

Domestic Prices

Fresh Fruits and Vegetables

Ministry of Agriculture, Market Information Office & HDC

Market	Mar	April	May	June	Yearly Average
Average Wholesale Prices, Ksh per kg					
Bananas					
Nairobi	28.5	30.5	28.6	28.6	28.40
Mombasa	20.8	19.9	17.3	17.6	19.41
Nakuru	18.6	12.4	11.4	21.4	17.01
Kisumu	10.4	11.4	12.9	-	12.16
Eldoret	11.4	19.7	-	16.1	15.91
Tomatoes					
Nairobi	33.8	31.7	33.6	31.9	32.98
Mombasa	34.4	27.8	28.1	19.1	25.13
Nakuru	30.1	26.0	26.6	20.7	24.71
Kisumu	34.0	19.8	21.9	-	25.70
Eldoret	21.9	21.1	-	17.2	29.88
Cabbage					
Nairobi	11.5	10.5	11.3	9.6	10.29
Mombasa	18.1	20.8	21.0	14.4	19.73
Nakuru	10.1	9.5	8.7	7.3	9.04
Kisumu	14.3	7.9	8.7	-	9.05
Eldoret	5.2	4.3	-	3.2	4.05
Onions					
Nairobi	26.3	32.1	32.7	31.5	31.5
Mombasa	28.1	38.8	33.8	24.3	24.3
Nakuru	25.2	33.9	40.4	26.7	26.7
Kisumu	21.5	43.1	40.4	-	-
Eldoret	26.9	34.4	-	31.3	31.3
Kales					
Nairobi	35.6	20.3	15.0	12.0	17.72
Mombasa	29.0	24.2	15.0	18.0	18.24
Nakuru	26.5	15.7	11.0	5.8	13.56
Kisumu	36.0	28.6	25.0	-	23.41
Eldoret	20.0	20.0	-	6.0	14.75

CASHEW NUT PRICES Week 26 (end-June)

FOB India Prices Week 26

GRADE	PRICE US \$/lb
W180	2.80 – 2.85
W210	2.65 – 2.70
W240	2.45 – 2.50
W320	2.30 – 2.40
W450	2.25
SW320	2.25 – 2.30
SW360	2.20 – 2.25
SSW	1.95 – 2.00
FS	2.10
FB	2.15
LWP	1.80 – 1.85
SS/ SB	1.90 – 2.00
SP	1.45 – 1.50

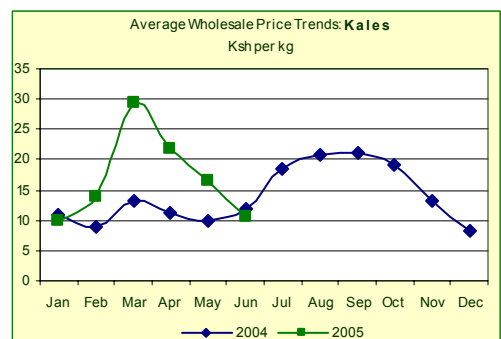
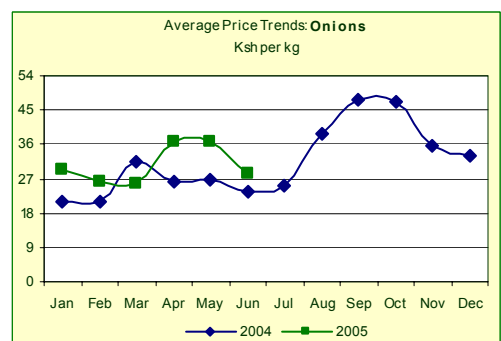
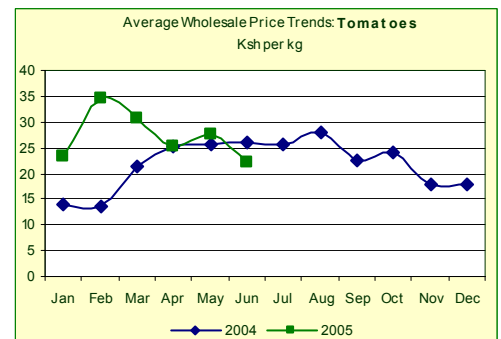
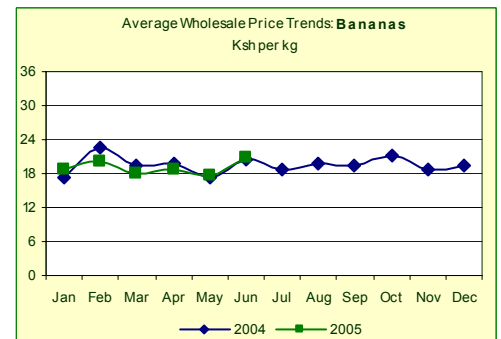
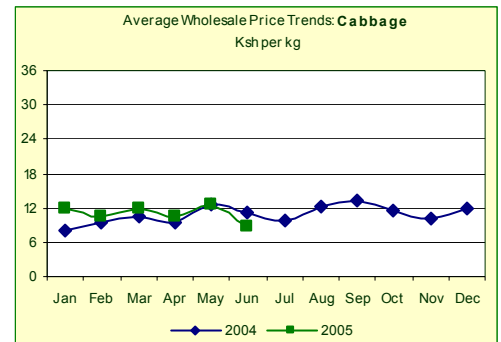
The market was quiet this week - in "wait and watch" mode.

Individual deals were reported, and there was a fair amount of buying interest (W240 at \$2.40-2.45, W320 at \$2.30-2.35, W450 at \$2.20-2.25) but offers to buy were limited.

Lower grades were not in demand and prices - especially from Vietnam - have come down significantly in the last few weeks with very little activity. Indian processors will have to wait for domestic festival demand which starts in Aug to

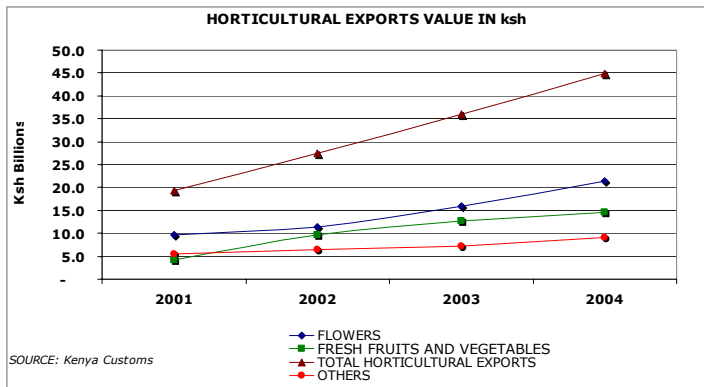
move these lower grades. Large processors have adequate sales for next few months - they are prepared to wait & see how things develop in Europe & USA in Jul/Aug before making further sales. Reports of postponement requests from some buyers - either due to excess inventories or to take advantage of current lower prices is distorting the market somewhat. If the quiet period continues in July, prices could drop slightly. However, there is likely to be resistance from processors to sell at very low prices (having paid high prices for RCN). Overall, a quiet market in a narrow range is expected for next few weeks. *Samsons Trading Co, Mumbai, India.*

African cashew producers met with donors and buyers in Baltimore in June and pledged to reduce exports of raw nuts and increase the quantity of nuts processed locally. More than 90% of cashews grown in Africa are currently exported in raw form to India and Vietnam.



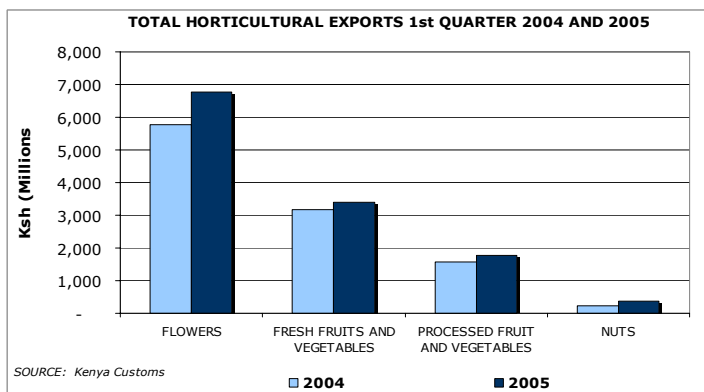
Exports of Horticultural Crops and Products

Customs data indicate that since 2001 there has been a continuous year-on-year increase in the *fob* value of horticultural exports. The figures shown below include flowers, plant cuttings, fresh and processed fruits and vegetables, macadamia and cashew nuts. Overall, there has been a healthy growth of 132% over three years



However, the overall rate of growth is slowing. Total value grew by 42% in 2002, by 31% in 2003 and 25% in 2004. This reduction in overall growth rate appears to be continuing in 2005. Figures for the first quarter show that growth was only 15% compared with the same period in 2004. As the industry gets bigger it is obviously more difficult to maintain growth rates at the same percentage level. In value terms, the annual increase has been remarkably constant at Ksh8-9 billion (\$112 million ave) per year.

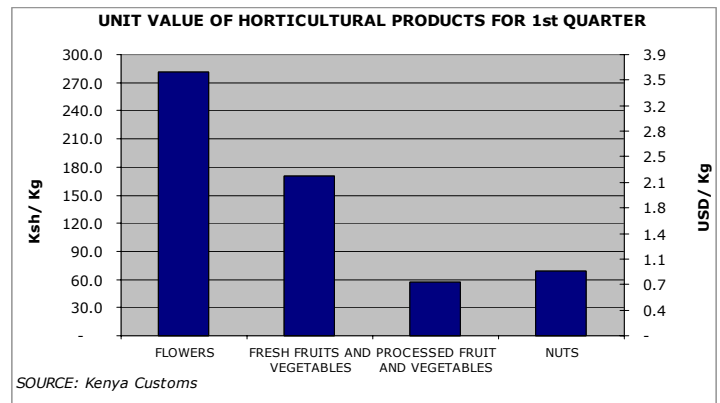
Cut flowers, mainly roses, produced the highest growth rates in 2003/04, with an overall increase of 41%, equivalent to Ksh5.3 billion (\$70 million).



By contrast, exports of fresh vegetable grew by only 23% and fresh fruit exports fell by 35%. Processed vegetable exports (mainly canned French beans) increased by just 2% and at a total value of Ksh2.1 billion (\$28 million) were equivalent to just one sixth the value of fresh exports.

Processed fruit exports (mainly pineapple) grew by 9% to a total value of Ksh4.9 billion (\$64 million), about four times the value of fresh fruit exports. The biggest increases were achieved by macadamia (292%) and cashew nut (76%) exporters. The recorded value of macadamias was Ksh1.6 billion (\$21 million) and cashew Ksh404 million (\$5.3). Nuts are now a more important export product than fresh fruit in terms of value.

The average unit value of fresh produce shown below, compared with the selection of wholesale market prices shown on page 1, indicates relatively low margins for air-freighted fruits and vegetables. This is verified by all exporters, and is driving the move towards added value prepared vegetables and higher value items such as passion fruit. HCDA figures for 2004/2005 suggest that "mixed vegetable" packs are by far the fastest growing vegetable export. "Asian" vegetables, which offer little opportunity for added value, are showing zero or negative growth.



The apparent decline in fruit and Asian vegetable exports has negative repercussions for small-scale growers who are the main suppliers of these products. There are several reasons for the decline – quality factors in mango, varietal preferences in avocado, competition with higher value products for air space, lack of progress in sea freight development, competition from West Africa in Asian vegetables and others - but a full analysis of the situation is required.

The average declared value of cashew and macadamia in the first quarter of 2005 was less than \$1.00/kilo (Ksh76), compared with market values of \$5.00 and \$12.00 respectively, shown on page 2 (cashew) and in the April issue of Marketing News (macadamia). This massive increase in value which takes place after the raw nuts are exported to Asia, processed and sold on to the US and other markets, provides a good opportunity for investment in processing. Unfortunately the small local market for broken nuts, and the lack of industries utilizing by-products from the shelling process, makes it difficult for existing and new investors.