

It is rumored among traders that the Ministry of Finance will soon release decision on export cassava chip duty by the end of this week

Export cassava starch prices of Vietnam by seaway are revised down sharply because of VND strong devaluation this week

The State Bank of Vietnam raises exchange rate by 1% and looses the exchange rate range to 3% to cope with continuous changes in exchange rates from China

In the first 7 months of 2015, Vietnam exported nearly 1.7 million tons of cassava chips and 1.3 million tons of cassava starch, up sharply year on year

Weekly Report

Cassava and Starch Market

(Week 14/08/2015 – 20/08/2015)

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PRICES*Domestic and export cassava chip prices*

At Cat Lai port, from early August, about over 600 tons of cassava chips was exported (cont) to Korea Republic with the prices of about US\$ 270/ton (CNF), equivalent to about US\$ 250/ton (FOB).

At Quy Nhon port, from August 11 to 20, two vessels arrived at the port to load cassava chips, with the total volume of about 8,300 tons. Cassava chips exported of units in this period are mainly available stocks, so there is hardly any transaction in the market.

Cassava chip inventory in Quy Nhon, as estimated by traders is about 120,000 tons, mainly concentrating in about 4-5 enterprises. Meanwhile, in Saigon, cassava chip inventory is about 40-50,000 tons of which the cassava chip inventory is below 10,000 tons in Tay Ninh and about 40,000 tons in Binh Phuoc.

According to information from traders, it is expected that the Ministry of Finance will make the final decision on cassava chip export duty for 2015 and 2016 this week.

Procurement prices of cassava chips in Vietnam (VND/kg)

Type	This week	Last week
Tay Ninh – good-grade cassava chips – released from warehouses - bagged	4.950-5.000	4.950-5.000
Unclassified cassava chips – bought by warehouses in Quy Nhon	5.050	5.050

Source: adapted by AgroMonitor

The move of raising exchange rate by 1% and loosing the exchange rate range to 3% by the State Bank of Vietnam have removed a lot of difficulties for cassava chip exporting enterprises in the context of bearish market. Thus, after 10 days since China sharply devaluated the RMB, the VND has also lost about 2.6% of its value against the US. dollars. The differences in exchange rates between US\$/RMB and US\$/VND have been also shortened to below 0.5%. Therefore, export cassava chip prices of Vietnam to China are still ensured. Currently, the common offers of enterprises are US\$ 230-232/ton (FOB). Since China's RMB devaluates, the actual accepted prices of China are about US\$ 225-228/ton FOB (Vietnam), equivalent to a converted price of about VND 5,050-5,100/kg.

Prices of fresh cassava roots and cassava starch

In Tay Ninh, prices of fresh cassava roots transported to plants tended to decrease slightly at the beginning of the week and then rebounded in mid week because the volume of fresh cassava roots transported to plants tended to fall and do not meet the operating capacity. Therefore, by mid week, prices of fresh cassava roots in Tay Ninh rebounded to the level established at the end of last week (around VND 2,350-2,450/kg. There are some causes explained for the decrease in volume of fresh cassava roots transported to plants: (i) The weather in Tay Ninh from the end of last week has been fine from the end of last week and there is only little rain at night. As the weather is better and high-land cassava planted area is not affected by diseases, farmers do not rush to harvest cassava and wait for cassava roots become bigger. It is estimated that after about 1 month, the yield of fresh cassava roots in high-land area in Tay Ninh will increase to about 5 tons/ha. Therefore, the cassava harvest of about 10 days later until mid month also helps farmers gain further about 2-3 tons/ha. (ii) The low-land cassava area harvest has been nearly completed, so the volume of fresh cassava roots transported to plants drop. For Cambodian fresh cassava roots, this week, the volume of fresh cassava roots transported to Chang Riec border gate tended to rise to about 500-600 tons/day with the transacted prices at border gates of about 250-330 Riel/kg. The starch content of Cambodian fresh cassava roots is about 18-24%. As the Riel/VND exchange rate increases, prices of Cambodian fresh cassava roots converted to VND also rose, so traders tended to lower prices of Cambodian fresh cassava roots transported to border gates. However, since plants have strong demand for fresh cassava roots, so prices of Cambodian fresh cassava roots transported to border gates do not decrease as expected by cassava traders.

In Central Coastal Region such as Phu Yen, Quang Nam, Quang Ngai and Hue, plants plan to resume operation by late this month or early next month, depending on the availability of materials in each region.

With the prices of fresh cassava roots in regions as above, prices of finished cassava starch in Tay Ninh are about VND 8,800-8,900/kg; Central Region: VND 7,900-8,100/kg depending on each plant. Adding freight rates, some enterprises which still have available cassava starch in Tay Ninh are offering cassava starch at port at about VND 9,000-9,050/kg.

Prices of fresh cassava roots in some localities for 2015 crop season (VND/kg)

Locality	This week	Last week
Tay Ninh – at plants’ gate (Cambodian roots: starch content 30%)	2.350-2.450	2.350-2.450
Tay Ninh – at plants’ gate (Local roots: starch content 30%)	2.350-2.450	2.350-2.450
Central Region-Central Highlands (unclassified roots)	1.750-1.800	1.750-1.800

Source: Adapted by AgroMonitor

As the VND depreciates sharply against the USD, RMB/VND exchange rate is also revised up, export cassava starch prices of Vietnam do not bear much pressure. Cross-border export prices do not need to be revised up to offset the exchange rate differences. Export prices of cassava starch by sea tend to be revised down to be more competitive in relation to other competitors. Specifically, export prices of cassava starch across border through Mong Cai border gate are around RMB 2,730-2,750/ton for cassava starch grade 1, VND 2,650-2,700/ton for cassava starch grade 2. For cassava starch exported by sea, enterprises are actively reducing the offers to US\$ 410-415/ton FOB; meanwhile, the prices of US\$ 410/ton are more common to release old-season cassava starch inventory.

Comparison on US\$/RMB and US\$/VND exchange rates before and after China’s dumping of RMB

Exchange rate	As of 10/8	As of 13/08	Increase/decrease (%)
RMB/VND	3484	3501	-0,5
US\$/RMB	6.39	6.21	2,9
US\$/VND	22350	21780	2,6

Source: Adapted by AgroMonitor

Export starch offers of Vietnam

Form	This week	Last week
Seaway (FOB Ho Chi Minh City – US\$/ton)	410-415	430-435
Cross-border (DAF Mong Cai/Lang Son – RMB/ton)	2.630-2.720	2.630-2.720

Source: Adapted by AgroMonitor

Exports of tapioca chips and starch of Thailand

This week, the Thai Tapioca Starch Association revised down export tapioca starch prices of the country by US\$ 5/ton to US\$ 450/ton because the local cassava starch prices lost by 0.1 Baht to 14.5 Baht/kg and the Baht devaluates sharply against the USD. Meanwhile, the Thai Tapioca Trade Association kept unchanged export tapioca starch prices at US\$ 445-450 (FOB) and cassava chips US\$ 218-230/ton (FOB).

Developments of local and export tapioca starch prices of Thailand, 2014-2015 (US\$/ton)

Date	Local starch price (Baht/kg)	Export starch price (US\$/ton)
12/08/14	13.0	425.0
19/08/14	13.0	425.0
26/08/14	13.2	435.0
02/09/14	13.4	440.0
09/09/14	13.4	440.0
16/09/14	13.4	440.0
23/09/14	13.4	440.0
30/09/14	13.4	440.0
07/10/14	13.5	440.0
14/10/14	13.5	445.0

21/10/14	13.5	445.0
27/10/14	13.5	445.0
04/11/14	13.5	445.0
11/11/14	13.5	445.0
18/11/14	13.5	445.0
25/11/14	13.3	430.0
02/12/14	13.3	430.0
09/12/14	13.3	430.0
16/12/14	13.3	430.0
23/12/14	13.2	420.0
30/12/14	13.2	420.0
06/01/15	13.1	415.0
13/01/15	13.1	415.0
20/01/15	13.1	415.0
27/01/15	13.0	415.0
03/02/15	13.0	415.0
10/02/15	13.0	415.0
03/03/15	13.2	425.0
10/03/15	13.2	425.0
17/03/15	13.2	425.0
24/03/15	13.2	425.0

31/03/15	13.2	425.0
07/04/15	13.5	435.0
21/04/15	13.7	440.0
28/04/15	14.0	450.0
11/05/15	14.0	450.0
18/05/15	14.1	450.0
25/05/15	14.1	450.0
02/06/15	14.1	450.0
09/06/15	14.1	450.0
16/06/15	14.1	440.0
30/06/15	14.1	440.0
06/07/15	14.2	440.0
13/07/15	14.3	445.0
20/07/15	14.4	450.0
27/07/15	14.5	455.0
05/08/15	14.6	455.0
12/08/15	14.6	455.0
19/08/15	14.5	450.0

Source: Thai Tapioca Starch Association

Prices of tapioca chips and starch (FOB) from Thai Tapioca Trade Association (US\$/ton, FOB Bangkok)

	This week	Last week	Last month	Increase/decrease from last week (%)	Increase/decrease from last month (%)
Tapioca chips	215	215	207	0	3.9
Tapioca starch	450	455	435	-1.1	3.0

Source: TTTA

Prices ethanol and cassava in China

Prices of ethanol made from cassava in the West of China rebounded this week when plants sustain output at low level while prices of imported ethanol increased because China sharply devaluated the RMB. However, the increase in exchange rate remains quite limited. In the same trend, prices of ethanol made from molasses in China soar sharply this week by as much as RMB 75/ton.

Prices of Thai and Vietnamese cassava chips in China

	Unit	This week	Last week	Changes
Thailand	US\$/ton FOB	230-233	230-233	0
Vietnam	US\$/ton FOB	230-232	230-232	
Rizhao port	RMB/ton (including VAT and fees)	TL: 1700-1720 VN: 1730-1750	TL: 1700-1720 VN: 1730-1750	0
Zhenjiang port	RMB/ton (including VAT and fees)	TL: 1700-1720 VN: 1730-1750	TL: 1700-1720 VN: 1730-1750	0
Lianyungang port	RMB/ton (including VAT and fees)	TL: 1700-1720 VN: 1730-1750	TL: 1700-1720 VN: 1730-1750	0

Source: Adapted by AgroMonitor

Prices of corn in China

Region	Unit	This week	Last week	Changes
Lianyungang port	RMB/ton	2340-2380	2340-2380	0
Dalian port	RMB/ton	2350-2360	2350-2360	0
Jinzhou port	RMB/ton	2350-2360	2350-2360	0

Source: Adapted by AgroMonitor

Prices of molasses in Chinese market (RMB/ton)

Region	Standard	Unit	This week	Last week	Changes
Nanning	Sugar content over 48% Brix over 84%	RMB/ton	1050-1200	1050-1200	0
Liuzhou	Sugar content over 48% Brix over 84%	RMB/ton	1050-1200	1050-1200	0
Zhanjiang, Guangdong	Sugar content over 48% Brix over 85%	RMB/ton	1200	1200	0

Source: Adapted by AgroMonitor

Prices of ethanol in Chinese market (RMB/ton)

	Ethanol from corn	Ethanol from cassava	Ethanol from molasses
This week	5575	5305	5950
Last week	5575	5275	5875
Changes (RMB/ton)	0	+30	+75
Changes (%)	0.00	+0.57	+1.28

Source: Adapted by AgroMonitor

TRADE*Cassava chip exports in July and August*

According to the official data from the General Department of Vietnam Customs, cassava chip exports of Vietnam in July were nearly 16,000 tons, down sharply compared to the figure of 115 thousand tons year on year. However, excluding the 9,000 ton vessel declared in July but was loaded in August because the vessel arrived late, so the actual cassava chip exports in July were just nearly 7,000 tons.

In August, based on the registered contracts, the cassava chip exports as of August 13 were over 10,000 tons.

From January 1 to 13, cassava chip exports of Vietnam totaled over 1.7 million tons, up sharply compared to 1.55 million tons in 2014 as a whole.

Cassava chip exports of Vietnam by month, 2014-2015 (ton)

Month	2014	2015	Increase/decrease
1	152,246	196,412	29.0
2	274,296	186,069	-32.2
3	254,850	427,982	67.9
4	193,657	311,522	60.9
5	80,320	264,078	228.8
6	121,782	287,782	136.3
7	115,106	15,695	-86.4
8	75,573	10,346	
9	68,144		
10	86,459		
11	66,947		
12	61,244		

Source: adapted by AgroMonitor. Data for August 2015 are preliminary data

Cassava chip exports by market in 2015 (ton)

Market	3	4	5	6	7	8	First months of 2015	8 of
China	408,855	287,422	247,913	274,325	15,695	9,700	1,605,103	
Korea (Republic)	19,127	14,900	12,000			646	58,797	
Japan		9,200		12,000			21,200	
Indonesia			4,165				4,165	
Vietnam						32	32	
Total	427,982	311,522	264,078	286,325	23,230	10,378	1,705,997	

Source: adapted by AgroMonitor. Data for August 2015 are preliminary data

Cassava chip exports by port/border gate in 2015 (ton)

Port	3	4	5	6	7	8	First 8 months of 2015
Cat Lai	92,819	66,808	42,557	37,475		270	341,969
Khanh Hoi	25,840	26,350		47,000	5,500		190,090
Phu Huu	25,000						52,000
Quy Nhon	267,050	208,143	207,100	184,700	16,535	912	1,033,790
Other	17,273	10,221	14,421	17,150	1,195	0	78,951
Total	427,982	311,522	264,078	286,325	23,230	1,182	1,696,800

Source: adapted by AgroMonitor. Data for August 2015 are preliminary data

Average prices of cassava chips exported to China for the first 8 months of 2015 (US\$/ton, CNF)

Month	Cat Lai port	Quy Nhon port
1	230	235
2	222	220
3	217	221
4	223	220
5	233	230
6	234	234
7		238
8		245

Source: Adapted by AgroMonitor

Cassava starch exports of Vietnam for the first 8 months of 2015

Cassava starch exports of Vietnam in July 2015 turned to rally with over 136 thousand tons. From August 1 to 11, cassava starch exports of Vietnam were quite high with 64,974 tons. From January 1 to August 11, 2015, cassava starch exports of Vietnam were above 1.3 million tons, up sharply year on year.

Noticeably, the volume of cassava starch delivered through Huu Nghi border gate (Lang Son) soared sharply, when the export volume for the first 11 days of August was nearly equal to the exports for July as a whole with over 9,000 tons. Although the decision on establishment of Po Nhung border gate was just released on August 10, within three days (9,10,11), about 2,858 tons of cassava starch have been registered to be exported through this border gate. With the advantages regarding procedures and distance, it is expected that the volume of cassava starch exported through Po Nhung border gate will soar sharply; meanwhile, the exports through Huu Nghi border gate will decrease sharply.

Starch exports of Vietnam, 2014-2015 (ton)

Month	2014	2015	Changes: 2015/2014
1	153,193	247,596	61.6
2	123,437	141,499	14.6
3	134,746	275,670	104.6
4	99,747	188,118	88.6
5	122,831	138,045	6.4
6	110,029	123,281	12.0
7	127,448	136,786	7.3
8	139,699	64,974	
9	145,190		
10	146,826		
11	202,633		
12	230,412		

Source: adapted by AgroMonitor. Data for August 2015 are preliminary data

Starch exports of Vietnam by port/border gate in 2015 (ton)

Port/border gate	4	5	6	7	1-11/8	Total
Total	188,119	138,045	123,281	136,786	64,974	1,315,969
Mong Cai border gate (Quang Ninh)	86,124	78,295	76,411	84,541	34,466	654,119
Cat Lai port (HCMC)	51,248	27,371	25,893	35,178	11,277	363,122
Huu Nghi border gate (Lang Son)	10,699	17,078	12,362	9,655	9,432	117,301
Tien Sa port (Da Nang)	14,383	2,619	2,521	363		62,658
Na Hinh border gate (Lang Son)	9,114	3,473	2,594	360	6,660	40,492
Na Nua border gate (Lang Son)	14,364	6,122	448	405		32,013
Other	2,169	3,087	3,053	6,284	3,139	46,247

Source: adapted by AgroMonitor. Data for August 2015 are preliminary data

Starch exports of Vietnam by market in 2015 (ton)

Market	3	4	5	6	7	1-11/8	Total
Total	275,670	188,119	138,045	123,281	136,786	64,974	1,315,969
China	243,930	161,820	118,581	108,106	121,781	59,674	1,148,256
Singapore	8,643	4,655	2,695	504	720		36,880
Philippines	6,856	5,014	4,786	4,047	4,537	1,272	32,587
Bangladesh	4,848	4,120	3,881	1,285	2,585	160	24,703
Malaysia	2,354	4,518	1,967	3,063	1,925	418	19,608
Taiwan	3,620	1,384	3,040	1,847			17,305
India	1,482	1,846	371	663	114		5,852
Indonesia	1,095	510	1,036	824	187		5,272
Japan	73			19	504	2,546	3,179
Other	2,768	4,252	1,689	2,924	4,433	904	22,328

Source: adapted by AgroMonitor. Data for August 2015 are preliminary data

Data about starch vessels arrived at Hai Phong port in July and August 2015

According to AgroMonitor's market information system, from August 1 to 16, there are 30 cassava starch vessels from the South and the Central Region to Hai Phong port, carrying along nearly 50 thousand tons of cassava starch, up sharply by 45% on the month. Meanwhile, the volume of cassava starch transported from Southern ports accounted for the large majority with over 34,000 tons.

Cassava starch volume shipped to Hai Phong port for the first 8 months of 2015 (ton)

Month	Volume (ton)
1	113,055
2	83,562
3	70,759
4	81,895
5	69,500
6	70,590
7	69,912
8	49,917

Source: Adapted by AgroMonitor

Refer to some starch vessels arrived at Hai Phong port in early August 2015

Vessel's name	Arrival date	Port of loading	Volume (ton)	Month
VIET THUAN 18	2	QUY NHON	1,870	8
THANH DAT 36- ALCI	2	SAI GON	2,000	8
HOANG GIA 46	2	SAI GON	2,100	8
QUANG HUNG 36	2	NHA TRANG	1,300	8
SON HUNG 26-ALCI	2	NHA TRANG	858	8
THANH DAT 09-ALCI	3	LONG AN	2,400	8
THANH DAT 68	3	SAI GON	2,000	8
ANH DUY 168-BIDV	4	KY HA	800	8
HIEP HUNG 89	4	SAI GON	2,200	8
HOANG GIA 45	5	SAI GON	2,100	8
XUAN TOAN 68-ALCI	6	SAI GON	2,150	8
HAI MINH 26	7	DA NANG	1,125	8
14-11-87	7	VUNG RO	1,300	8
DONG PHONG 68	8	SAI GON	2,000	8
HONG MINH 18	8	QUY NHON	900	8
DAI DUONG 88	8	CAM RANH	2,147	8
HUY AN 36	9	SAI GON	1,300	8
MINH SON 27	9	VUNG RO	700	8
THANH DAT 28	10	SAI GON	1,900	8
THAI THUY 88	10	SAI GON	2,000	8
PHU AN 168	10	NHA TRANG	1,200	8
HONG PHUC 1168	11	VUNG RO	1,100	8
HAI PHUONG 19	12	SAI GON	2,070	8
HOANG PHUONG 16	12	DA NANG	650	8
HUNG THANH 668-BLC	13	SAI GON	2,000	8
THANH CONG 09-ALCI	13	SAI GON	2,000	8
HA TRUNG 27	13	QUY NHON	1,547	8
PHUONG NAM 45	14	SAI GON	2,100	8
THANH DAT 02-BLC	15	SAI GON	2,100	8
MINH NGUYET 88	16	SAI GON	2,000	8

Source: Adapted by AgroMonitor

AFFECTING FACTORS*Vietnam adjusts exchange rates and loosened exchange rate range*

In the context that the RMB depreciates sharply for 2 decades, causing difficulties for export items of Vietnam, as of August 19, the State Bank of Vietnam announced to raise the inter-bank exchange rate between the Vietnam dong and the U.S dollars from VND 21,673/US\$ to VND 21,890/US\$ (up by 1%), at the same time, loosen the exchange rate range from +/-2% to +/-3%. After the move of the SBV, the listed exchange rates at commercial banks are also revised up sharply. As of August 20, listed exchange rates at commercial banks of Vietnam were also revised to VND 22,350/22,450/USD (buy) and VND 22,035/22,105/USD on August 18. Therefore, after revising exchange rates twice in August, VND has devaluated by about 2.6% against the USD, narrowing down the exchange rate differences between the USD/RMB and RMB/VND exchange rates. The differences as calculated by AgroMonitor are just about 0.5%.

MARKET OUTLOOK

According to a report recently announced, HSBC forecasts that USD/VND exchange rates may be revised up further by 2% at the end of this year and 2% in 2016. There are two main causes attributing to the above forecast: (i) The RMB may continue to devalue in the last months of the year; (ii) the USD will continue to appreciate against key currencies as U.S. Federal Reserve System (Fed) will raise interest rates by the end of this year, putting pressure on USD/VND exchange rates. Previously, after the State Bank of Vietnam decided on raising USD/VND exchange rates on August 19, ANZ bank also commented that, if the exchange rate policy is unchanged from date to the end of the year, the VND value may depreciate by at most 5.1%, higher than the 4.5% at present.

As exchange rate may continue to rise in the last months of 2015 and early 2016 when the peak import season is approaching, exporting enterprises may gain more benefits in the last months of the year. However, in another move, the VND devaluation will result in an increase in prices of cassava chip and fresh cassava roots imported from Cambodia and Laos, raising input costs for exporting enterprises. Meanwhile, the exchange rate of China is unpredictable, so enterprises need to work out exchange rate scenarios to have appropriate reactions.