

February 2022

Dear Client,

Hereby we share with you our latest update about the cashew market.

RCN

The crops in West Africa are arriving, and is predicting as a normal crop in volume, with potentially a little increase compared to last year. Due to the down trend of the cashew kernel market, a lot of offers are coming out on the rcn in trying to sell now and cover later on. This year with the continuing bad logistic situation and freight rates difficult to assess there are big risk in delay of shipments and indeed long transit times.

We are also seeing less buying interest compared to last year the same period, although the prices are far more favorable compared to months ago, reason for this also is lack of demand of processors. When processors do not see parity between kernels and RCN, they decline buying into the crop.

Prices given at the moment are:

- IVC 49/200 at 1220-1250 USD/MT
- Ghana 51/190 at 1300 USD/MT
- Ogbomosho 52/190 at 1300 USD/MT
- Nigerian 49/200 at 1180 USD/MT

The Vietnamese new crop will arrived early March 2022. Almost all trees in Dong Nai province are flowering, and although it is too early to say about the crop size, it seems very positive. And we hope the rain stays out to help giving the tress more production. Some areas in Binh Phuoc provinces are effected by prolonged rainfalls, which will effect crop size but doesn't seem to be developing in a big problem.

Cambodia crop will come out in in the second half of February , the peak season of course in March 2022. Some people think that prices of early Cambodian crop seed will be 185//51-52 lbs//which should come around u\$ 1350//1370 pmt. We expect the crop to be around 700-800 K mt.

According to the Vinacas report, import figures in 2021 is a sharp increasing with over 3.1 million tons which have a big increasing in Cambodia (above1 millions tons) that make many people suspect about this figure. We think the real import figure from Cambodia around 650-700 K MT only.

There is still big stock of RCN from biggest seed trader, it is estimated around 300K mt in bonded warehouse and is arriving at port soon. Many other big and medium processors will have enough RCN until Feb because from Oct up to now, buying demand is less and price is getting down every week, processor have been reducing their capacity to maintain RCN for their working until new crops come, they do not need to buy more rcn from bonded warehouse when they cannot sell kernels nor there is no parity between kernels and RCN, they process more, will lose more.

Kernel Market

The market in general has been quiet for some time now, although with some more activity last few weeks. Prices are showing a downward trend due to the situation in RCN//heavy tocks in Vietnam and also still some big stocks in USA and Europe.

Some buyers took advantage of the downward trend and took some cover for nearby shipments, which also indicates that most markets still need to buy big quantities. There are some indications that buyers are looking to the June through December 2022 position to seek some cover there, but buyers and sellers seem to be far apart.

There are some EU and US importers ask for delaying shipment for a few months because their roaster does not need product yet and freight rate this time is very high. We heard shipping lines intend to increase freight more for SH Jan and Feb. It was really crazy year 2021 for importers. Freight rate keeps increasing every month, lack of space, lack of container, rolling vessel, omit vessel...causing a lot problem and loss to Importer. Many importers are also facing difficulty of late payment from their buyers. There is shortage of labor in EU, US it causes breakage in supply chain at certain time, leading to unstable demand from kernels' buyers. We talk to some buyers and understand that the consumption in 2022 is predicted may be equal or less than last year 2021 because of inflation in USA and many other countries.

Traded prices as below:

W180: 3.80

W210: 3.58-3.60

W240: 3.20 with top packer, medium and small packers have stock but cannot sell yet.

W320: 2.65-2.90

W450: 2.60

WS: 2.12-2.18

LP: 1.70-1.80

Aldebaran's advice:

1. Market will continue the way it has been going for some time now, there seems to be enough cashews to buy, demand itself is relatively slow. Spot Europe plenty of stocks.
2. For Eu buyers the Euro/US-dollar is more of a concern, this dropped from 1,135 to 1,115 which is almost a 2 % increase in price.
3. Trend is also from EU buyers that they are buying more and more from shellers who are Sedex/Smeta certified, which also will effect buying from certain shellers.
4. European market is price driven, see the lack of activity on Indian cashews.
5. Seems sensible to take some cover for June thru December, but take a stop and buy spot/prompt attitude for the nearby positions.

Kindest regards,

Paul, Nurcan, Ronald, Wim, Lyubka and Orestis

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