

In general we can say that the market has dropped a little since my visit to Vietnam, all RCN prices and kernels prices are down somewhat. This seems to us expected, because market rose too quickly and a little bit overheated.

### **RCN market:**

There are quite a lot of offers for Guinee Bissau and Ivory Coast these days, price is down a bit although still high for processors in India and Vietnam. Guinee Bissau is offered at US\$ 1750 – 1800 for 53-54 lb outturn, Ivory Coast is offered at US\$ 1570 for 47 lbs outturn and US\$ 1460 for 45 lbs with small quantity. Traded IVC 48/200 at US\$ 1590 and 47/200 at US\$1560 cif HCM from reliable sellers this week. Based on these prices processors would need to sell W320 around 3.85 – 3.90 to make parity. The crop in Vietnam and Cambodia seems to be coming to the end, not much stock for sale and buyers concentrate on Guinee Bissau seeds for now. As price of kernels is going down then we heard there are some default on high priced RCN contract from unreliable buyers.

Up to now we think the production of Vietnam RCN this year is short of around 12% and quality is down 7% compared to last year, there will be more lower grades and less white whole grades. The crop in IVC may be less 10-15% (this is from reliable sources in IVC).

### **Kernels market:**

#### **Vietnam**

The last few weeks the market has been fairly quiet and this week there are some buyers come to buy as they think price is reasonable. Following FOB prices are being mentioned

W240: 3.90 – 3.95

W320: 3.75 – 3.85

LBW: 3.65

WS: US\$ 3,25

W450: 3.78 early last week but this week there is bid at 3.65 without confirmation from seller

There is not much demand for broken kernels these days or DW grades while there is quite some inquiry for W450 but due to price is high like 3.70 – 3.80 FOB then buyers do not accept and wait.

There is pressure to sell kernels promptly because there is big quantity of imported RCN is arriving in Vietnam, processors need money to pay for imported seed so they have to accept to sell kernels at low price to get money. Some packers with good financing then will not accept to sell low price like below 3,80 usd/lb for w320.

In the last few days the domestic market is going up a bit compared to the previous week, because many packers who have old contracts need to cover to perform their shipment (recently many packers sold at 3.77-3.80 for W320). Due to

price of kernels cannot make parity with RCN then just some packers come to buy kernels then price is up immediately. Many small processors stop working as they cannot make any profit and even lose money if they process more.

Chinese does not buy much these days. They only concentrate to buy from their traditional seller. Biz traded for China at 9.10 usd/kg for W240, 8.90 for W320, 8.60 for W450. (packing in tin and payment in advance)

We saw the tendency of waiting for lower prices from buyers like W320 is lower than 3.80 while many processors still think market price will go higher again and should be maintain at around 3.85 – 3.90 for W320. The demand of kernels over the world we saw up to now is still good.

In our mind remains, due to price of RCN is very high then packers need to reach price 3.80 – 3.85 for W320 from medium and 3.90 – 3.95 from top to survive.

### **India:**

The market has been extremely quiet on the export side with very few offers and the offers which we have seen have been much higher than offers from Vietnam. Production in Kerala is very low so most processors do not need to sell

The local kernel market between processors and exporters has also been quiet with isolated trades this week, basis today's exchange rate of 67.03 rupees=\$1,

W240 at \$4.25

W320 at \$4.12

Last Thursday there was a meeting of the CEPCI which agreed to form a committee to approach the Indian government to 'roll back' the introduction of the import duty on raw seed. This is obviously a step in the right direction for the cashew

processors throughout India, but we doubt that it will be easy to get the government to change its mind when the duty will bring in much wanted funds to the government coffers. One other announcement yesterday is the intention of the Kerala

government to re-open the KSCDC factories by the end of June. KSCDC are to float an immediate tender for 5000 mts of raw seed and say it their intention to process between 20-25,000 mts of raw seed before Onam (beginning of September),

which seems rather ambitious but is possible. Certainly, this interest/requirement for raw seed will further tighten an already difficult raw seed situation in India, and push prices on seed within India to higher levels and could push raw seed prices

higher for the world markets, particularly if it is the intention for KSCDC (and possibly CAPEX) to continue to maintain production at this level after Onam.

**Aldebarans view:**

At the moment most buyers are covered for the position until and including August//September 2016 on paper, but reality is that they are not getting their deliveries for nearby shipments. Due to high increase in prices during April//May 2016 shellers//packers have also purchased a lot of RCN and these contract will be fulfilled at high prices of course.

Our believe is that nearby spot Rotterdam will remain high, immediate deliveries US\$ 4,25 for W 320 base, but could decrease to levels of US\$ 4,10 for periods second half July, August 2016. For periods August thru to December 2016 market remain at levels around our point 3, but unexpected causes could have an sudden increase in price- percentage chance wise I would put that at 40%

The next 6 weeks will give us a clearer picture what will happen for the availability for the next 6 months.

*Kindest regards,*

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