

2018 RCN CROP IN NIGERIA AND PRICE OUTLOOK

Adeyemi Murtadha Adeniji (MD/CEO)

Starlink Global & Ideal Ltd.

1st February, 2018



2017 RCN

- Cashew was introduced to control erosion to the middle-belt region of Nigeria between 1950 and 1960. Since its introduction, the crop has gradually increased in production and commercialized over the years.
- The progressive growth was sustained with 220,000MT of RCN exported in 2017 to surpassed 160,000MT of 2016 (Source, NCAN).
- This was due to; More Plantations; Good Agricultural Practice; Improved Seedling and post harvest handling; Improved storage and packaging
- In the year 2017 about 90% of RCN produced was exported. Leaving 10% for local processing
- According to the NBS, cashew export in Q2 represented 45.4 per cent of the total agriculture exports and 1.37 per cent of total exports in 2017.
- During the quarter under review, over 60% of RCN production was exported to Vietnam; others to India; and Kazakhstan.
- Earned \$374Million

Climatic Condition Leading to 2018 RCN Crop in Nigeria

- Cashew is a tropical plant and can thrive even at high temperatures.
- Areas where the temperatures range from 20 to 30°C with an annual precipitation of 1000 - 2000 mm are ideal for cashew growing.
- Cashew needs a climate with a well-defined dry season of at least four months to produce the best yields.
- Virtually all cashew producing area in Nigeria had a favorable climatic condition for a bumper harvest in the year in view, with an average annual precipitation of less than 2000 mm. Nigerian Meteorological Agency (NiMet) 2017 Seasonal Rainfall Prediction (SRP).

RCN crop production expectation from Nigeria for 2018

The National Cashew Association of Nigeria (NCAN), and other expert bodies have projected a 10% increase (to about 242,000 MT) in raw cashew nut production for 2018.

Efforts so far include:

- 400,000 hectares of land being used for raw cashew nut production across the country.
- The new push to sustain and improve government policies on economic diversification to increase export base through commodity produce.
- Thousands of new cashew trees that were planted last year at their 17th months were already flowering in preparation to fruit.
- Prospective early harvest starting from February 2018.
- However, the government through the ministry of Agriculture with the private sectors and other stakeholders expects the production to be increased to 500,000 MT by 2025, and also be able to develop a processing capacity of 70% of the total production.

RCN Pricing

2017 Price Differential

ORIGINS	PRICE	QUALITY	SOURCE
NIGERIA	1750	48 lbs	VN
COTE D'IVOIRE	1850	48 lbs	VN
GHANA	1950	49 lbs	VN
BENIN	2050	49 lbs	VN
GUINEA BISSAU	2250	48 lbs	VN
TANZANIA	2300	49 lbs	VN
INDONESIA	2200	48 lbs	VN

Unit: USD/ Mt CNF HCMC

Note: Yearly average price 2017

Source: VINACAS

Average Price Outlook for 2018

ORIGINS	PRICE
NIGERIA	2100
COTE D'IVOIRE	2100
GHANA	2100
BENIN	2100
GUINEA BISSAU	2100
TANZANIA	2100
INDONESIA	2100

CONCLUSION

- It was observed that Nigerian RCN at destination is improved and of better quality in recent years, the price differential needs to be eradicated.
- Sun-drying was not properly done as a result of the neighbouring Countries' price differential that often lead to poor post harvest handling.
- Foreigners encroachment at the farm gates needs to be stopped. Foreign buyers are mostly exporters and at times importers from other countries. This often lead to price chaos that de-stabilises the procurement system and improper post harvest practices particularly drying of nuts.
- Discussion is on-going with a shipping line to ensure that consignment gets to Ho Chi Min City in 33 days and also to Indian in 35 days.