

Dear client,

Please find hereby enclosed the latest update about the cashew market.

### **RCN**

As per our last report we were not sure yet how the crop in Vietnam would come out, but the latest news is – also confirmed by many visitors last few weeks to Vietnam – that the Vietnamese crop seems to be down between 30/40% from last year and of a poor quality (see photos attached). This means basically that this Vietnamese crop probably will be used/finished at the end of June/middle of July 2017 and as from that time onwards, until next year 2018 April/May Vietnamese shellers will fully depend on importing mostly West and East African RCN.

Although a month ago we had a slight dip in RCN prices, as from now onwards it seems a pretty firm market development. The slight dip was also caused by the poorer quality appearing from RCN imported.

The main problem which appeared last year in cashew kernels export, was the extreme poor quality from Vietnamese exporters. For Cambodian cashews higher prices are also being paid.

Raw cashew nuts from West Africa will arrive in April/early May 2017 and are being quoted as follows:

IVC	48lbs	USD 1,870/MT
Nigeria	47lbs	USD 1,730/MT
Benin	49lbs	USD 1,900/MT
Ghana	49lbs	USD 2,040/MT

It seems that Vietnam needs to import 1.5 million tons, which seems high, while a total exportable crop from East and West Africa seems to be around 1.6/1.7 million tons on 2017. India will need to import at least 5/600.000 MT.

When we make our calculations, than we only can establish that there will be pressure on buying RCN from mostly Africa, surely driving prices up. Furthermore, there are reports now that there is heavy rain in IVC, Togo and Benin, reducing crops there as well?

## **KERNELS**

### **Europe**

The market information we gave you as per our last report was pretty much correct, but must say the demand for nearby positions March/April was even higher than we expected and we can safely say now that the pipeline is empty for afloat and spot material.

Price levels have increased tremendously WW320 US\$ 4,95 - WW450 sold out – WS sold out - scorched grades also at the end – Afloat nearby is being sold every time we offer on the market.

Our expectation was that levels would ease of as from May onwards, but must say now that we changed our mind about that. The basic question remains, will consumer demand remain and therefore paying higher prices continue?

### **Vietnam**

Following price indications:

WW240 at \$5.20/5.30 per lb fob

WW320 at \$4.70/4.80 per lb fob

WS at \$3.70/3.80 per lb fob

LP at \$3.25/3.30 per lb fob

And good acceptable medium packers

WW240 at \$5.17/5.25 per lb fob

WW320 at \$4.68/4.70 per lb fob

WS at \$3.70 per lb fob

LP at \$3.17/3.20 per lb fob

### **India**

Slightly better prices than Vietnam, but only limited to WW240 WW320 and WW450, no scorched grades.

### **ALDEBARAN'S MARKET VIEW**

- It seems that the firm market will continue, even after May 2017 onwards. Problem is that most shippers will not offer far way into 2017, because they are also confronted with the same RCN situation.
- Defaults on cheap contracts of kernels and RCN are definitely on the horizon.
- An old trader friend of us always stated in uncertain circumstances go to physical goods, at least you will have goods than at a price and when spot Europe you can also inspect them.
- When a sudden downward change in the market it can only be for positions July onwards, therefore we would not buy those positions.
- Until end of June 2017 fix your needs.

*Kindest regards,*

Paul, Nurcan, and Mark  
Trade department

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