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PERIODIC INFORMATION ABOUT CASHEW INDUSTRY

LƯU HÀNH NỘI BỘ/INTERNAL CIRCULATION HIỆP HỘI ĐIỀU VIỆT NAM/VINACAS*



THE CASHEW KERNELS & RAW CASHEW MARKET

No 7 - May, 2022

RECOGNITION, EVALUATION OF CASHEW MARKET

OF VINACAS INFORMATION COUNCIL

1 - RAW CASHEW MARKET

Raw cashews are being transacted at the following prices (C&F HCM):

Origin	Outturn (Lb)	Nut count	Price (USD/mt)
IVC	46	200	1300 - 1310
Ghana	47	200	1320 - 1340

2 - CASHEW KERNEL MARKET

Transaction prices are recorded as follows (FOB HCM):

Types of processors	W180 (USD/Lb)	W210 (USD/Lb)	W240 (USD/Lb)	W320 (USD/Lb)	W450 (USD/Lb)	WS (USD/Lb)	LP (USD/Lb)
BRC & Smeta	3.87 - 3.94	3.65 - 3.72	3.40 - 3.50	3.20 - 3.36	2.90 - 3.00	2.50 - 2.60	2.00 - 2.10
BRC	3.65-3.70	3.40 - 3.45	2.95 - 3.00	2.80 - 2.85	2.60 - 2.65	2.25 - 2.30	1.85 - 1.90
HACCP	3.55 -3.60	3.35 - 3.40	2.90 - 2.95	2.75 - 2.80	2.55 - 2.60	2.20 - 2.25	1.80 - 1.85

The prices of factories with BRC and SMETA certification are sold to high-end markets such as Japan, China, Arab world, etc.



3 - EVALUATION, RECOMMENDATIONS

a. Raw cashew market

The cashew crop in Vietnam and Cambodia has almost ended, most large and medium buyers have stopped buying. Currently, only a small quantity with low quality is harvested by farmers. The selling price of dried raw cashew nuts is around USD 1250-1280 per Mt/ outturn of 25%/ defective rate of 13 to 14%. Some traders have inventory of early-crop raw cashew nuts and sold them for \$1450/ton with outturn 30% (53lbs), 190-200 nuts/kg.

Regarding the West African crop: there are few offers as traders say they can sell to India at a better price. However, there were still some transactions last week. This week, the offering price is higher but there is no demand to buy at this price

So far, about 670,000 tons of IVC's raw cashew nuts have been purchased by traders and some experts say: In comparison to 2021, RCN production of IVC will be lowered by 150-200,000 tons.

b. Cashew kernel market

There were some transactions with EU, US, and Australia in April. Buyers realized that the price could not go down in the short term, so they bought and hoarded. Many medium and large-sized processors bought raw cashew nuts at the beginning of the crop and sold the cashew kernels until June-July. There are a few factories that sell small quantities until December and they can face the risk of loss. There are a few factories waiting for higher prices because they think the price of cashew kernels will go up. Most factories are cautious because the situation in the world, in general, may affect the consumption of nuts.

Factories are increasing the price of cashew kernels because most of the domestic market prices are good, there is no pressure to sell cashew kernels at low prices.

In the first quarter, cashew kernel exports from Vietnam decreased by 8.27% and the trend is likely to hold in the first half of this year. Western buyers also predict this year's consumption will decrease; Some people think it will reduce by about 10-15%.

The offers are higher this week. Many factories that bought raw cashew nuts at a good price in January have almost sold out the cashew kernels of that quantity, now they only offer cashew kernels at the high price of raw cashews to avoid losses. In addition, cashew shell prices also decreased compared to 3 weeks ago, the current shell price is 3700 VND/kg while last month was 4500-4700 VND/kg. This makes the price of raw cashew more difficult to balance with the price of cashew kernels.

c. Recommendation

There are rumors that there is a big shortage of crops in West Africa, especially in Benin.

Because of slow consumption in China and European markets, processors are hesitant to buy raw cashews at the moment. Small-sized processors are not purchasing as much RCN as they were last year, preferring to wait for purchasing the cargoes in bonded warehouses or afloat/ on-sea cargoes.

We all know that current raw cashew prices do not correspond to kernel pricing, but raw cashew nut prices are increasing every week.

This year, it is more difficult to get loans from banks, so it is difficult for enterprises in the cashew industry if they want to buy a large amount of raw cashew.

Furthermore, the sale of imported raw cashew nuts in the domestic market has decreased as tax, customs and public security authorities have tightened their inspection/control of import and export operations from local enterprises in order to prohibit the commercial sale of imported raw cashew nuts for the purpose of processing and re-export. This will affect the demand for raw cashew this year. If the price of raw cashew nuts and cashew kernels remains unbalanced like this, this year, Vietnam's cashew kernel exports will decrease, even higher than the figure of 8.27% above. Many small and medium-sized factories have been forced to close for the time being.





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INFORMATION FROM THE FOREIGN PRESS



1. THE INTERNATIONAL RAW CASHEW MARKET

India

According to some experts, this year's output is about 650,000 - 700,000 tons; about 100,000 tons less than forecast.

Guinea Conakry

It rains heavily in Kankan, the quality of Kankan raw cashews ranges from 42lbs to 45lbs, trading prices from \$1,200 to \$1,300 depending on the quality.

Bookings are very difficult and freights have been increased to 200 USD/TEU in May.

2. CASHEW KERNEL MARKET

India

Domestic demand for cashew kernels continues to be stable. Traders believe that the export demand for cashew kernels is likely to increase in the near future. However, the demand for W180, W210, W240 continues to be low.

3. MARKET RECOGNITION AND ASSESSMENT

Lower volume figures from West Africa have added stress to the raw cashew market. Prices have increased higher than the beginning of the season.

In April, the EU imported a lot of cashew kernels; The volume of goods imported into the US and Australia also increased over the previous month. Many buyers believe that the price of cashew kernels may not decrease much in the short term. Packers are cautious in doing business due to the complicated political and economic situation: Russian-Ukrainian military conflict and Western sanctions; inflation is spreading worldwide; higher transportation and fuel costs; economic activity slows down.... demand for nuts may decrease to shift to essential products.

The amount of cashew kernels which EU imported from West Africa increased; In addition to the reason that the selling price and freight is lower than importing from Vietnam, the buyer can also trade in Euros.

VINACAS office gathered from foreign newspapers



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Dear Members and Enterprises of the cashew industry,

From March 2021, following the direction of the leaders of the Vietnam Cashew Association, Periodic information "HẠT ĐIỀU" of VINACAS innovates the form and content to provide timely and accurately domestic and foreign market information and recommendations for members and enterprises in the industry. Enterprises synthesize other sources of information and base on their specific conditions to make decisions in production and business with the best efficiency.

In order to have a lot of reliable market information to provide members, enterprises will need many costs, while the budget of VINACAS is still limited; The Editorial Board of the Periodic information "Hạt Điều" is looking forward to receiving many comments and sponsorship to both introduce the products and the strength of their activities on the Newsletter and contribute to improving the quality of the Newsletter for more and more better respond to the needs of enterprises in the industry.

Very pleased to cooperate and accompany our Members and enterprises. Sincerely thank you !

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"Talk about cashew, think about Vietnam"