

# Vietnam Cashew Update

- Raw cashew nut prices have surged across most origins in recent weeks, driven by low end-season inventories and concerns over insufficient supply from the Southern Hemisphere to meet demand.
- Kernel prices have followed suit, increasing due to rising raw material costs and heightened domestic procurement.
- Global demand remains robust, with a significant number of transactions reported from buyers in Europe and the Middle East.

October 14th, 2024



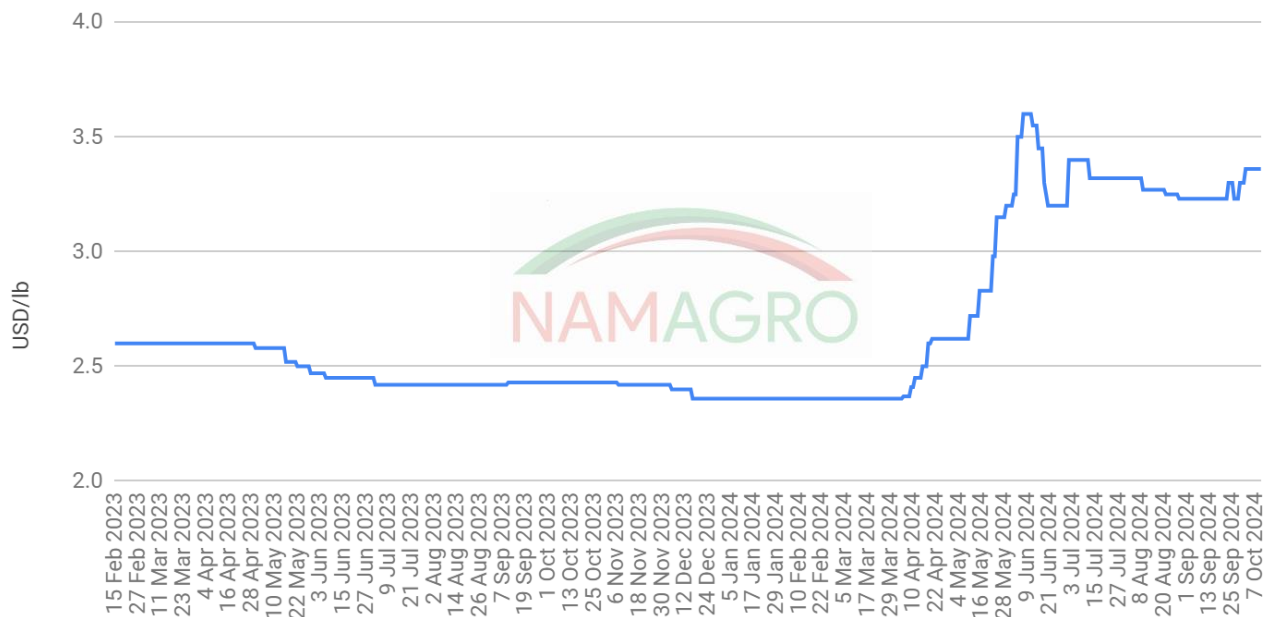
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## A. Price:

Price Fob USD/lb Carton packing 50 lbs		November 2024		
Date	14-Oct-2024			
Grade	BRC	Regular		
W240	3.60	3.58		
W320	3.36	3.30		
WS	2.35	2.30		
LP	1.85	1.85		
Offers are subject to reconfirmation and till stocks being unsold				
Offers are for AFI 2012 standard				
For special tests such as Micro, Mycotoxins, Pesticides please get in touch				
Trend BRC W320				
Date	14-Oct-2024	13-Oct-2024	7-Oct-2024	14-Sep-2024
Grade	Today	Previous Day	Previous week	Previous month
W320	3.36	3.36	3.36	3.23
Change	0	0.00%	0.00%	4.02%
Trend Regular W320				
Date	14-Oct-2024	13-Oct-2024	7-Oct-2024	14-Sep-2024
Grade	Today	Previous Day	Previous week	Previous month
W320	3.30	3.3	3.3	3.2
Change	0	0.00%	0.00%	3.12%

### W320 BRC shippers



\*Source: Prices are indicative and are taken from Namagro trades and market feedback.

## **B. Supply Side**

### **B1. Raw Cashew Nuts:**

<b>Country</b>	<b>Out turn</b>	<b>Price USD/MT BWH</b>	<b>Change</b>
<b>IVC</b>	45	1,570	Increase
<b>Indonesia</b>	52	1,925	Increase
<b>Tanzania</b>	52	2,100	Increase

Source: Namagro traded prices and offers from various RCN sellers

The raw cashew nut market, after a period of quiet, is now experiencing a price surge across most origins.

Indonesian raw cashew nuts are currently priced at \$1,925-1,960+/MT for 52-53 lbs quality, while Tanzania is seeing prices between \$2,000 and \$2,100 USD/MT. Offers from West African origins are limited, with few high-quality goods available.

The price increase is driven by low end-season inventory from the Northern Hemisphere, raising concerns about global raw material shortages. Furthermore, Southern Hemisphere crops may not be sufficient to meet current demand, adding further pressure on supply.

Rising import demand from India, driven by domestic consumption needs, particularly in preparation for Diwali and the post-festival period, combined with limited domestic supply, is also pushing prices higher.

Despite the ongoing price surge, demand for raw materials in Vietnam remains slow. Actual transaction volumes are low, as local processors struggle to balance costs with current kernel prices and export demand. In September, Vietnam imported 169,800 tons of raw cashews, a 19,6% decrease from the previous month, according to customs data.

### **B2. KERNELS:**

Since late September, the Vietnamese cashew market has been experiencing an upward trend, with prices increasing by 15-20 cents for common grades. W320 is currently priced at around \$3.35/lb - \$3.50/lb FOB (BRC quality, AFI standard), while WW240 is offered at approximately \$3.65-\$3.75/lb FOB.

This price increase is driven by a combination of rising domestic procurement and concerns over global supply constraints. Raw cashew materials are particularly scarce toward the end of the season, making it difficult for many processors to maintain a stable supply due to limited stock.

With raw material prices on the rise, local kernel prices have also seen a significant increase

this week, following the upward trend in raw material costs. The local market has become more active in recent days, with an increasing in purchasing activity. Small local processors producers, encouraged by the rising cashew prices, have resumed operations.

The fluctuations in cashew prices have prompted some Vietnamese exporters to pause their offers as they reassess market conditions. Several small and medium-sized processing plants have halted offerings until next year, recognizing that they lack sufficient material supplies to meet their processing needs for the remainder of the year.

Due to market uncertainty and concerns about future volatility, many Vietnamese processors are hesitant to commit to shipments scheduled for early next year.

Currently, kernels prices are still at disparity to inshell prices. With the reduction in in-shell imports, processors may no longer need to resort to distress sales, where kernels are sold at lower prices to raise funds for clearing in-shell shipments. For these reasons, kernel prices may need to rise in the coming months to ensure that processor margins are maintained.

Additionally, due to the high demand for shipments during year-end festivals, shipping costs to Middle Eastern countries are expected to increase by at least \$200 for 20-foot containers and \$400 for 40-foot containers.

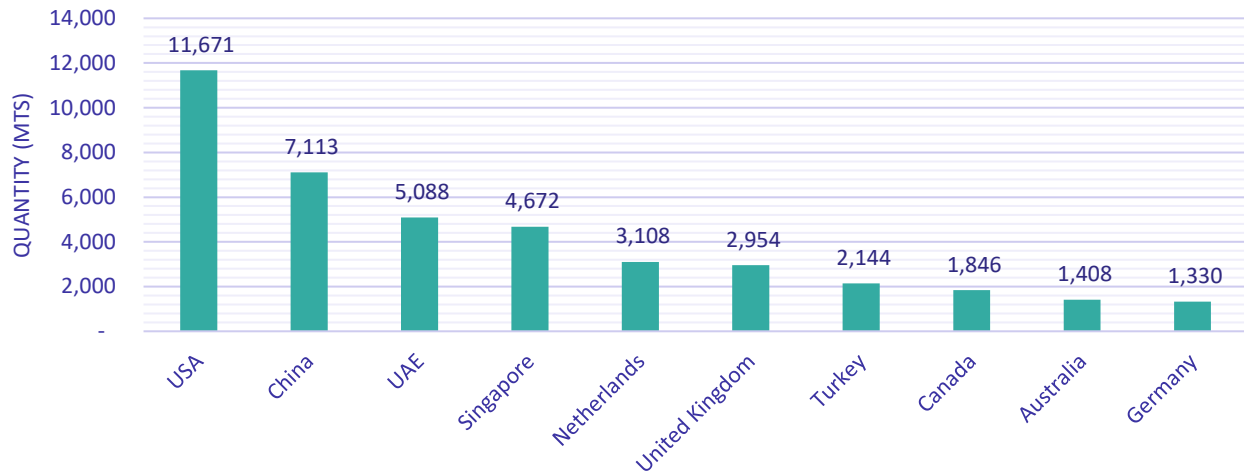
### **C. Demand:**

The global market is entering a seasonally strong period for cashew demand and consumption, with steady demand in key markets such as Europe, the U.S., and the Middle East.

Moreover, demand from Middle Eastern and Asian countries has recently increased, driven by preparations for the upcoming winter and year-end holidays. However, with spot shipments still limited, most processors are now focusing on November offerings. This may result in potential supply delays as the year-end holidays approach.

Rising prices have likely influenced the purchasing behavior of some buyers, prompting them to make purchases out of concern that cashew prices may increase further in the near future. As a result, buyers are now more willing to accept current price levels.

Based on customs data, Vietnam exported 57,059 tons of cashew kernels in September. The top three import markets were the USA with 11,671 tons, China with 7,113 tons, and the UAE with 5,088 tons. Shipments to European countries also saw a slight increase in September compared to the previous month.



In September, Vietnam exported 57,059 tons of cashew kernels but imported only about 169,800 tons of raw cashews. Given that it takes 4-5 kg of raw cashews to produce 1 kg of kernels, the current import volume is insufficient to meet export demand, signaling potential market volatility in the near future.

## D. Our View:

- Raw cashew nut prices have surged across most origins in recent weeks, driven by low end-season inventories and concerns over insufficient supply from the Southern Hemisphere to meet demand.
- Kernel prices have followed suit, increasing due to rising raw material costs and heightened domestic procurement.
- Despite these price hikes, global demand remains robust, with a significant number of transactions reported from buyers in Europe and the Middle East.

For any questions or comments please feel free to contact our cashew team:

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