%
4	2,776	-10.80%

5	3,288	-11.36%
6	3,614	21.67%
7	3,837	-9.01%
8	3,776	-12.90%
9	4,419	-8.83%
10	5,521	-11.09%
11	6,426	9.72%
12	5467	56.51%
TOTAL	47,851	-6.43%

### 2.3/ EU & other markets

Month	Volume (Mt)	Compare to same previous 2016 (%)
1	8,844	-25.00%
2	7,438	35.96%
3	12,970	-17.04%
4	16,507	2.19%
5	17,918	-2.88%
6	19,815	-1.86%
7	21,363	15.62%
8	22,716	16.67%
9	19,308	18.73%
10	20,221	33.42%
11	18,206	29.09%
12	16,218	14.61%
TOTAL	201,524	8.75%

### 3. Markets Ranking

Month	Top 10 Biggest Markets
1	USA, China, Netherlands, Australia, UK, Germany, Canada, Thailand, UAE, India
2	USA, China, Netherlands, UK, Australia, Thailand, Canada, Singapore, Germany, Russia
3	USA, Netherlands, China, Australia, UK, Thailand, Singapore, Canada, Israel, Germany
4	USA, Netherlands, China, UK, Australia, Singapore, Germany, Canada, Israel, Thailand
5	USA, Netherlands, China, Singapore, UK, Australia, Germany, Thailand, Canada, Israel
6	USA, Netherlands, China, UK, Singapore, Australia, Thailand, Germany, Canada, Russia
7	USA, Netherlands, China, UK, Singapore, Australia, Canada, Germany, Thailand, Russia

8	USA, Netherlands, China, Singapore, UK, Germany, Thailand, Australia, Canada, Italy
9	USA, Netherlands, China, Singapore, Germany, UK, Australia, Thailand, Canada, Russia
10	USA, China, Netherlands, Australia, UK, Singapore, Germany, Canada, Belgium
11	USA, China, Netherlands, Singapore, Germany, UK, Australia, Thailand, Canada, Turkey
12	USA, China, Netherlands, Australia, Canada, Singapore, Germany, UK, Russia, India

#### 4. Enterprises took part in Exporting

Month	Top 10 Biggest Exporters ( Members of Vinacas)
1	Olam VN, Long Son, Thao Nguyen, Hoang Son I, Minh Huy, Duy Duc, Tan Hoa, Rals VN, Dao Kao, Tanimex
2	Olam VN, Long Son, Thao Nguyen, C&N (Tanimex-LA), Duy Duc, Olam VN (Bien Hoa IZII), Da Kao, Cao Phat, Bimico
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#### 5. Exporting Markets for Whole 2017

TT/ S/n	(Export market)	Quantity (Mt)
***	TỔNG cộng (World total)	362,686.91
1	UNITED STATES OF AMERICA	113,311.51
2	NETHERLANDS	52,820.15

3	CHINA	47,851.51
4	SINGAPORE	14,289.18
5	UNITED KINGDOM	15,614.94
6	AUSTRALIA	13,153.84
7	GERMANY	10,550.63
8	CANADA	8,960.70
9	THAILAND	8,431.98
10	UNKNOWN	6,844.76
11	RUSSIAN FEDERATION	5,650.64
12	ISRAEL	4,418.86
13	INDIA	5,470.00
14	ITALY	5,558.61
15	FRANCE	3,659.12
16	TURKEY	2,981.26

### Global Cashew Market at a Glance

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either side. Kernel price in the domestic markets for various grades remain stable when compared with last week.

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Source: Kanco Venkatesh and Santhosh Silva, Karnataka

The market looked a little steadier in recent days perhaps based on Vietnamese processors reaction to

concerns on their crop but also buyers, as another month ends, continuing a relatively conservative approach covering step by step. Overall crop forecasts in the major producing regions of India and West Africa are good to very good following on from good crops in East Africa and an improved crop in

Brazil. There seems no prospect at this time of a shortage of raw material in 2018 especially as there will be some reaction to the much higher prices at wholesale and retail level. However, there was no fundamental shortage of raw cashew nuts in 2017 either and still the market reacted strongly.

Regardless of whether we think this was justified, an overreaction, a manipulation or just the fruits of

poor market information the fact is that this market can react sharply to relatively small imbalances either way. Looking at what we know today the prognosis for 2018, Northern crops is positive but the

initial tone will be set in South East Asia as Cambodian and Vietnamese farmers come to market and Vietnamese processors react. It will also be highly influenced by the crop timing in West Africa which at this moment is expected early. Looking at the first crops to set the tone – if those crops are good

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and arrive in time then the market should remain within the current range and the downward pressure on kernels demand may kick in later. If those crops are poor or even just late despite the fact

they may comprise only a small portion of overall production there may be another volatile season ahead.

Source: Jim Fitzpatrick

EU and USA market : Kernel supply in the destination countries is tightly balanced, any demand in fact

has a price strengthening effect.

The market of cashew nut kernels is moving up slightly because of limited uncommitted stocks in Europe and USA. It seems end of the year sales have been good, since buyers are in the market for relatively nearby deliveries.

Currently, prompt deliveries are fetching an increasing premium in comparison with the origin prices especially from Vietnam.

Indian kernel prices jumped up much in the past weeks, and the new is that the Indian market is too empty on RCN, causing the risk of too limited kernels being available, resulting in higher local kernel prices.

Supply: Currently the supply of RCN has to come from the Tanzanian and Indonesian crop. Both crops

are OK but the prices are high and remain high despite, buyers are working on to lower kernel prices.

Mozambican crop was not so good but most of the Mozambican crop is processed locally anyway. Processors are awaiting for new crop from West Africa which will start coming in shortly (may be two to three weeks). The demand for the first new crop is expected to be good, but also we can see that the availability of the RCN from West Africa will be too late to fill in early demand from India and Vietnam, resulting in some uncertainty on the direction of the prices when the volume of the crop comes in.

On the other hand, there are offers from various African traders already, prices based on last year ending contracts. For example, prices are mentioned for Nigeria product already between Usd 2050- and 2100 per ton.

Demand: Most buyers are covered for their nearby shipments (1st quarter) and partly for 2nd quarter

but they are also awaiting for kernel prices to ease. How realistic is this going to be, will be known in a

couple of weeks. We do not expect big changes in the nearby future unless something dramatic and unforeseen will happen. World supply should grow slightly while demand is expected to show growth

as well (kernel exports for 2017 compared to 2016 was up slightly).

Consumers so far are not seen to reduce their consumption because of the higher kernel prices, whereas European consumers of course have an advantage of the stronger Euro now. Kernel shipments from Vietnam will be down in February because of the TET holidays in February.

Our recommendation would be to be covered until April and watch the market closely from April onwards. When calculations allow, probably take cover up to 50-60% of your requirements.

Now the focus shifts to all interesting conference (WCC) in Macau next week:

<http://www.cashewconvention.com/>

Source: Kees Bokland, Global Trading Agency, The Netherlands

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Market was quiet during the week as prices were higher and buyers could not confirm the offer. To seller it is reasonable to offer at such levels as they had paid very high prices for RCN, but again most of the buyers were away from the market. Medium packers traded W240 at usd 4.85, W320 at Usd 4.65 per lb fob and prices offered by top and reliable packers were at Usd 4.95 for W240, W320 at Usd

4.75/4.80 per lb fob for March shipment without being confirmed by buyers. Towards the end of the week, offers were mainly for end of February and or early March shipment but prices were somehow

higher a little in comparison with traded levels, forcing buyers not to confirm the offer.

RCN prices are still high and offers are being made without being interested by packers. Packers see no reason to chase RCN at current high level as they can wait till new crop is available. All indications with regards to new crop are so far ok, with good development. Cashew trees are flowering but it is too early to say whether Vietnam will have a good crop or not. Very limited arrivals of new seeds come to the market but the quantity is too small to mention about.

Source: Mr. Kim, Khiem Nguyen Co., Ltd, Vietnam

Kindest regards,

Paul, Nurcan, and Mark

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