CASHEW MARKET IN THE GAMBIA

The volume of the first belated Gambian harvest is very low, but the quality of the crop is quite good. The competition between collectors for the initial, rather limited stocks, triggers sharp price increases in some buying areas. Crop availability is however expected to increase with the second harvest, by end-May. Farmers may well ride the waves of these price hikes by selling their initial stocks from the first harvest.

In the North Bank Region (Upper Niumi), prices seem to level at 50 GMD/kg, with the tomato tin of 1.5 kg selling at 75 GMD. In Lower Niumi area (Amdalai, near the Senegalese border) prices range between 50 GMD/kg and 53 GMD/kg, with the tomato tin of 1.5 kg selling between 75 to 80 GMD/kg.

In the West Coast Region, most of buyers/exporters have warehouses in Brikama town which acts as a trading center. Here prices increased from 35 to 45 GMD/kg during the past week, to 50-53 GMD/kg this week. They are expected to rise slightly further, while exporters are competing for their first contracts.

In the Lower River Region some collectors are paying the raw cashew between 30 and 35 GMD/kg. In certain villages the tomato tin of 1.5 kg is negotiated at 40 GMD/kg (60 GMD/tin).
A delegation of the Gambian Cashew Alliance comprising stakeholders in the cashew nut trade travelled on 18/19 April to the provincial town of San Domingo, in Guinea Bissau, to attend the annual launching of the trade season. The region is widely known for its cashew production. One of the highlights of discussions with Guinea Bissau partners was the tightening of borders in order to reduce the cross-border trade, constraining people to trade legally by paying export taxes. It has been decided that anyone caught in cross-border trading will lose both the cashew load and the vehicle.

**CASHEW MARKET IN OTHER WEST AFRICAN COUNTRIES**

**BURKINA FASO**

Trade remains sustained in the Hauts-Bassin and Cascades regions, where cashew stocks are still available, but slowed down in the Sud Ouest and Centre Ouest regions where the stocks are low.

Large price differences are reported between the regions, with farm-gate prices attaining 450 to 500 FCFA/kg (37.5 to 42 GMD/kg) around Bobo-Dioulasso, Banfora and Orodara, and 300 to 350 FCFA/kg (25 to 29 GMD/kg) in Gaoua province. Wholesale prices in Banfora are now around 525 - 550 FCFA/Kg.

With decreasing stocks and the arrival of the rainy season, buyers are turning towards the Guinea Guinea-Bissau, Senegal and the Gambian markets for doing business.

**GUINEA BISSAU**

Guinea Bissau crop, initially reported as good in quality and quantity, is expected to start coming into the market during the first half of May.

Some trading is already taking place at 1450 US$/ton C&F for 52 lbs out-turn. The large number of buyers already present in the country should support high prices in the short term.

**CÔTE D’IVOIRE**

The second harvest is ending and the crop performance seems slightly disappointing. Yields are lower than the last year and stocks are already low. Rainfalls expected to intensify during the coming weeks may limit the quantity and lower the quality of the thirst harvest. The total raw cashew production this season is likely to be around 580 000 tons, against the initial expectations of 610 000 tons.

According to the latest Aldebaran Commodities BV report, at present it is very difficult to find offers; many traders and processors are still short from honouring previous commitments and are purchasing anything available in the market.

With a tough competition between traders and local processors, the average farm-level prices increased from 400 FCFA/kg during the first week of April, to 475 FCFA/kg (38.8 GMD/kg) this week. Warehouse prices in Abidjan port vary between 525 and 575 FCFA/kg (43.5 and 46 GMD/kg).
GHANA

The second harvesting is finished in most regions; reduced small third harvests are still expected in some areas.

Trading pace is slowing, as availability of stocks becomes low. Farm gate prices stabilised around 3.2 GHS/kg (500 FCFA/kg, or 42 GMD/kg).

MALI

Traders are already competing for the limited quantities of cashew still available, in order to satisfy the sustained demand. The competition is expected to increase with the build-up of the campaign during the coming weeks. So far, Gambian and Senegalese traders are not very active on the market; most of the active buyers are coming from Burkina Faso.

Prices have increased slightly during the past week. Most sales on village and weekly markets are concluded between 325 and 400 FCFA/kg (25 and 30.5 GMD/kg).

In Koulikoro region (near Bamako), where cashew cultivation is not widely spread and only small quantities of raw cashew are available, farm-gate prices remain between 250 and 275 FCFA/kg (21 and 23 GMD/kg). In Sikasso region, they vary between 325 and 450 FCFA/kg (27 and 37.5 GMD/kg).

Wholesale prices vary between 375 and 470 FCFA/kg (31.5 to 39 GMD/kg) in Sikasso and Koutiala, and 375 to 400 FCFA/kg (31.5 to 33 GMD/kg) in Bougouni.

NIGERIA

The market is steady, but available stocks are already decreasing. Prices along the Benin border average 130 NGN/kg (32.5 GMD/kg), but remain lower in central areas of the country, roughly around 117 NGN/kg (29 GMD/kg).

SENEGAL

The marketing season is just starting.

In Fatick Region, around the Sokone area neighbouring the Gambian North Bank region, trade is more intense and the competition between the Senegalese and Gambian buyers pushed up the farm-gate prices at 500 - 520 FCFA/kg (42 - 43.5 GMD/kg).

In Casamance region (Ziguinchor, Sedhiou, Kolda), harvest is on-going and cashew nut are drying. The quantities traded are yet limited. Farm-gate sales are realised at 300 - 350 FCFA/kg (25 - 29 GMD/kg). On weekly markets along the Guinea-Bissau border which are supplied by Bissau Guinean traders, prices have already reached 400 FCFA/kg (33.5 GMD/kg).

During the next two weeks, prices are expected to increase following the progress in harvesting and the hardening of competition between buyers.
INTERNATIONAL CASHEW MARKET

According to expert forecasts made during the World Cashew Convention held on 5 - 7 February in Dubai, the global raw cashew production in 2014/15 could reach 2.62 million tons, equivalent to 615 7000 tons of cashew kernels at a conversion rate of 23.5%. Some 1.27 million tons are foreseen to be produced in Africa, 680 000 tons in India, 300 000 tons in Vietnam, 180 000 tons in Brazil and 187 000 tons in all other producing countries/regions.

Several factors are causing the current nervousness and highly speculative market situation and the firmness of raw cashew prices.

The supply factors include, among others, the lower average raw cashew yields and the rumours about a lower than anticipated cashew output in most West African countries; the relatively lower quality of seeds; delayed crop in India and a lower and delayed crop in Vietnam; and the decreased export subsidy allowed to Indian exporters. The current outlook for the Southern hemisphere looks better than last year due to an improved crop expected Brazil, and despite some concerns about the Indonesian crop.

The demand factors comprise delays in European cashew requirements following the downfall of the Euro against the US dollar, and the tightness of the market due to increased Chinese, US and domestic Indian demand.

In addition, a larger than usual number of traders and speculators are present in West African markets, shipping is often delayed and contracts of exporters who could not honour them at the initially negotiated, lower prices, are defaulted.

The rather overheated market situation may return to more normal levels with the arrival of the second and third cashew crops and an eventual appreciation of the Euro against the US dollar.

In these prevalent conditions, with many exporters and traders having still difficulties to supply previous commitments, several cashew buyers fear cheaper contracts being defaulted and tend to purchase what they need nearby.

Aldebaran Commodities BV analysed the situation in the main cashew kernel export and import markets in their last report. They appraise the Indian market as quiet during the past weeks, with very little cashew kernels being offered. The Vietnamese market has been subdued, with many processors unwilling to sell without news about their shipments of raw cashew from West Africa (mostly Côte d'Ivoire). The Chinese market, which has been quiet during the past three weeks, seems to be warming up. Western market is getting slowly more active. Price of kernels is picking up, as many buyers realised that they cannot get as low prices as during the March to early April period. Therefore, they started covering reluctantly some of their needs and are carefully watching the market developments.

RAW CASHEW PRICES

Although the availability of African raw cashew is increasing since mid-March, prices delivered to international markets remained steady up to end-April, varying between 1000
and 1400 US$/ton according to quality and origin. The reopening of Indian and Vietnamese processing units following the renewed availability of imported raw cashew is sustaining the prices.

The evolution of C&F prices of African raw cashew delivered to India, in US$/ton (depending on origin, quality, quantity, shipment and payment terms) was the following:

<table>
<thead>
<tr>
<th>Origin and quality</th>
<th>March</th>
<th>9 April</th>
<th>16 April</th>
<th>22 April</th>
<th>29 April</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin 49-50 lbs.</td>
<td>1330</td>
<td>1250-1350</td>
<td>1250-1350</td>
<td>1250-1350</td>
<td>1430</td>
</tr>
<tr>
<td>Côte d'Ivoire 47-49 lbs.</td>
<td>1200</td>
<td>1050-1200</td>
<td>1050-1200</td>
<td>1050-1200</td>
<td>1050-1350</td>
</tr>
<tr>
<td>Ghana 47-49 lbs.</td>
<td>1015</td>
<td>1050-1200</td>
<td>1050-1200</td>
<td>1050-1200</td>
<td>1050-1300</td>
</tr>
<tr>
<td>Nigeria 46-47 lbs.</td>
<td>955</td>
<td>950-1050</td>
<td>950-1050</td>
<td>950-1050</td>
<td>1300-1450</td>
</tr>
<tr>
<td>Senegal, Gambia 49-52 lbs.</td>
<td>1350</td>
<td>1300-1400</td>
<td>1300-1400</td>
<td>1300-1400</td>
<td>1450-1500</td>
</tr>
<tr>
<td>Guinea Bissau 52 lbs.</td>
<td>1500</td>
<td>Non available</td>
<td>Non available</td>
<td>Non available</td>
<td>1450</td>
</tr>
<tr>
<td>Mozambique 47-49 lbs.</td>
<td>1355</td>
<td>1300-1450</td>
<td>1300-1450</td>
<td>1300-1450</td>
<td>1300-1450</td>
</tr>
<tr>
<td>Tanzania 50-52 lbs.</td>
<td>1450</td>
<td>1400-1550</td>
<td>1400-1550</td>
<td>1400-1550</td>
<td>1400-1550</td>
</tr>
</tbody>
</table>

Source: Cashew week, CommodAfrica, Rongead, Aldebaran

![Cashew week price chart](chart.png)

**CASHEW KERNEL PRICES**

Prices for cashew kernel in the international market have been steady over the past four weeks.
Rongead provides the following international prices for cashew kernels FOB Asia:
The following table shows the evolution of FOB prices of cashew kernels WW 320 of Asian origin, from February to end-April, in US$/lb.

<table>
<thead>
<tr>
<th>Description</th>
<th>Grade</th>
<th>Price USD/lb.</th>
<th>Price GMD/kg</th>
<th>Recent changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whole Whites</td>
<td>WW320</td>
<td>3.4-3.6</td>
<td>360-380</td>
<td>steady</td>
</tr>
<tr>
<td>Scorched White</td>
<td>SW320</td>
<td>2.85-3.4</td>
<td>300-360</td>
<td>steady</td>
</tr>
<tr>
<td>Splits</td>
<td>S</td>
<td>2.7-3</td>
<td>285-315</td>
<td>steady</td>
</tr>
<tr>
<td>Broken</td>
<td>LP</td>
<td>2.45-2.95</td>
<td>260-310</td>
<td>steady</td>
</tr>
</tbody>
</table>

The strong demand for kernels is reflected in the high prices of both lower grades (scorched, splits and broken), and of best grades (Whole White) - which are above the past three years' average.

**EVOLUTION OF CURRENCIES VERSUS US$**

The fluctuations, most often the depreciation of national currencies of most raw cashew producing countries against the US$ have a negative impact on imports and hamper the international trade. This is one of the factors which influence adversely traders' decisions to take risks and be active in the trade. The table below illustrates the variations of exchange rates from 7th to 29th of April 2015.

<table>
<thead>
<tr>
<th>Country/currency</th>
<th>US$ versus local currency, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7 April</td>
</tr>
<tr>
<td>Gambia GMD</td>
<td>42.605</td>
</tr>
<tr>
<td>CFA Franc BCEAO - FCFA</td>
<td>597.641</td>
</tr>
<tr>
<td>Nigerian Naira NGN</td>
<td>195.339</td>
</tr>
<tr>
<td>Indian rupee INR</td>
<td>62.066</td>
</tr>
<tr>
<td>European Union Euro</td>
<td>0.910</td>
</tr>
</tbody>
</table>


The sharp devaluation of the Gambian Dalasi, FCFA and Indian Rupee against the US dollar during April 2014 and April 2015, such as illustrated in the charts below, has improved the
terms of trade in favour of cashew export sectors. The drastic downfall of the Euro against the US dollar delayed the European demand.

The evolution of the historical exchange rates between April 29, 2014 and April 29, 2015 is illustrated further (Average weekly BID rates - source: [www.oanda.com/currency/historical/rates](http://www.oanda.com/currency/historical/rates)).

The average Gambian Dalasi/US$ rate amounted to 0.02475 from April to November 2014. It further decreased abruptly during November 2014, by 8%, stabilising afterwards around 0.0229 until end-April 2015.

The average FCFA /US$ rate dropped regularly over the same period by 24%.
The rate of the Indian Rupee against the US$ decreased by 8%, similar to the Gambian Dalasi, but in a steady manner.

The Euro depreciated by 21% against the US$ during the period considered.

**ADVICE TO GAMBIAN CASHEW STAKEHOLDERS**

**Producers:** sell 75% of the quantities harvested when prices proposed are equal or higher than 35 GMD/kg

**Local processors:** source and stock the earliest possible cashew raw material and be prepared to face increases in prices

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Local traders and exporters: expect strong competition and conclude revolving contracts for limited quantities of raw cashew, in order to be able to adapt to exchange rates fluctuations. The West African CFA Franc is expected to depreciate strongly along this season inducing price increases, wherefrom the awareness needed in trading with Senegal, Guinea Bissau and Mali

Kernel traders/exporters: foresee whenever possible room for price renegotiations, in order to benefit from the kernel price increases expected along 2015.