



**The 12th VINACAS Golden Cashew Rendezvous
From February 26-28, 2023
Sheraton Saigon Hotel & Towers, HCMC, Vietnam**



Chủ đề/ Speaking Topic:
**Balance of 2022 in Africa and Worldwide
And perspectives for 2023...**

N'kalo Services

Phiên họp/ Panel name: RAW CASHEW NUTS PANEL..... Ngày/ Date: 28/02/2023.....

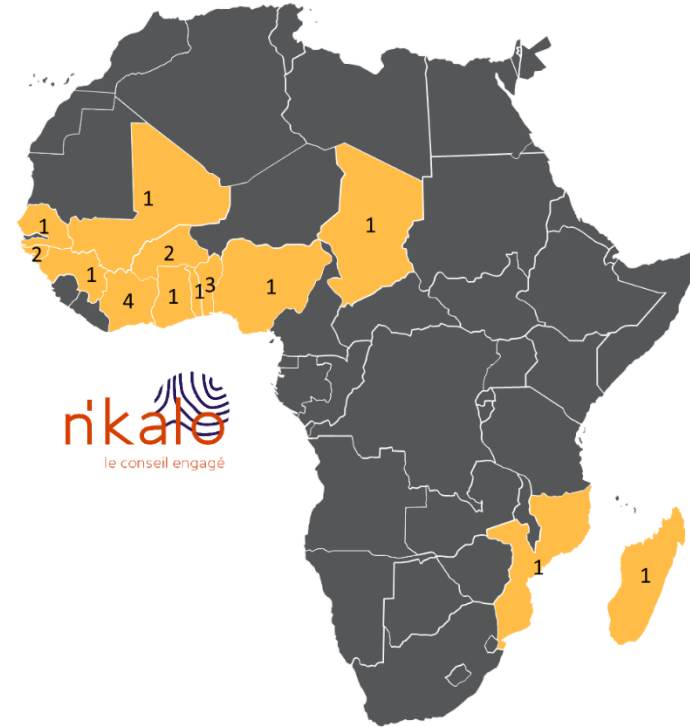
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Tên Công ty/ Company: N'KALO SERVICES / NITIDAE

GENERAL INTRODUCTION ABOUT THE TOPIC GIỚI THIỆU CHUNG VỀ BÀI THUYẾT TRÌNH

What is N'kalô?

- N'kalô is a **market intelligence service** created in 2010 and promoted by the **French NGO Nitidae** to **improve market risk management and transparency** in Africa.
- With **16 market analysts** based in 14 African countries N'kalô gather weekly or monthly information on **cashew**, sesame, shea, rice, maize, Arabic gum, groundnut, cocoa, millet and sorghum on the field.
- **Two senior economists** check the data from the field and complete it with data about international market.
- Despite focusing mainly on African market, N'kalô bulletin are received in **more than 40 countries worldwide** and often consider as the **best source of information on the cashew market worldwide**.
- More info and subscription on www.nkalo.com



A few reminders about the start of 2022

- 2021 was marked by a **strong increase** of official exports of RCN from **Cambodia to Vietnam**. Many stakeholders of the cashew value chain though the data were **wrong** (including us). Finally, revising our calculations we admitted these data might be true and correspond to a **decrease of smuggling on the land border** + a **strong increase of Cambodian production** (resulting for the VINACAS investment to promote cashew in Cambodia).
- **2021** was the **highest crop in cashew history** with more than **5,2 millions tons of RCN harvested**.
- **Vietnam processing sector** overstocked during 2021 and at the start of 2022 stocks of RCN were at their highest (more than 600 000 t). But with the growth of cashew industry in Vietnam, this stock was only 2,4 month of processing so not too strange in the end.



Start of 2022



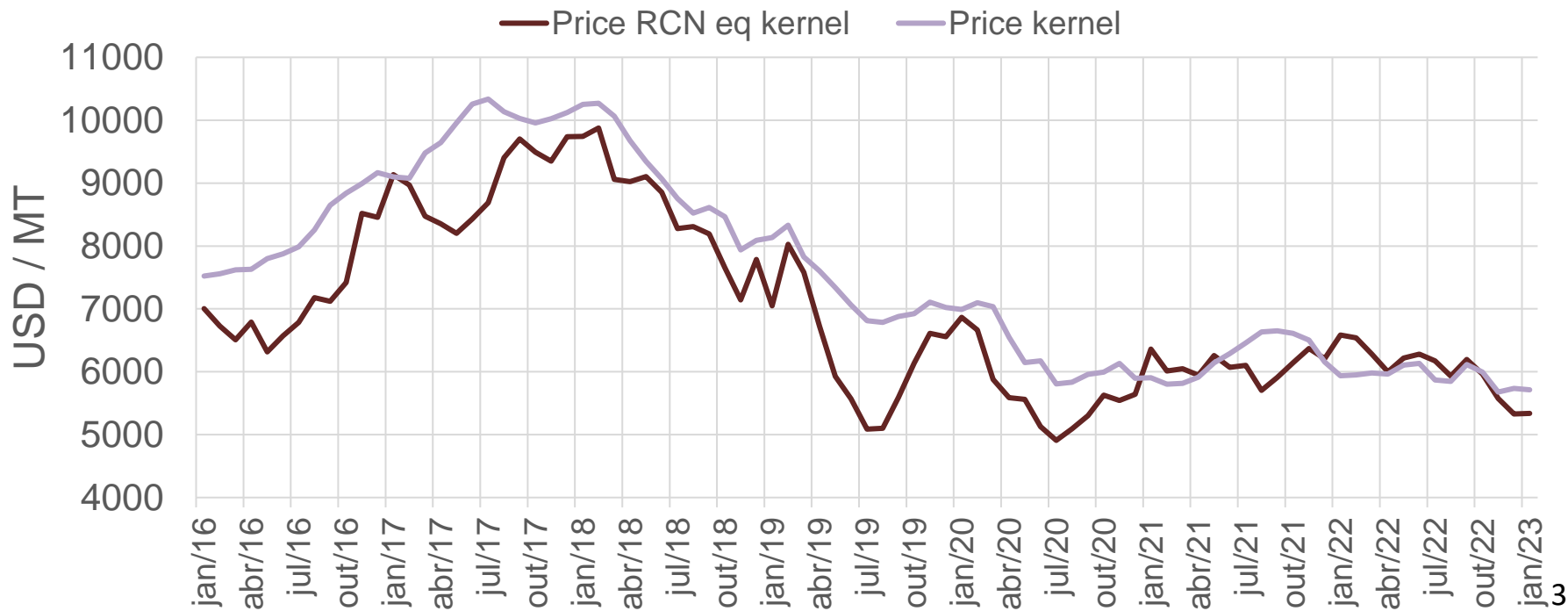
- A **disappointing harvest in Vietnam and Cambodia** (but with the **high stocks**, not a big issue) => no hurry to buy RCN in Africa.
- **Low stocks of RCN in India + not o good harvest** there also => **Indian importers surprised everyone covering at a fast pace during the first two quarters of 2022**, paying a relatively **high price** (+/- 1300 USD/t for outturns 48/49) in comparison with the kernel price.
- **Strong competition for West African RCN** despite high stocks in Vietnam and low kernel prices lead to **big losses for many processors (out of India)**.

Destination of RCN from West Africa			
	2021	2022	
To India	800 000	1 230 000	▲ 54%
To Vietnam	1 410 000	960 000	▼ -32%
To Brazil	0	13 000	
To China	6 000	5 500	▼ -8%
To Indonesia	500	3 000	▲ 500%
To local processing	265 000	305 000	▲ 15%
Unsold stocks	5 000	100 000	▲ 1900%
Total	2 486 500	2 616 500	▲ 5%



A big part of 2021 and most 2022, cashew processing was at a loss in Vietnam and African factories

Comparison between price of RCN CIF Vietnam (converted in kernel) and price of cashew kernels FOB Vietnam





Prices of kernels did not decrease even if world cashew production slightly decreased

- Our first estimates of **2022 production** indicate that production increased slightly in Africa (+5%) but decreased sharply in Asia (-20%) leading to a **decrease of world production of +/- 300,000 Metric Tons of RCN – 6%**
- In **West Africa**, harvest was disappointing only in Benin and Nigeria and was a bumper in Guinea-Bissau, Guinea, Senegal and Gambia.
- Note that our estimates include **unformal transborder trade within Africa** and are subject to a **margin error of +/-5%** due to these unformal flows.

		Figures are all in		Supply on the international market				
		Metric Tons of RCN		2019	2020	2021	2022	22 vs 21
Northern Hemisphere	West Africa	Côte d'Ivoire	890 000	910 000	1 100 000	1 150 000	▲ 5%	
		Ghana	135 000	150 000	180 000	190 000	▲ 6%	
		Togo	20 000	25 000	30 000	35 000	▲ 17%	
		Burkina Faso	110 000	120 000	145 000	155 000	▲ 7%	
		Guinea	65 000	60 000	80 000	95 000	▲ 19%	
		Mali	60 000	65 000	80 000	90 000	▲ 13%	
		Nigeria	285 000	305 000	360 000	345 000	■ -4%	
		Benin	160 000	175 000	205 000	195 000	■ -5%	
		G.-Bissau	220 000	185 000	235 000	270 000	▲ 15%	
		Senegal	45 000	39 000	50 000	70 000	▲ 40%	
	Gambia	15 000	12 000	20 000	25 000	▲ 25%		
	India	745 000	700 000	750 000	700 000	▼ -7%		
	S. E. Asia	Vietnam	290 000	385 000	350 000	300 000	▼ -14%	
Cambodia		450 000	750 000	1 090 000	730 000	▼ -33%		
Thailandia		25 000	27 000	28 000	28 000	■ 0%		
			2018/19	2019/20	2020/21	2021/22	22 vs 21	
S. hemisphere	East Africa	Tanzania	215 000	200 000	225 000	230 000	■ 2%	
		Mozambique	90 000	65 000	60 000	75 000	▲ 25%	
		Kenya	1 500	2 000	2 000	2 500	▲ 25%	
		Madagascar	5 000	5 000	5 000	5 500	▲ 10%	
	Indonesia	95 000	120 000	130 000	110 000	▼ -15%		
	Brazil	135 000	135 000	120 000	110 000	▼ -8%		
West Africa		2 005 000	2 046 000	2 485 000	2 620 000	▲ 5%		
East Africa		311 500	272 000	292 000	313 000	▲ 7%		
India		745 000	700 000	750 000	700 000	▼ -7%		
South East Asia		765 000	1 162 000	1 468 000	1 058 000	▼ -28%		
Indonesia		95 000	120 000	130 000	110 000	▼ -15%		
Brazil		135 000	135 000	120 000	110 000	▼ -8%		
World total		4 056 500	4 435 000	5 245 000	4 911 000	▼ -6%		

The reasons prices of kernel did not increase are multiple



→ **Consumption** decreased strongly in USA, China and Russia and slightly in many importing countries (EU, Australia).

(However we **estimate that world consumption increased slightly in 2022**, thanks to strong growth of demand in India, Brazil and Middle East)

→ Despite this slight increase of global consumption and the decrease in production: **production remains higher than consumption** :

- Production: 4,9 Millions tons of RCN
- Consumption: 4,75 millions tons of RCN

→ **Cashew kernels stocks** were too **high in 2022 in Vietnam and Africa** to allow processors to negotiate properly

→ **Many of the weakest factories had to close this year!**

	2019	2020	2021	2022	22 vs 21
India	1 350 000	1 325 000	1 450 000	1 650 000	▲ 14%
N. America	875 000	940 000	1 010 000	875 000	▼ -13%
Europe	715 000	800 000	850 000	840 000	▬ -1%
Oceania	95 000	105 000	95 000	95 000	▬ 0%
China	375 000	435 000	460 000	400 000	▼ -13%
Middle East	195 000	180 000	210 000	235 000	▲ 12%
Brazil	50 000	55 000	65 000	75 000	▲ 15%
Japan	54 000	57 000	67 000	60 000	▼ -10%
Russia	60 000	55 000	70 000	50 000	▼ -29%
Others	200 000	225 000	265 000	290 000	▲ 9%
Total conso in non producing countries	2 519 000	2 777 000	3 037 000	2 975 000	▬ -2%
Total consumption in the world	3 966 500	4 211 500	4 616 000	4 768 000	▬ 3%

Perspectives for 2023 season

Supply side

For RCN:

- ✓ There are still around 100 000 MT of unsold RCN in West Africa (half of it in Guinea-Bissau).
- ✓ Production will increase again in West Africa (weather was quite good this year and many trees are still young/growing)

But

- ✓ East African production was disappointing (-50 000 MT in comparison with last year)
- ✓ Domestic processing will also increase in West Africa (by +100 000 MT of RCN at least) as many new factories are about to start this year (particularly in Côte d'Ivoire)
- ✓ So RCN supply to Vietnam and India may only slightly increase (+150 to 250 000 MT of RCN)

For kernel:

- ✓ Reduction of processing capacity in Vietnam and some African countries (Mozambique, Tanzania, Benin, Ghana) could lead to a decrease of kernel supply
- ✓ India and Brazil should continue re-orienting their processing to their domestic markets (Brazil is more and more a kernel importer!)





Perspectives for 2023 season

Demand side

For RCN:

- ✓ Vietnam will probably keep a reduced demand as many factories face financial difficulties
- ✓ India might buy less aggressively than past year as Indian traders and processors finished 2022 with high stocks of RCN

But

- ✓ India could still surprise everyone again if the consumption there remain very dynamic

For kernels:

- ✓ Demand may remain sluggish in USA and EU as consumers are still facing inflation and reduction of purchase power
- ✓ Demand growth may slow down in Middle East after Qatar World Cup

But

- ✓ Demand may grow again in China after end of the Zero-COVID policy
- ✓ Consumption could continue to grow in India and Brazil.





KẾT LUẬN VÀ ĐỀ XUẤT SUMMARY & CONCLUSION

- What will be the way out of the current situation?
that is the BIG QUESTION!
- A decrease of RCN prices: possible only if India do not buy aggressively this year
- An increase of kernel prices: probably on the middle term as the supply of kernels is reduced and stocks in consuming countries are not high anymore
- Both at the same time: possible too!

*Trân trọng cảm ơn Quý vị đã lắng nghe!
Many thanks for your attention!*