



## **Weekly Vietnam Cashew Market Update. 1- June -2020**

**India : Eases Lock downs. Supply and Demand to improve.**

**Vietnam : Small processors willing to sell cheap to pay for the incoming raw seed from Africa.**

**Arbitrage : Indian kernel prices significantly higher to Vietnam even after adjustment for quality.**

**Raw seed : Guinea Bissau -Starts its marketing season. Incoming Quality significantly drops in other West African origins.**

1. Raw seed prices in origin remain firm and out of parity for Vietnam kernel processors.
2. We are not bearish :
  - 2.1 Raw seed prices in parity with Indian kernel prices which are more than 30 cents above Vietnam kernel prices.
  - 2.2 As soon as buying activity starts Vietnam prices of kernel will rise as Vietnamese processors do not have raw seed in stock or much inventory on the way.
3. W320 at 2.70 bottom has been tested twice in 2020 and markets sharply rose after that. We expect 2.70 to become a strong resistance and therefore we recommend buyers to maintain coverage . We may see couple of cents weakness but one can never catch the bottom; can one?

**Inside:**

**A. Price**

**B. Supply**

**C. Demand**

## A. Price

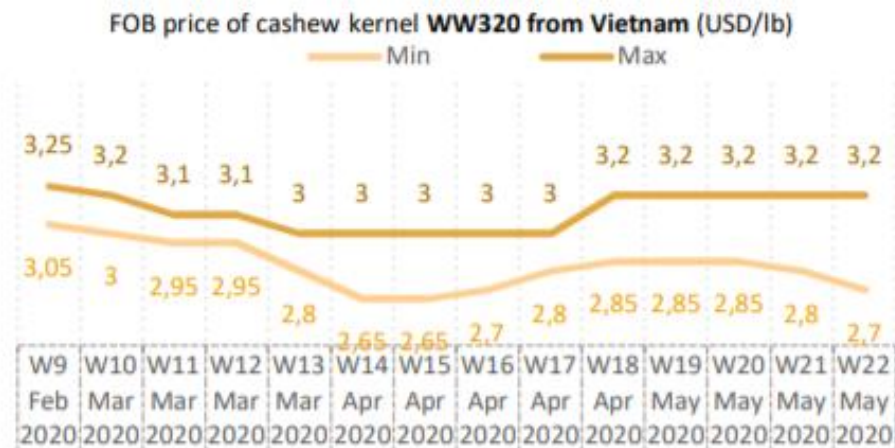
### 1. Cashew Kernel offers

Price Fob USD/lb Carton packing		June/Jul		
Date	1-Jun-2020			
Grade	BRC	<b>Regular</b>		
W240	3.32	<b>3.22</b>		
W320	2.9	<b>2.7</b>		
WWS	1.55	<b>1.45</b>		
LP	1.1	<b>1</b>		
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				
<b>Trend BRC W320</b>				
Date	1-Jun-2020	31-May-2020	25-May-2020	2-May-2020
<b>Grade</b>	Today	Previous Day	Previous week	Previous month
W320	2.9	3.05	3.05	3.05
Change	0	-5.17%	-5.17%	-4.92%
<b>Trend Regular W320</b>				
Date	1-Jun-2020	31-May-2020	25-May-2020	2-May-2020
<b>Grade</b>	Today	Previous Day	Previous week	Previous month
W320	2.7	2.75	2.75	2.85
Change	0	-1.85%	-1.85%	-5.26%

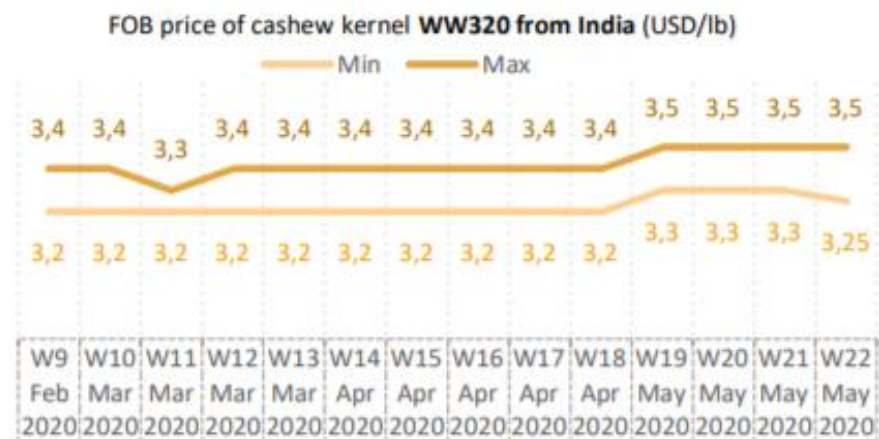
After few weeks of recovery, market has softened again . After a short wave from US/EU buying , it is quiet once again.

Source: Namagro actual trades.

## 2. Trend Cashew kernels



*BRC sellers continue to maintain prices above 3 USD/lb but some small processors need cash to pay for their incoming raw seed from Africa and therefore are willing to sell as low as 2.70.*



*Indian domestic market demand with easing of lock down keeps prices much above prices in Vietnam. The arbitrage due to quality is usually 10-15 cents but the price difference being significant this time we expect business to move to Vietnam and therefore Vietnam kernel prices should improve.*

## B. Supply Side

### RCN (Raw Cashew Nut)

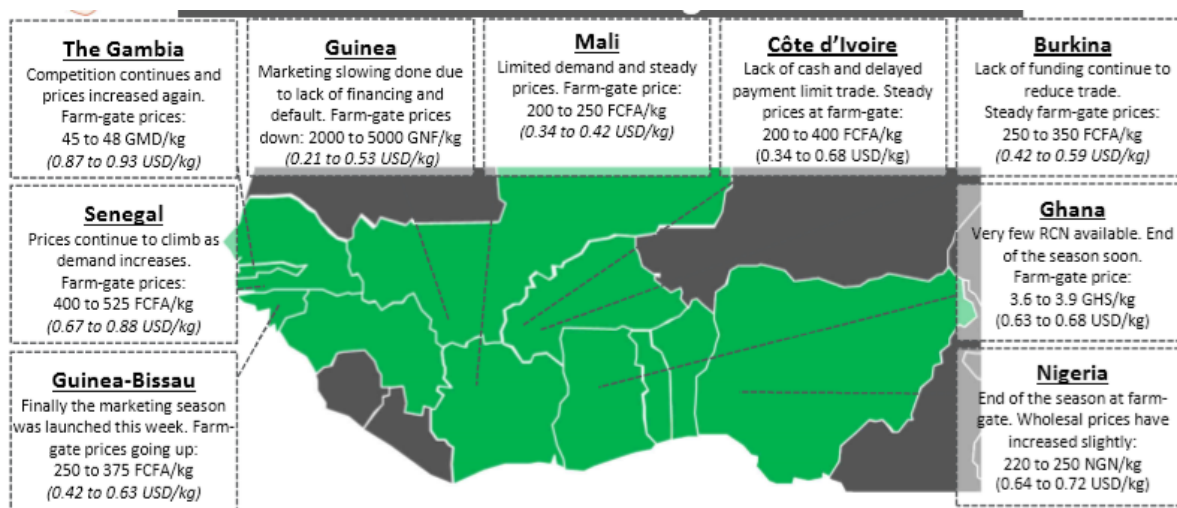
#### 1. Offers cnf Asia (Vietnam/India) from Africa

Country	Outturn	Price USD/MT	Change
Ivory Coast	46	980	-100
Ivory Coast	49	1200	+200
Ivory Coast	45	950	-100
Nige Ogbo	50	1080	+20
Benin	46	1060	+50
Bissau	53	1300	+50

Source: Namagro traded prices and offers from various RCN sellers

High KOR IVC cargo continues to be in the hands of the government. The pricing for this material remains high. Markets for IVC 47 dipped as low as 900 and then suddenly shot to 1100 . This week we notice some weakness again and prices tend to be in the vicinity of 1050. Cargo with high higher outturn in IVC, Ghana and Benin seems to be dwindling. Some sellers who sold at 900 levels are not able to procure cargo and some buyers who bought at higher prices are not able to pay the advance.

#### 2. Flows from Africa



Source : Nkalo

Prices have moved up across the board as traders move in to cover their shorts. The government intervention in IVC is also causing prices to rise. Marketing season in Guinea-Bissau has been lauched but prices remain high and VN is completely our of Parity. We expect raw seed movement to be more towards India as prices for kernel remian high due to opening of lock down and coming demand.

## C. Demand Side

Vietnam:

Demand has slowed and we see processors looking for new business. Small processors are willing to spot shipments due to want of cash to pay for their raw seed imports.

India :

Easing lock downs should improve supply and also demand should pick up as shopping malls open in India starting 1st June 2020.

There is a significant price difference in kernels from Vietnam and India. Vietnam being much lower we expect some business to go to Vietnam.

## Our View

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