HDC horticulture development centre
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Horticulture Marketing News

May 2004

"Keeping Small Holders in Business"

This month we are featuring a profile of the market for cashew nuts as well as price information on fresh produce in the local and UK markets. This coincides with the start of HDC field activities with KARI and other private sector partners to increase yields of cashew grown by many small-scale farmers in Coast Province. Kenya has excellent processing facilities for cashew, which are currently under-utilized. Market prospects look good since, in an increasingly health-conscious world, nuts are seen by many consumers as a healthy source of protein. Cashews have the added advantage of also tasting really good!

International Prices

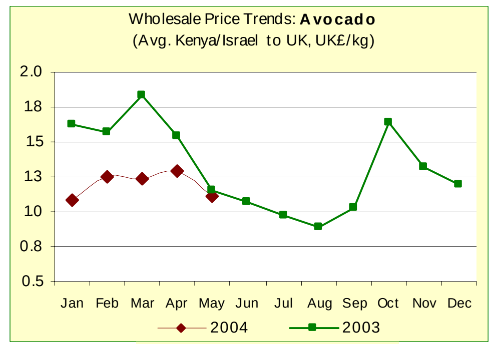
Fresh Fruits and Vegetables

Food Surveys UK & Fresh Produce Journal UK

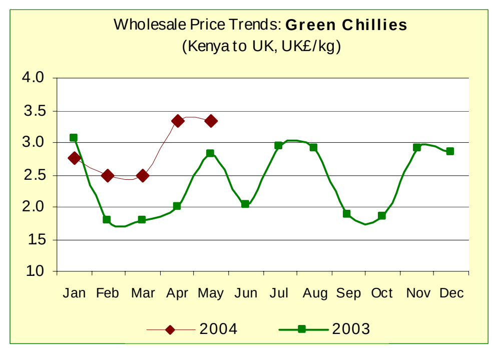
Market	Supplier	Variety	Apr	May	% change
Average Wholesale Prices UK£ / Kg					
Avocado					
UK	**Kenya**	Fuerte	1.22	1.07	-12%
	Israel	Fuerte	1.36	1.16	-15%
Green Chillies					
UK	**Kenya**	green	3.34	3.33	0%
	Egypt	green	2.75	3.00	9%
	Gambia	green		2.00	
Fine Beans					
UK	**Kenya**		2.66	2.52	-5%
	Morocco				
	Egypt	*Bobi*	1.98	2.02	2%
Mangetout					
UK	**Kenya**		2.80	3.21	15%
	Guatemala		2.94	2.83	-4%
Sugarsnap Peas					
UK	**Kenya**		3.06	2.98	-3%
	Guatemala		3.13	2.92	-7%
Okra					
UK	**Kenya**		3.75	3.00	-20%
	Zimbabwe				
	Uganda				
	Brazil		3.44	3.63	6%
	Thai		3.20	3.25	2%
Passion Fruit					
UK	**Kenya**		3.19	3.23	1%
	Israel		3.84	3.00	-22%
	Zimbabwe		3.06	3.05	0%
Karella					
UK	**Kenya**		2.88	2.95	2%

***Prices in red** are obtained from the Fresh Produce Journal and are usually higher than wholesale prices reported from Birmingham and Spitalfield wholesale markets.*
***For approximate calculation of fob value in Kenya,** subtract the importer's commission and other costs (estimated at 20%) from the selling price. Then subtract an average cost of £0.85/Kg for air freight and £0.30/Kg for sea freight to derive an fob value (£1.00 = Ksh145)*

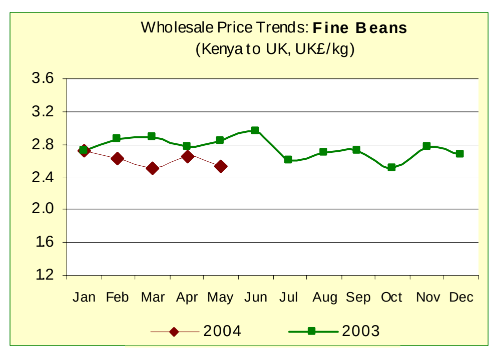
This month, most Kenyan fresh produce achieved market prices as good or better than the competition. However, avocado (by sea) and okra (by air) did not perform so well due to quality problems which have persisted for some time, and urgently need to be addressed. Green chilli prices have remained strong this year compared with 2003. Although this is a relatively small market, it is growing fast and Kenya has some significant competitive advantage over other countries supplying the UK market. Kenya is traditionally a major supplier of fine beans to the UK market but supplies from other countries are increasing and wholesale prices for this year are 5-10% down on 2003.



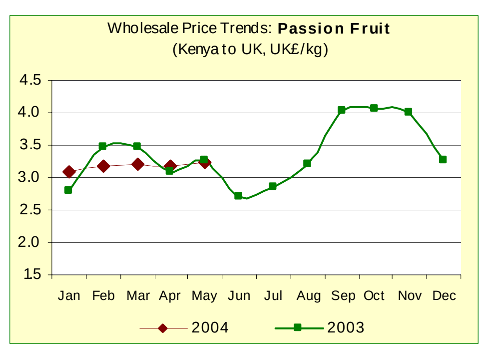
Wholesale Price Trends: **Avocado**
(Avg. Kenya/Israel to UK, UK£/kg)



Wholesale Price Trends: **Green Chillies**
(Kenya to UK, UK£/kg)



Wholesale Price Trends: **Fine Beans**
(Kenya to UK, UK£/kg)



Wholesale Price Trends: **Passion Fruit**
(Kenya to UK, UK£/kg)

Domestic Prices

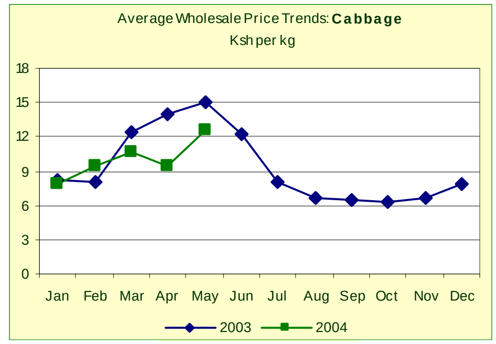
Fresh Fruits and Vegetables

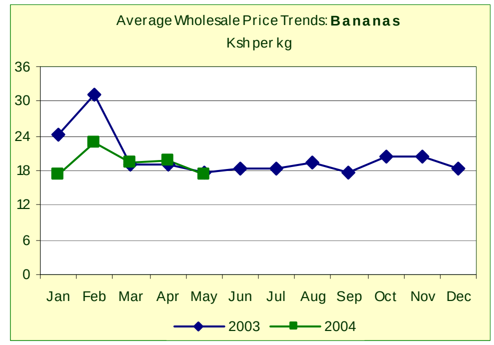
Ministry of Agriculture, Market Information Office & HDC

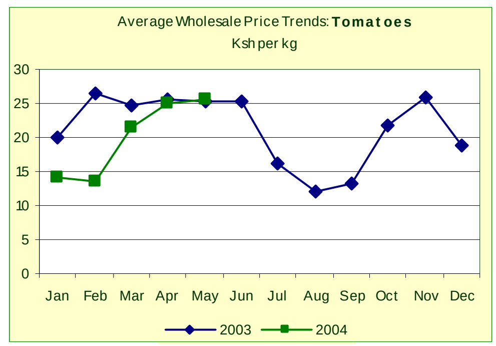
Market	Feb	March	April	May	Yearly Average
Average Wholesale Prices, Ksh per kg					
Bananas					
Nairobi	28.1	21.3	25.3	21.4	24.90
Mombasa	22.6	24.1	20.1	21.4	19.80
Nakuru	24.9	26.2	26.4	26.4	25.96
Kisumu	20.3	7.3	6.9	7.1	9.71
Eldoret	17.9	18.6	19.3	10.0	16.01
Tomatoes					
Nairobi	20.5	30.2	33.0	31.3	27.69
Mombasa	16.4	30.6	23.8	14.8	17.92
Nakuru	11.9	16.4	24.5	28.1	18.89
Kisumu	12.8	18.0	25.6	28.1	20.39
Eldoret	6.3	12.2	18.8	25.0	14.75
Cabbage					
Nairobi	7.9	14.3	11.2	11.1	10.43
Mombasa	22.8	21.6	21.2	26.2	20.84
Nakuru	6.1	5.8	6.4	7.9	6.48
Kisumu	7.0	7.1	4.6	4.8	6.34
Eldoret	3.2	4.3	3.6	-	4.00
Onions					
Nairobi	21.2	57.5	20.8	21.5	28.09
Mombasa	21.1	18.9	28.5	30.8	23.74
Nakuru	19.2	19.8	22.9	28.8	22.40
Kisumu	21.8	36.7	32.5	32.3	29.51
Eldoret	21.7	23.7	25.8	20.9	22.48
Kales					
Nairobi	9.8	16.4	12.2	12.0	12.22
Mombasa	13.9	13.8	10.1	10.0	12.31
Nakuru	5.3	11.9	10.2	8.0	8.30
Kisumu	8.5	16.3	11.3	10.0	11.22
Eldoret	6.4	8.0	12.0	10.0	10.07

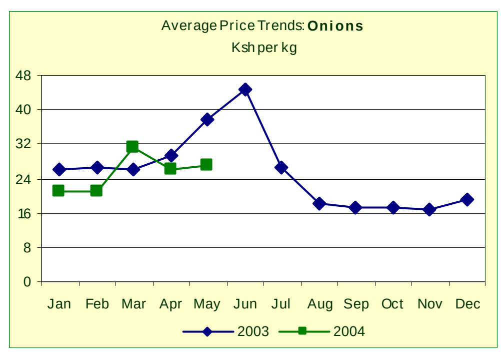
NUTS

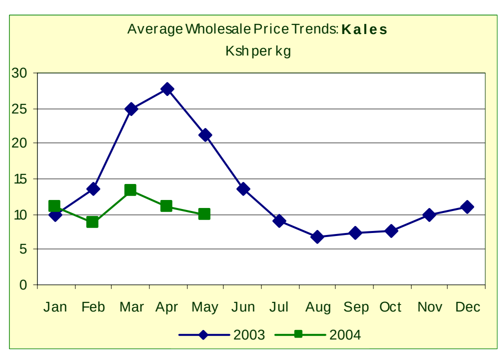
Macadamia and cashew nuts are grown by thousands of smallholders in Kenya, and for some it is their main source of income. Several established Kenyan companies export high quality processed nuts. Cashew is a mainstream nut traded on the world market, and some key market figures are given below. Macadamia is regarded as a minor product and data is harder to find. However, at a recent trade conference in Holland, traders agreed that the EU market will grow by 8% in 2004 to about 3,500 tonnes. Prices are generally higher than for other nuts, but this could change in future as supplies increase from various countries, particularly South Africa. At HDC we think that both crops provide excellent income opportunities for small-scale growers as part of a mixed cropping system. Nuts are seen as healthy food products by high income consumers and they are also being used in a wide range of confectionery and other applications by food manufacturers. The market is likely to continue growing for some time. However, as with all commodities, prices can be unpredictable, and Vietnam, already a major supplier, is reported to be investing heavily in cashew production. This needs to be monitored carefully, particularly since massive expansion of coffee production in Vietnam has contributed to the global slump in coffee prices. In the short term, prices are likely to remain strong since heavy rains in India have reduced the 2004 crop by up to 25%.











HDC Product Profile: Cashews

Description

Cashews grow best in hot, tropical climates. The cashew tree, *Anacardium occidentale*, is native to northeast Brazil. In the 16th century, it was introduced to Mozambique and India as a means of preventing erosion in costal areas. It eventually became dispersed throughout East Africa, South and Central America and the Caribbean. Presently, the major cashew producing countries in the world are India, Brazil and Vietnam.

World cashew nut production was 1.18 million MTs in 2003. India's market share was 28 percent, while Africa's was 33 percent, (East Africa's share was 12 percent). African market share, in particular, that of Mozambique and Tanzania has fallen 70 percent since the 1970s, due to lack of retooling of processing facilities, as well as pest and disease problems and poor management. The crop is highly susceptible to powdery mildew which affects bearing potential and yield. Applications of sulfur and regular pruning of the lower branches have been found to be most effective controls.

Markets

The bulk of cashews traded in the US and EU are of the shelled variety.

The **US** is the major world consumer of cashews, importing around 50 percent of world exports. US imports totaled 103,091 MTs valued at $390 million in 2003, up from 72,706 MTs in 2000, although value was higher at $426 million.

The **EU** imported 42,500 MTs of cashew nuts from non-EU sources in 2002, up from 39,250 MTs in 1999. The general trend is one of slow, steady volume growth, with the major markets being the Netherlands (imports of 14,040 MTs worth $70 million in 2002), the UK (10,357 MTs valued at $40 million) and Germany (8,698 MTs worth $36 million).

Suppliers

India is currently the world's leading supplier of shelled cashews, with 330,000 MTs produced in 2003, an estimated 28 percent of world production, down from 350,000 in 2002. India's 2003 exports were 100,000 MTs valued at $400 million. Its cashew exports include African product imported unshelled, then processed and re-exports as shelled cashews to the US and Europe

Vietnam has recently emerged as a major world supplier of high quality cashew nuts, producing 220,000 MTs in 2003, which was 19 percent of world production. Vietnam also experienced a 27 percent growth in cashew nut exports by volume in 2003, reaching 80,000 MTs valued at $260 million, compared with 63,000 MTs the previous year worth $200 million. Of total exports, 39 percent went to North America, while 15 percent went to Europe. The country has set a target of becoming the world's leading supplier by 2008.

Brazil produced 200,000 MTs of cashew nuts in 2003, representing 17 percent of world production, making it the third largest world supplier of cashew nuts. Seventy-eight percent of its production was exported to North America and 17 percent to Europe.

Tanzania, the fourth largest world supplier and largest African producer, exported an estimated 75,345 MTs in 2002 compared to 95,000 MTs in previous years. Exports are primarily unshelled cashews destined for India. Tanzanian shelled exports have declined dramatically in recent years, bottoming out at an estimated 400 MTs in 2002.

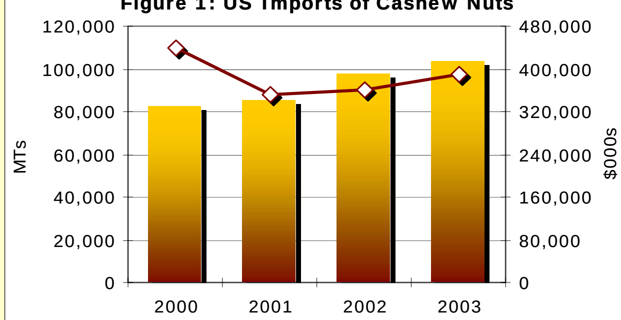
Other major African suppliers of unshelled cashews include **Ivory Coast** (104,773 MTs produced in 2002), **Guinea Bisseau** (63,109 MTs), **Benin** (43,117 MTs), and **Mozambique** (38,447 MTs).

Prices

Worldwide demand for cashews continues to increase at around 5 percent annually. Prices are expected to remain firm in the near term. Seasonally, prices tend to be stable during the latter half of the year.

Prices for Kenyan cashews have recently risen significantly, due to higher demand from buyers since the new season started. Prices moved to Kshs 40 ($0.53) per kilogram from Kshs 25 ($0.33) per kilogram in November 2003. The main harvest season for Kenyan cashews normally takes place between November and February but some supplies are also available at other times. There is competition between local processors and traders who send unprocessed nuts to India. This has been exacerbated by removal of the export tariff on raw cashew nuts.

Figure 1: US Imports of Cashew Nuts



Source: USDA/FAS