

Dear Client,

Please find below our latest update about the cashew market.

RCN Market:

The last of the Vietnamese and Cambodian RCN crop is being handled now, but arrivals are of limited tonnages and quality not a lot better, outturn around 23-24%. The province of Binh Phuoc is almost done while the province of Dong Nai is still producing some quantities. Still the province of Dak-Lak to come after Dong Nai and processors are concentrating to buy from this area these days. The prices are increasing with regards to early April 2018 shipments, it is reported around VND 51.000//US\$ 2.236,== per metric ton for outturn 51-52 lbs. In addition to this, the area only gives a rather small quantity around 25.000 metric tons, quality is less than provinces like Binh Phuoc and Dong Nai, with a higher percentage of blemished kernels.

Most of the big//medium shippers//processors stopped buying seeds from the local production due to low outturn and limited quantities and additionally they will look for their next cover from Africa.

They all know the next move will be to start buying more from Africa, but the market is reacting already quite vividly (increases of 30/40 U\$ which makes buyers stop purchasing due to the fact that at these levels they cannot make parity with the kernel prices. IVC 47/200 traded at U\$ 1.850,== went up to U\$ 1.890,==/U\$ 1.900,== but softening again to us U\$ 1.850,== proving more or less when final buyers of kernels will start buying the RCN, the price will move up quickly as well. Some RCN dealers are taking the risk to ship goods and try to sell them off afloat, which can give various outcomes.

A lot of IVC RCN is brought to Ghana to avoid the high export tax duty, therefore we will see an increase of Ghana as export country.

Kernels Market:

In recent weeks prices have increased from U\$ 4,20 to U\$ 4,40 per lb for W 320, others grades pro rata. A few reasons for this are:

- Lot of buyers who have been following declining price levels started to cover their needs
- Processors parity is around U\$ 4,40 for W 320 in comparison with current RCN price levels

After this the market turned quiet again, nobody chasing this market, but we still feel most of the coverage still needs to be done as from June 2018 onwards, especially in Europe. Sellers expect higher levels, buyers lower levels, this basically means that the market will remain on average price levels for W 320 between U\$ 4,35 and U\$ 4,50. The variation will

be for specific grades, namely surplus of W 240, shortage of W 450 – WS and LP remain very firm and steady on supply and prices.

Australian market is active and all buyers have been buying these days to cover some quantity for their needs, however due to Australian currency being weak in comparison to U\$ then they cannot buy much.

Chinese buyers start buying again since last week, they were paying medium good shipper W 320 at U\$ 4.63 tin can and top packer at U\$ 4.72 tin can. They did not buy much but it seems they will buy more this week.

Prices as indication as follows:

- W240: U\$ 4.68
- W320: U\$ 4.50
- W450: U\$ 4.36
- LBW/SW: U\$ 4.20
- WS: U\$ 4.35
- LP U\$ 3.60
- SP: U\$ 2.60
- BB: U\$ 1.80

Up to now we have not seen the potential of kernels price up to U\$ 4.70-4.75 for W 320 yet, right now even U\$ 4.56-4.60 is very difficult to achieve so we think RCN price should be down a bit compared to current level unless there is more demand for kernels in the coming weeks at level U\$ 4.45-4.55 for w320.

Vice versa, we see there is strong resistance from African seed traders for lower price compared to current price (U\$ 1850 per metric ton for IVC 47/200) so kernels price will be difficult to come back lower than U\$ 4.40-4.55 from medium to top packer. This year the game is between good financing companies, there is not many place for small traders.

Aldebaran's view and advice:

- **For specific grades like W 240, W 450, WS and LP make sure that you keep very much updated.**
- **We feel that the market has been set and will remain between for W 320 U\$ 4,35 and U\$ 4,55 max.**
- **Prices will remain pretty stable and you don't need to cover more forward than 3 months.**

- **Only price increasing factor could be that kernels demand pushing prices up in RCN, due to the fact of hardly any large stocks available nearby Vietnam//India.**

Prices for second half 2018.

W 240 - U\$ 4,65

W 320 - U\$ 4,50

W 450 - U\$ 4,45

WS - U\$ 4,40

LP - U\$ 3,60

Other sources:

Vietnam:

Market was active during the week as most of buyers from main buying destinations were active.

Main grades traded were W320 and WS. W320 traded at around U\$ 4.40; WS traded at U\$ 4.25 per lb FOB for May shipments sold by medium packers. Top and reliable packers trade few cents per lb higher i.e. W320 at U\$ 4.50, WS at U\$ 4.35 per lb FOB for May and June shipment. Towards the end of the week, offers from medium packers continued

to be at the market but buyers did not confirm the deal.

In general market will continue to get supported as both buyers and sellers do not have forward contracts. The inventories from importing origins are not yet full, so need to build up. Market will probably be interesting in the coming weeks as each demand from buyers will be strongly supported with stable prices; otherwise, prices will slowly come down.

Local market was firm thanks to good demand from exporters.

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

There was more life in the market this week as many processors marked up prices in response

to buying from the USA. We think that the buying is not an indication of more belief in cashew

prices, but simply that the calendar caught up with buyers who have been reluctant to move thus far. It looks like some overly optimistic estimates of crops in Vietnam and Cambodia have caught up with their authors too. Our guess is that very few observers believed the initial

big numbers and this forecast change will have little influence on the market. Or is it a case of

one figure when buying and another when selling?

The crops appear to be progressing well elsewhere with West Africa likely to produce

another

record crop. It is difficult to judge the quality aspects, but the position in terms of the weather is no different from normal. However, when the infrastructure is weak the longer the nuts are left at origin the more likely there is to be deterioration in quality. Shipments of RCN are behind last year's levels according to official statistics, but contract registration has accelerated in the past two weeks indicating that buyers have come to the market. RCN prices

do not seem to have changed in the interior in West Africa and continue to test minimum levels set by governments except in Guinea Bissau where the initial minimum level is far too high and speculators are discounting it.

Our read on demand is that it is steady, but not strong with off take in Europe down a little. Buyers do need some cover, but generally are prepared to take their time and buy according to their internal coverage rules. It's difficult, on what we know now to see prices taking off but at the same time support levels are within 10% of today's prices. There seems little reason for

drama at present, probable small surplus on paper will only weigh heavily when it makes it to market, lots of rumour on quality of RCN, but that can be solved by reducing the price, processors might behave differently, if they can liquidate high priced RCN stocks. Kernels prices range bound between waves of buying, but it could be a long summer for sellers looking to Europe and the USA.

Source: James Fitzpatrick, Ingredient Sourcing Solutions

Guinea Bissau:

There has been a breakthrough on the political front in Guinea-Bissau.

The president and the major political parties have been at loggerheads for the past few months, effectively deadlocking the formation of a new council of ministers.

To break this deadlock a new consensus Prime Minister, Veteran Aristide Gomes, has now been sworn in and has promised to form a new government within the next few days.

It is expected that the issue of minimum price for cashew will be taken up as soon as the new

ministers take office, perhaps as early as next week.

Meanwhile, farmers are realizing that the market is not on an upswing this season, at least not right now. So their expectations are becoming more realistic, despite urging by their leaders to hold fast to the declared price of 1000 cfca.

Source: John Rao, Bijagos, Comerciais, S.a.r.l.

Cote d'Ivoire:

- Prices are coming down
- Goods are available everywhere, but no money to buy and quality coming down
- The middle and upper belt is getting prices at 500 fcfa/ kg, the eastern near the border area is between 500 to 600 fcfa/kg
- Delivering in Abidjan is slow. Rejection of trucks, as humidity is more

Source: William Awudja, BPS, Cote d'Ivoire

Pls kindly see below statement for import/export of RCN and kernel up to March 2018 and our comparison between 2017 & 2018 in attachment for your information (including 3 sheets):

STATEMENT OF IMPORTING RAW SEEDS IN VIETNAM UP TO MARCH 2018

1. Quantity Import

Month	Volume (Mt)	Compare to same previous 2017 (%)	Average Price (USD)	Compare to same previous 2017 (%)
1	95,092	85.21%	2,263	39.86%
2	45,664	7.27%	2,243	12.54%
3	65,123	-13.07%	2,015	4.07%
4 (estimate)	95,000	-7.56%	1,980	5.66%
TOTAL	300,879	10.78%	2,125	14.56%

2. Top 10 Biggest Importers

Month	Top 10 Biggest Importers (Members of Vinacas)
1	Da Kao, Hoang Son 1, Cao Phat, Long Son, Hoang Ha Binh Phuoc, Tan Hoa, Duy Linh, Phu Thuy, Kieu Loan, Hai Long
2	Long Son, Kieu Loan, Da Kao, Thao Nguyen, Cao Phat, Phuc An, Hoang Son 1, Tan Hoa, Dai An, My Le
3	Duy Linh, Long Son, Hung Phu, Huynh Minh, Kieu Loan, Quang Hung, Da Kao, Hoang Ha Binh Phuoc, Son Thanh Phat, Thao Nguyen

3. Importing Markets in March

TT/ S/n	IMPORT ORIGINS	VOLUME
	Tổng cộng (World Total)	65,122.62
1	CAMBODIA	41,220.00
2	MOZAMBIQUE	9,610.43
3	TANZANIA (UNITED REP.)	8,721.04
4	COTE DIVOIRE (IVORY COAST)	2,434.91
5	THAILAND	1,148.00
6	INDONESIA	774.17
7	NIGERIA	484.75
8	GHANA	460.79
9	LAOS	171.00
10	MADAGASCAR	69.63
11	GUINEA	26.91
12	SINGAPORE	1.00
	<i>--End of list--</i>	

STATEMENT OF EXPORTING KERNELS IN VIETNAM UP TO MARCH 2018

1. Quantity Export

(Month)	Volume (Mt)	Compare to same previous 2017 (%)	Average Price (USD)	Compare to same previous 2017 (%)
1	31,744	78.19%	10,239	12.04%
2	16,335	21%	10,271	13.27%
3	30,977	26.83%	10,035	5.83%
4 (estimate)	31,000	7.21%	10,025	3.74%
TOTAL	110,057	30.01%	10,143	8.62%

2. Export Markets

2.1/ USA

Month	Volume (MT)	Compare to same previous 2017 (%)
1	8,610	56.04%
2	4,469	19.12%
3	11,089	30.68%
4 (estimate)	12,000	24.57%
TOTAL	36,169	32.06%

2.2/ China

Month	Volume (Mt)	Compare to same previous 2017 (%)
1	6,270	81.64%
2	1,850	-19.9%
3	2,310	-22.16%
4 (Estimate)	2,500	-9.94%
TOTAL	12,930	12.39 %

2.3/ EU & other markets

Month	Volume (Mt)	Compare to same previous 2017 (%)
1	16,864	90.68%
2	10,016	34.67%
3	17,577	35.52%
4 (estimate)	16,500	-0.04%
TOTAL	60,958	33.21%

3. Markets Ranking

Month	Top 10 Biggest Markets
1	USA, China, Netherlands, Singapore, Canada, UK, Thailand, Australia, Germany, Italy
2	USA, Netherlands, China, Singapore, UK, Germany, Canada, Italy, Russia, Australia
3	USA, Netherlands, Singapore, China, UK, Germany, Canada, Australia, France, Italy

4. Enterprises took part in Exporting

Month	Top 10 Biggest Exporters (Members of Vinacas)
1	Olam VN (IZ Bien Hoa II), Thao Nguyen, Olam VN, Long Son, Long Sơn Inter Foods, Hoang Son 1, Minh Huy, Da Kao, Cao Phat, Duy Duc
2	Olam VN (IZ Bien Hoa II), Long Son, Cao Phat, Olam VN, Hoang Son 1, Long Son Inter Foods, Thao Nguyen, Minh Huy, Da Kao, Duy Duc
3	OLAM (IZ Biên Hòa II), Long Son, Olam VN, Long Son Inter Foods, Hapro (North), Rals Vietnam, Hoang Son 1, Da Kao, Thao Nguyen, Cao Phat

5. Exporting Markets in March 2018

TT/ S/n	Export market	Quantity (Mt)
***	World total	30,977.05
1	UNITED STATES OF AMERICA	11,089.42
2	NETHERLANDS	3,014.94
3	SINGAPORE	2,178.97
4	CHINA	2,310.41
5	UNKNOWN	1,361.77
6	UNITED KINGDOM	1,058.16
7	GERMANY	782.48
8	CANADA	732.72
9	AUSTRALIA	638.79
10	FRANCE	554.14
11	ITALY	659.36
12	ISRAEL	486.43
13	RUSSIAN FEDERATION	498.42
14	THAILAND	449.68
15	SPAIN	383.19
16	UNITED ARAB EMIRATES	378.50

Kindest regards,
Paul, Nurcan, and Mark
Trade department

Aldebaran Commodities B.V.
Rotterdam | The Netherlands

Direct +31-107620510 (Paul)
Direct +31-107620514 (Nurcan)
Direct +31-107620515 (Mark)

Aldebaran Commodities B.V., Maasstraat 17, 3016 DB Rotterdam, P.O. Box 23053, 3001 KB Rotterdam
Phone +31 (0)10 436 4937, **Fax** +31 (0)10 436 4865, **Internet** www.aldebaran.nl
Chamber of Commerce Rotterdam 24271671, VAT no. NL 8055.08.181 B.01