

Dear Client,

We hereby received the market report on cashews from our agent in Vietnam, which gives a few points to consider:

1. The Tanzanian Government decided to stop to sell the export of their crop at cheap levels, but now this crop has been purchased by the Tang Long Group. Which effect will this have?
2. It seems that everybody is in favor of a firmer market and enthusiastic to support this idea of TNT Group, does this mean they will be successful in this?
3. A big differential in price between the big and small producers, which indicates that the bigger shippers feel that there is a market to defend- which might not be feasible.

Aldebaran Commodities' view:

- We see plenty of RCN to supply the market, and demand is slow.
- Economy of China is weaker, which will have an effect on nearby demand.
- Buyers are anxious not to pay too much, and are not rallied into higher levels. Up to now, it is a good strategy to adopt an wait and see attitude.
- When you can accept goods from a smaller sheller there is a tremendous price difference.

In case you need additional advice or specific offers, we are here to do this.

QUOTE

Market these days in Vietnam seems excited with the news of Tan Long (TNT group) bought 176K MT Tanzanian crop 2018 and they declared that they will not sell at low price and wish to achieve around 1600 usd/mt selling to Vietnam and India. Meanwhile almost kernels buyers are watching market to see what happens next step. I saw market is firm and price is up a bit this week, Biz is mainly did for good and top sellers with shipment is Oct onward delivery. For nearby there is still quite some offer from small/medium packer are available and price is also firm or increase a little 2-5 cents here and there for any buyers who have demand for nearby. Almost big buyers are full up to Oct and have demand for Nov onwards. They are bidding 3.20-3.25 while packers ask at 3.25-3.40 for w320 from medium to top packer so there is not many biz done.

On 6th Aug Vinacas held the meeting of about 30 biggest processors to discuss about market and market trend in future. I heard Tan Long's chairman (Tan Long is belonging to TNT group) declared that they bought 176K mt Tanzanian new crop and appointed 11 vessels to Tanzania to take these quantity during Sep and Oct. We think with this big volume plus 40k mt he bought from IVC and GB this year then they can make some impact to the market. Market should be up if he can guide the market and not in pressure to sell as small/medium factory. TNT is big group in Vietnam, they have SHB bank and very strong in agriculture product. They are biggest rice exporter in VN and they also import very big volume of cattle feed from Africa. They have big bonded warehouse with capacity of 300K mt storage. They have long time experience on agriculture products and trading in Africa. For

cashew they just do some small biz 3-4 years recently. This year they decide to do bigger with the advantage from their good relationship with VN and Africa government. They also employed some experienced staffs from cashew industrial to help them for their biz. However I think buying big volume like 216k mt rcn this year is considered very big challenge. It is interesting to wait and see if they are really strong competitor to big group and big RCN traders in the World.

For reaction from Vietnamese processors, almost packers are enthusiastic and support Tan Long except packers who are also seed traders. I think Tan Long needs more time to be in tune with cashew biz as it is not easy and very tough these days with strong competition and chaos political situation in the World. It is good if they are big competitor with other big company in cashew market to make positive counterbalance.

Coming back to cashew market, RCN price is increased these days but it is affected much by some seed traders who have good stock of rcn and try to push up market to get profit. When they are saying to market that there will be shortage of rcn in VN and India then all RCN traders also try to offer higher level and processors keep offering higher price for kernels as well. I saw demand of kernels is steady, buyers are not in hurry to increase their price, except any buyer who need cargo to deliver for their contract with their customer. I also saw many big buyers are well cover until Sep, Oct and they are most looking for Nov onwards shipment. In Vietnam, many packers are also well sold until Oct and some until Dec.

Price of rcn is offered for Guinea Bissau 53 lbs at 1465 usd/mt and 52 lbs at 1450 cnf HCM. There is offer in domestic market GB 53 lbs at 37,000 vnd/kg but very difficult to sell at this level. There may be buyer who process and sell kernels to China market can afford this price. Price of Tanzanian rcn 2018 crop is offered at 1435-1465 from seed trader who bought some quantity from Tanzanian government. If basing on these prices then parity for w320 around 3.40-3.50 usd/lb fob. We heard quality of Tanzanian rcn 2018 crop is still good, outturn is down 2 lbs compared to last year quality but color and taste of kernels is still good. There is selling demand for IVC 40-41 lbs but very less buyer to buy this quality as they cannot afford with off grades after processing this quality.

Indonesian crop is coming and arrival is increase day by day. Price collect from farm is increased this week. I heard there is offer at 1500-1700 for 52-54 lbs depends on area and payment term...but seems no buyer yet as they cannot make parity with kernels price at the moment. There should be more offer coming to the market in the middle of Aug and I heard many Indian buyers try to buy from Indonesia this year as they need good rcn.

Quantity of imported rcn to Vietnam in Jul estimates around 230,000 mt. Exported kernels in Jul around 46,500 mt, increase around 34.5% compared to Jul last year. This year big rcn quantity is in hand of big processors/trader, small processors don't have rcn and they need to buy from domestic market. Due to big loss last year, small processors don't play game/speculate and more careful to buy rcn and sell kernel immediately to make safe for them so RCN traders cannot sell at higher level compared to parity level, this is why these days some big seed traders in Vietnam try to push market up but they still not easy to sell at expected level as foreign traders offered cnf price I mentioned

above. For IVC/Ghana 47 lbs is traded in domestic market at 28,500-29,000 (1228-1250 usd/mt ex-factory) and 48 lbs at 31,000 vnd/kg (1336 usd/mt ex-factory). While offer for cnf hcm it is around 1300 usd/mt for ivc/Ghana 47 lbs and 1350 usd/mt for ivc 48/200, buyer need to add 40 usd/mt for handling fee to their warehouse.

Kernels price is traded at 3.10-3.25 from medium to good packer for Aug to Sep and 3.35-3.40 from top packer. There is demand for Nov to Mar w320 at 3.25-3,28 and w240 at 3.50 – 3.55 but not many seller want to do these levels and they ask 3.30-3.45 for w320 and 3.55-3.60 for w240. I think buyer covered good volume already so not easy for them to increase price as expected from some packer in VN like 3.50-3.60 for w320 fob price. Beside this supply of RCN this year is quite good compared to kernels consumption then buyers are not in hurry to buy if they see price is high

For broken grades there is still quite some stock of ws and big stock of LP, SP. Buyers see price is attractive but due to food safety and claim from their customer about foreign matter so buyers are careful to buy from good packers, good quality. Price is very difference from good/top packer compared to small/medium packer on broken grade. WS is traded at 1.85-2.05 and LP at 1.40-1.60 from small/medium to good/top packer.

Other grades like SP and BB seems no buyers for long time already.

We have offer at level below from medium to top packer:

- W240: 3.45-3.60
- W320: 3.12-3.40
- W450: 3.15-3.20 (not much stock available)
- LBW320/SW320: 2.70-3.00
- WS: 1.85-2.20
- LP: 1.40-1.70

UNQUOTE

Kindest regards,
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Trade department

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