

Executive Summary

Domestic Coffee Market Summary

Weak tone witnessed in Karnataka physical market, as on 6th October 2015 on lackluster trading activities. Roasters are away from the market now a days. Coffee Day Enterprises, operator of the country's largest coffee shop chain, recorded a weak debut on the bourses as on 2nd November 2015 with its shares ending almost 17% below its initial public offering (IPO) price. Shares of Coffee Day closed at Rs 271 on 2nd November 2015 against the issue price of Rs 328. The stock, which opened at Rs 317, went down and touched Rs 266 earlier in the day due to selling by some investors, who borrowed to invest in the IPO.

As per sources, Hindustan Coca-Cola Beverages Private Limited (HCCBPL), a Coca-Cola bottling company, has acquired the Georgia tea and coffee business of Coca-Cola India Private Limited, a producer of carbonated drinks. Both the companies are based in India. The Georgia business offers hot and cold beverages, including fresh brewed coffee, hot pre-mix flavored tea, coffee, iced tea and cold coffee, through its vending machines.

According to recent released data by USDA, coffee production of India may go up at 5.3 million bags this season (Oct'15-Sep'16). Large carryover stocks are expected to keep the prices subdued as exports are forecast at 5 million 60-bags. The share of soluble coffee in domestic consumption improves but overall consumption remains unchanged. The Coffee Board of India published its MY 2014/15 production final estimate at 5.4 million 60-kg bags.

As per sources, India is likely to produce higher Arabica coffee crop to 108,000 tons in 2015/16 season supported by higher than normal rainfall since March -2015 which helped berries grow successfully and helping crops further to be protected from pests i.e. the White stem borer. Arabica production may go up by 20% in 2015/16 as per the Coffee Exporters' Association of India. Karnataka which is the main coffee growing state of India received 88% more rainfall than normal since the start of March-2015 to 10th May 2015 which helped coffee flowers to blossom on a right stage and farmers were able to add fertilizer on time as well. The coffee for the season 2015-16 of Arabica and Robusta have flowered during February for Robusta and April-May for Arabica since early rains during Feb-15 and March-15 helped it. The picking for Arabica will start in end of the November 2015 and Robusta during end of January 2016.

Recommendation:

Weekly Call - : Market participants are advised to go long above 9000 levels for a target of 9200 and 9500 with a stop loss at 8250 on closing basis.

International Coffee Market Summary

As per sources, Brazil's coffee shipment of October 2015 increased by 13% to 3306499 60kg bags against last month record i.e. 2918548 60 kg bags. It is also higher by 7% as compared to last year record export value i.e. 3094300 60 kg bags on rising importers demand.

Brazil's Coffee Exports Details					
Commodity	Oct-15	Sep-15	Oct-14	% change Last month	% change Last year
Coffee	3,306,499	2,918,548	3,094,300	13	7

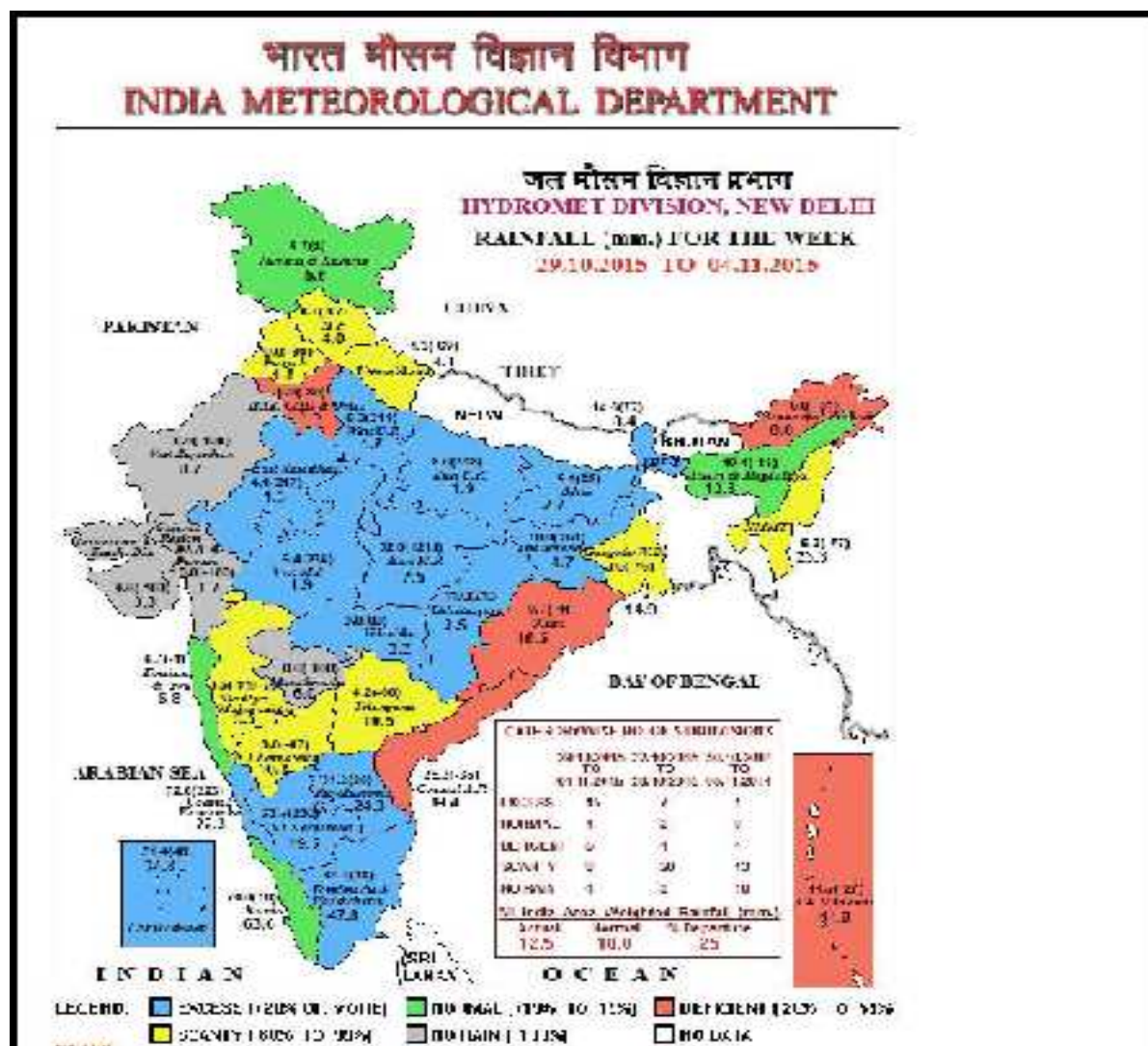
Source: Reuters

Domestic Export and Import Scenario :-

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 4th November 2015 is registered significantly down by 2.94% at 214303 metric tons as compared to 220808 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 37.90% to 26350 metric tons in this year during 1st January 2015 to 4th November 2015 from preceding year instant coffee volume i.e. 42437 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 31.45% to 29549, 28.35% to 9368 metric tons respectively against last year exports volume i.e. 43106 metric tons, 13076 metric tons respectively in the same period of time due to lower demand.

Export update: From 01st January 2015 to 04th November 2015(in metric tonnes)									
	INDIAN COFFEE	Ar.Pmt	Ar.Chy	Rob.Pmt	Rob.Chy	Roasted seeds	R & G	Instant	Total
1	Provisional exports (Indian coffee)	29549	9368	31218	117516	35	266	26350	214303
2	Provisional exports corresponding period last year	43106	13076	21148	100756	50	234	42437	220808
3	Provisional re-exports	0	0	0	0	119	268	55153	55540
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	42551	42552
5	Total provisional exports (1+3)	29549	9368	31218	117516	154	534	81504	269843
6	Total provisional exports corresponding period last year (2+4)	43106	13076	21148	100756	50	234	84989	263359

Source: The Coffee Board Of India

Weather Updates:-
SUB-DIVISION WISE RAINFALL FORECAST & WEATHER WARNINGS:-


Source: IMD

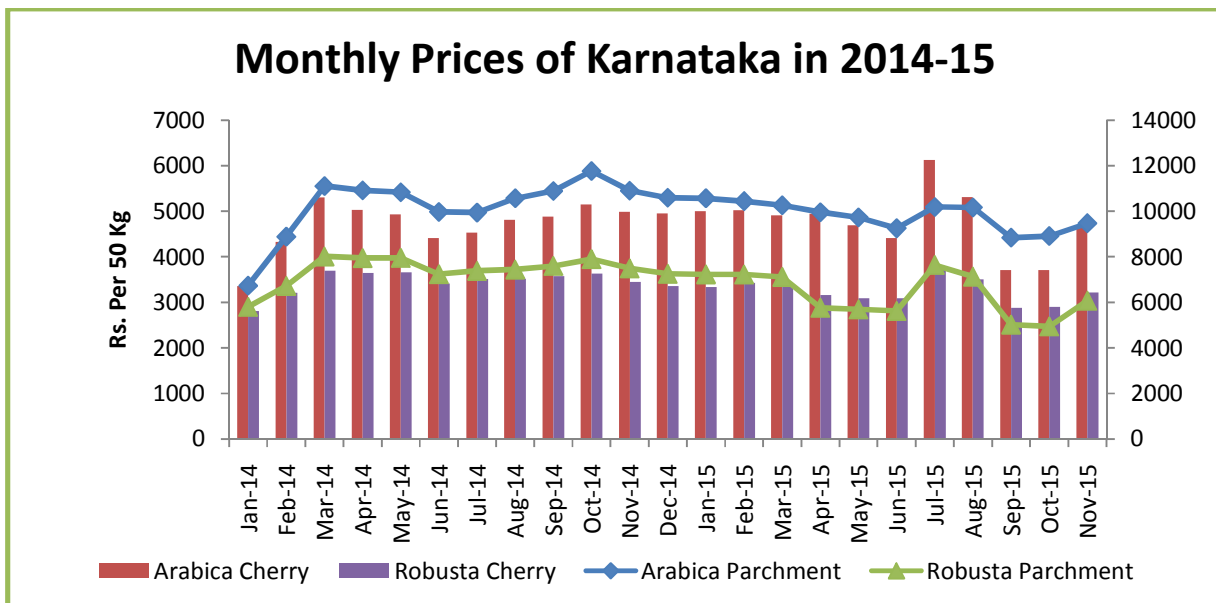
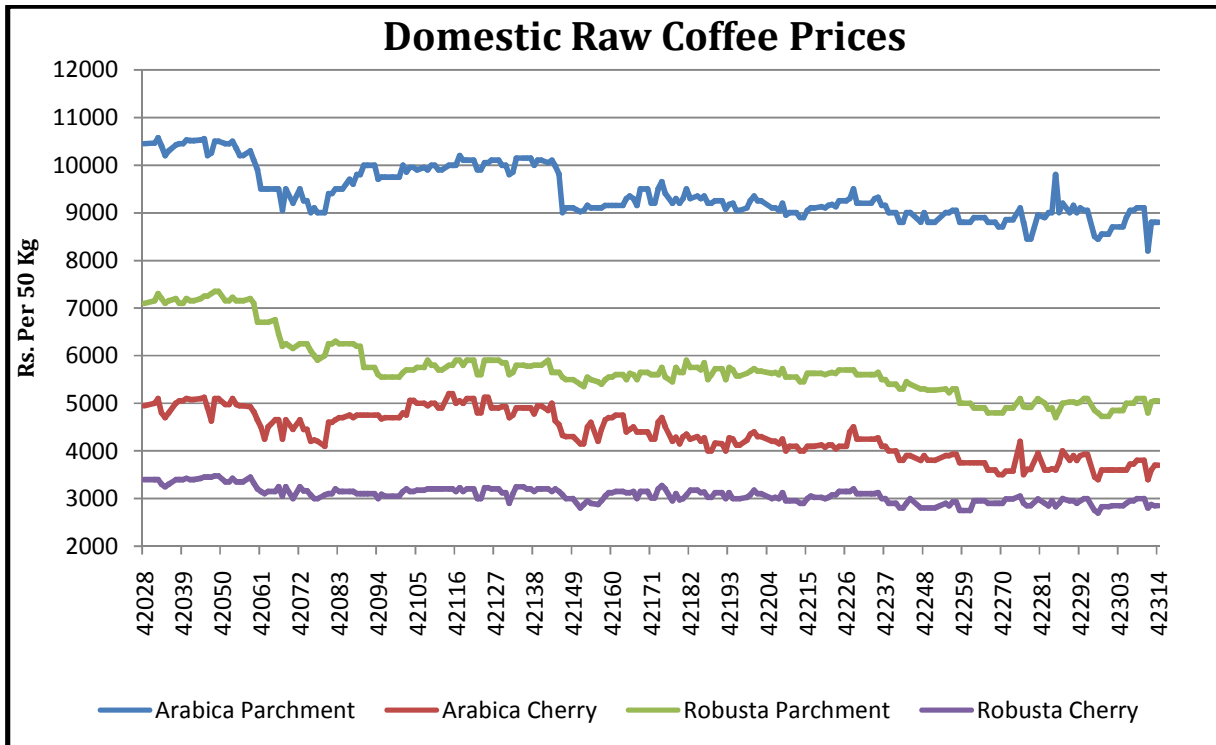
- A Cyclonic Storm, 'CHAPLA' formed over east central & neighbourhood Arabian Sea on 29th October. It gradually intensified into an Extremely Severe Cyclonic Storm on 30th and crossed Yemen coast as a very severe cyclonic storm on 3rd November.
- Rainfall was excess/normal in 10 and deficient/scanty in 26 out of 36 meteorological sub-divisions. (All India Actual: 49.3 mm, Normal: 86.5 mm and Departure: -43%).
- A Western Disturbance as an upper air cyclonic circulation lies over Jammu & Kashmir and adjoining north Pakistan and extends up to 3.1 km above mean with a trough aloft roughly along Long. 72.0°E and north of Lat. 30.0°N. Associated induced upper air cyclonic circulation lies over Punjab & neighbourhood and extends up to 1.5 km above mean sea level.

Domestic Crop Condition And Progress:-
Balance Sheet Highlight:-

Below chart shows USDA projection for Indian coffee from 2013-14 to 2015-16:-

Coffee, Green Market Begin Year India	2013/2014		2014/2015		2015/2016	
	Oct 2013		Oct 2014		Oct 2015	
	Official USDA	New post	Official USDA	New post	Official USDA	New post
Area Planted	419	419	412	412	410	410
Area Harvested	381	381	372	372	370	370
Bearing Trees	568	568	553	553	541	541
Non-Bearing Trees	64	64	79	79	91	91
Total Tree Population	632	632	632	632	632	632
Beginning Stocks	1,982	1,982	2,026	2,026	2,271	2,691
Arabica Production	1,703	1,703	1,400	1,630	1,420	1,490
Robusta Production	3,372	3,372	3,700	3,810	3,780	3,810
Other Production	0	0	0	0	0	0
Total Production	5,075	5,075	5,100	5,440	5,200	5,300
Bean Imports	1,104	1,104	1,000	1,080	1,090	1,000
Roast & Ground Imports	3	3	3	3	3	3
Soluble Imports	45	45	42	42	42	38
Total Imports	1,152	1,152	1,045	1,125	1,135	1,041
Total Supply	8,209	8,209	8,171	8,591	8,606	9,032
Bean Exports	3,300	3,300	3,200	3,200	3,500	3,500
Rst-Grnd Exp.	16	16	4	4	3	3
Soluble Exports	1,667	1,667	1,496	1,496	1,497	1,497
Total Exports	4,983	4,983	4,700	4,700	5,000	5,000
Rst,Ground Dom. Consumption	770	770	770	770	800	650
Soluble Dom. Cons.	430	430	430	430	450	600
Domestic Use	1,200	1,200	1,200	1,200	1,250	1,250
Ending Stocks	2,026	2,026	2,271	2,691	2,356	2,782
Total Distribution	8,209	8,209	8,171	8,591	8,606	9,032

Source: USDA

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

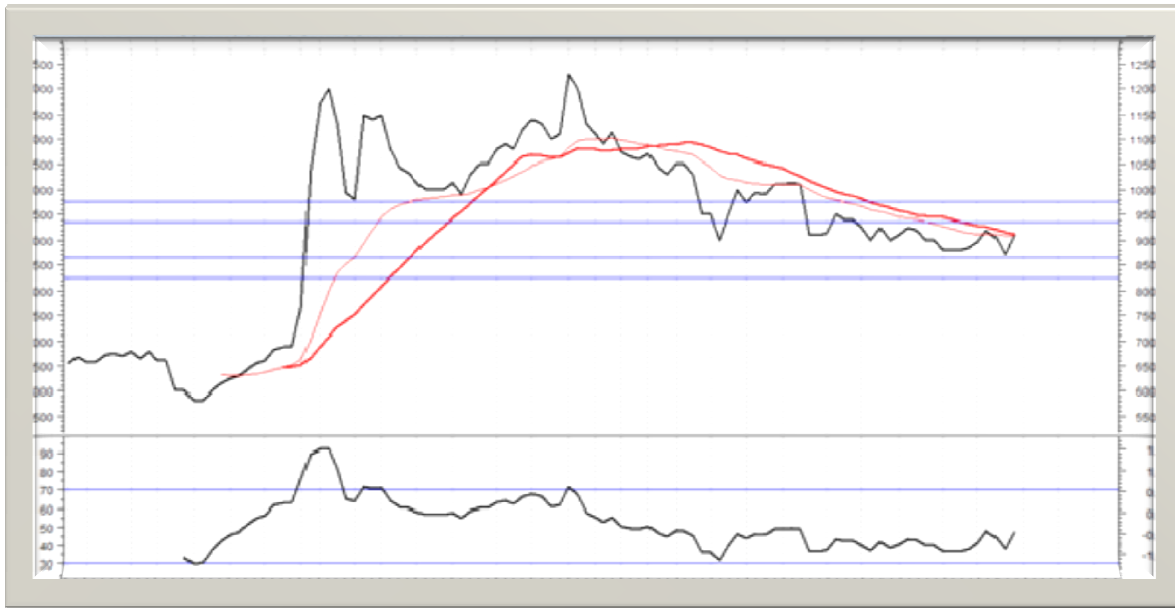
Variety	06.11.2015	30.10.2015	Change
Arabica Parchment	8800	9100	300
Arabica Cherry	3700	3800	100
Robusta Parchment	5050	5100	50
Robusta Cherry	2850	3000	150

* Values in Rs per 50 Kg

ICTA Auction Prices (Bangalore)(New Season(2014-2015) Crop

Grade	15.10.2015	08.10.2015	Change	15.10.2015	08.10.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	-	--	--	-
AA	--	--	-	--	--	-
PB	203.5	204	-05	163.5	162	1.5
A	--	--	-	--	180	-
AB	--	--	-	--	--	-
B	--	--	-	--	--	-
C	--	--	-	128	--	-
BBB	127	--	-	--	--	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	-	--	--	-
A	--	--	-	--	125	-
PB	--	--	-	117.5	--	-
AA	--	--	-	122.5	--	-
AB	--	--	-	120	121	1
B	--	--	-	--	--	-
C	--	--	-	115.5	--	-
BBB	100.5	--	-	101	--	-

Values in Rs. per kg

Technical Analysis(Domestic Arabica Parchment Coffee At Karnataka Market)


Outlook -Prices show downside momentum during the week. We expect prices to trade lower side in next week.

- Technical chart shows upward momentum in the market.
- RSI is also moving in down in neutral region in this week , hinting further downward momentum in the next week.
- However, simple moving average supports falling zone of the market.
- We expect further downtrend in the market in coming days.

Strategy: Market participants are advised to go short for the short period of time.

Arabica Parchment (Karnataka Spot Market Price)

Support and Resistance				
S2	S1	PCP	R1	R2
8000	8250	8800	9200	9500

Units in Rs./50 kg.

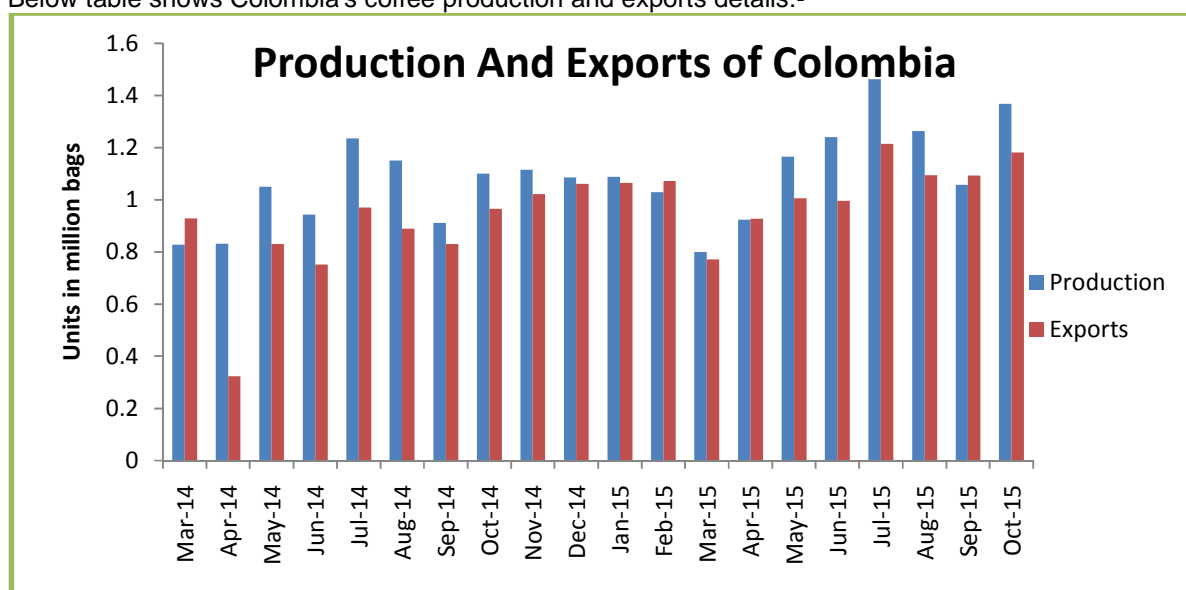
International Market Updates

ICE Arabica coffee future prices of December contract improved by 0.5% to 120.90 USC cents per lb from 120.95 USC cents per lb on fresh demand. As per exchange data, Certified Robusta coffee stocks held in ICE-nominated warehouses fell marginally to 200,920 tonnes on Nov. 4 from 200,940 tonnes on Nov. 3, 2015. Coffee stocks held in European ports rose 0.8 percent in August 2015. Stocks increased to 720,339 tonnes from 714,566 a month earlier. ECF figures cover the major coffee storage ports of Antwerp, Bremen, Hamburg, Genova, Le Havre and Trieste.

Colombia:-

As per the National Coffee Growers Federation, Colombia's coffee output went up by 24% to 1.36 million 60-kg bags of washed Arabica coffee in October 2015 from a year ago. Exports were also up 22 percent to 1.18 million bags. Twelve-month production through October was 13.6 million bags, up 12 percent from the previous year. Colombia is likely to harvest slightly more than 13 million bags this calendar year.

Below table shows Colombia's coffee production and exports details:-



Source :Reuters

Vietnam:- According to traders, Vietnam may export between 90,000 tonnes and 110,000 tonnes of coffee this month, against 95,000 tonnes due to the newly harvested beans.

Indonesia:- As per the government trade data, Robusta coffee bean exports from Indonesia's main growing area in Sumatra declined by 4.3 percent to 26,155.9 in October from a year earlier. The world's third-largest Robusta producer shipped 27,334.61 tonnes of Robusta in the same month a year earlier and 28,969.23 tonnes in September.

Others :-

- Coffee exports from Honduras rose 2.5 percent in October compared with the same month last year. Coffee shipments from Honduras, Central America's top producer, reached 21,315 60-kg bags in October, up from 20,798 bags in the same period last year, according to the institute. IHCAFE estimates that exports during the 2015-2016 season will rise 9.9 percent to reach 5.52 million bags. The coffee season in Central America and Mexico, which together produce about a fifth of the world's arabica beans, runs from October through September.
- According to recently released data by USDA, World coffee production is expected to touch the level of 152.65 million bags in 2015/16 which is higher by 4.36% against 2014/15 coffee crop estimates i.e. 146.26 million bags due primarily to record output in Indonesia and Honduras as well as strong recovery in Brazil. World coffee production forecast in June 2015 is revised down from December -2015 estimate by 3.5 million bags to 146.3 million bags followed by lower output estimates of central America & Mexico, Vietnam and Peru.

Coffee Production Of The World:-
Below are estimates for coffee output (in millions of 60-kg bags) for the current crop:

Source	Date Issued	2014/15	2015/16	Robusta	Arabica	Global Production Forecast 2014/15	Supply/Demand 2014/15
Conab	29-Sep	45.3	42.15	10.85	31.3		
Volcafe	26-Aug	49.2	48.3	15.7	32.6	143.8	-6.4
Rabobank	25-Aug-15	48.5	48.5	16.5	32	142.7	-6.9
Terra Forte	13-Aug-15	46.78	47.28	15.2	32.05		
Intelligent Coffee Insights	13-Aug-15		46.1	16	30.1		
IBGE Statistic	11-Aug-15	45	44.7				
BMI Research	11-Aug-15	45.3	46.3				
Procafe	4-Aug-15		41-43				
USDA	19-Jun	51.2	52.4	16.1	35.7		
Neumann	2-Jun-15	49.3	47.3	16.1	31.2	148.5	-6.5
U.S. Attached	12-May-15	51.2	52.4	14.4	38		
IBGE	12-May-15		42.5	11	31.4		
Volcafe	4-May-15	49.2	51.9	16.4	35.5		
Mercon	27-Apr-15	50.5	50.3				
Marex Spectron	27-Apr-15	49.5	49				
Citi	12-Apr-15	48	48				
Wolthers-Dueque	9-Apr-15	44.21	45.9	11.4	34.2		
Comexim	1-Apr-15	49.35	48.6	13.65	34.95		
Coex	31-Mar-15	47.5	45.08				
INTL FC Stone	25-Mar-15	48-49	44-45.5	11.5-12	32.5-33.5		
Neumann	March	47.9	45.3			141.9	-6.8
Ecom	March	54.6	49.75	17.7	32		
CNC/Procafe	13-Mar-15		40.3-43.25	10.3-11.1	30-32.15		
Volcafe	19-Feb-15	47	49.5	16.5	33	142.2	-8.9
Terra Forte	13-Feb-15	46.78	47.28	15.2	32.05		
Olam	12-Feb-15		49				
IBGE Statistics Institute	12-Feb-15		43.9	11.7	32.2		
Conab	13-Jan-15		44.1-46.6	11.6-12.2	32.5-34.4		
Conab	22-Dec-15	45.3		13.03	32.3		
USDA	19-Dec-14	51.2		17	34.2	149.8	
Volcafe	17-Dec-14		49.5	16.5	33		
Ecom	15-Dec-14	55	50				
ICO	11-Dec-14					141	-0.8

Source: Reuters

International Coffee Price Trend:-

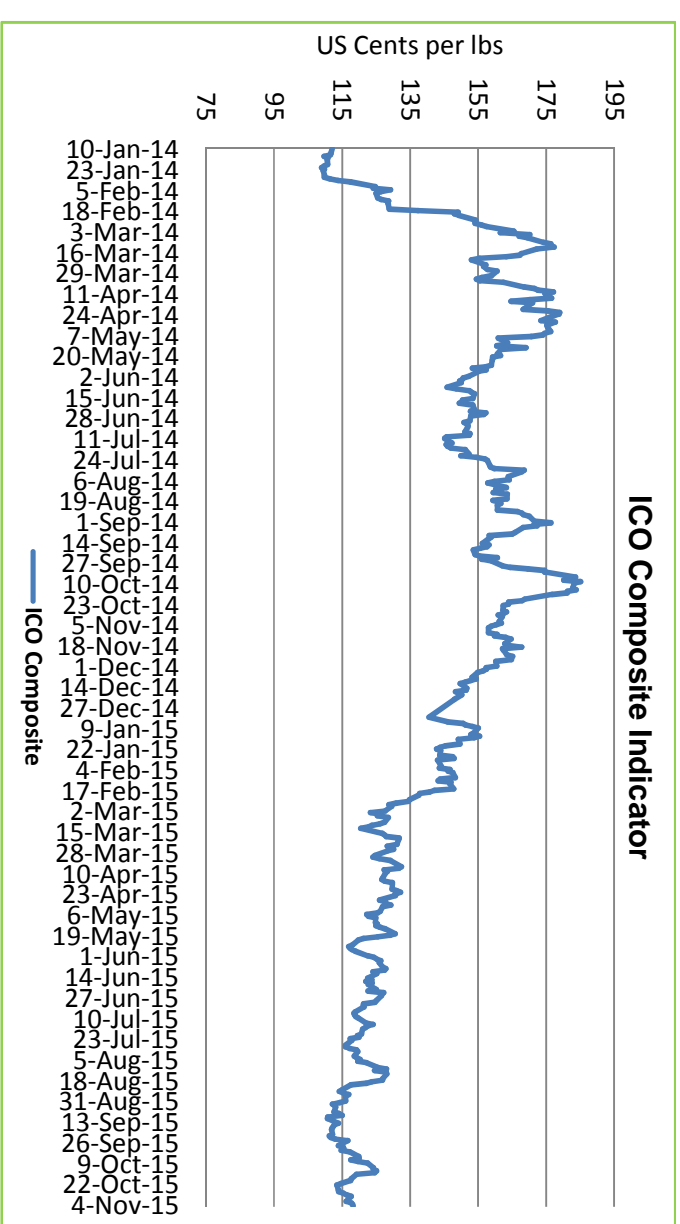
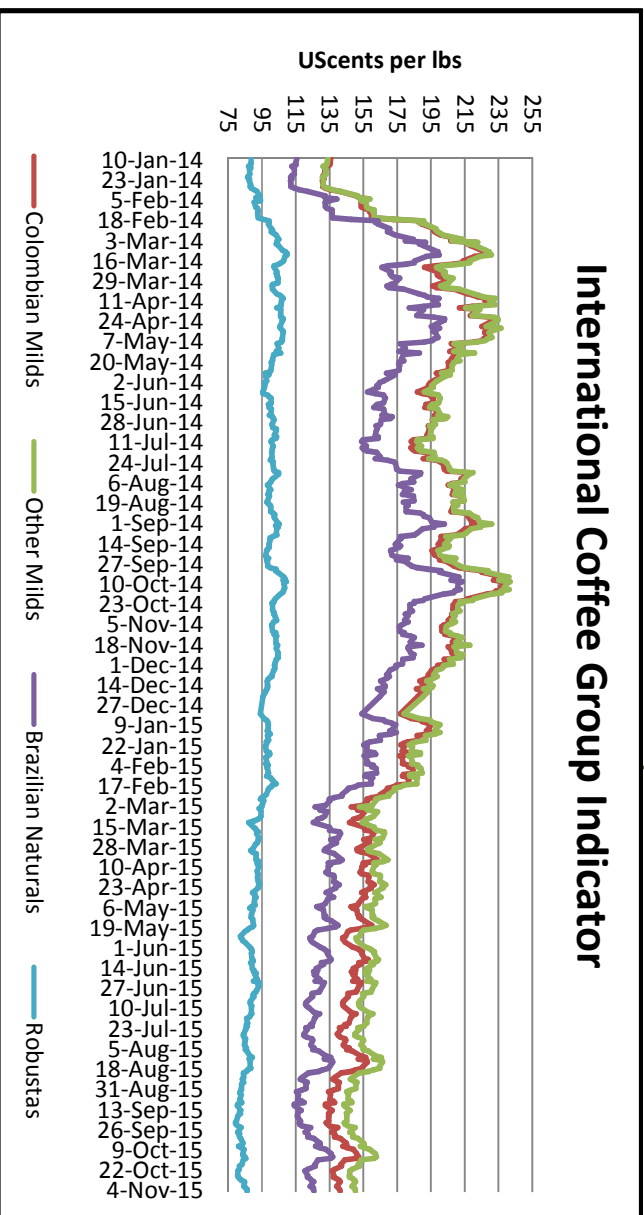
Germany Market – Hamburg and Bremen, France Market – (Le Havre and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	5.11.2015	29.10.2015	5.11.2015	5.11.2014
ICO Composite Indicator	118.30	116.36	119.92	162.50
Colombian Milds				
US	140.25	139.75	141.50	208.0
Europe	142.27	141.36	148.70	211.34
Group Indicator	141.18	140.49	144.81	209.54
Other Milds				
US	152.44	151.69	156.19	211.44
Europe	148.86	148.34	154.20	208.87
Group Indicator	150.33	149.71	155.01	209.84
Brazilian Naturals				
US	113.25	111.75	120.50	167.50
Europe	130.10	128.52	132.28	187.38
Group Indicator	125.72	124.16	129.22	182.21
Robusta				
US	92.42	89.42	90	107.71
Europe	84.92	81.43	82.58	101.25
Group Indicator	86.19	82.79	83.58	102.20

US cents/lb

International Coffee Indicators Charts:-

Below Table shows New York and London Future Price and Spread:-



International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(05-November-2015)	Week ago(29-October-2015)	Month Ago(05-October-2015)	Weekly Change (%)
15-Dec	120.90	120.95	128.10	0.50
16-Mar	124.25	124.25	131.20	0.49
16-May	126.35	126.30	133.30	0.52

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(05-November-2015)	Week ago(22-October-2015)	Month Ago(05-October-2015)	Weekly Change (%)
15-Nov	1637	1616	1622	4.53
16-Jan	1669	1643	1638	3.98
16-Mar	1681	1653	1658	4.02

USD/T
International Coffee Prices

	05.10.2015	29.10.2015	05.11.2015	05.11.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	36150	34650	35100	39350
Vietnam FOB (2-5 pct)* (Saigon port)	1685	1635	1608	1929.5
Indonesian FOB (4-80 defects)** (Lampung Port)	1710	1640	1590	1960

***FOB Values are in USD/T**
Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (26/10/2015)	Average Prices In	Prices Last Auction In (19/10/2015)
Arabica AA	180-297	226.28	180-297
Arabica AB	121-271	218.9	121-271
Arabica C	71-205	173.69	71-205
Arabica PB	140-233	205.91	140-233
Arabica T	24-174	96.79	24-174
Arabica TT	127-211	168.24	127-211

Units in \$ per 50 kg bags

Technical Analysis Of Coffee Future Market (Dec'2015 Contract At ICE Future Market)



Outlook -Prices show downward momentum during the week. We expect prices to trade sideways to weak tone in the market.

- Candlestick chart depicts downtrend in the market.
- 14 days EMI hints slight low momentum at 122.93 against 123.44 in the market.
- Slight down volume and prices indicates bearish phase of the market.
- RSI is remain up at 43.76 compared to 44.62 of last week momentum indicating steady to weak tone in the next week.

Strategy: Market participants are advised to go long for the short period of time.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
112.20	115.20	119.65	126.78	138.46

Technical Analysis Of Coffee Future Market (Dec'2015 Contract At LIFFE Future Market)


Outlook -Prices show downside momentum during the week. We expect prices to trade upside in next week.

- Candlestick chart shows downward momentum in the market on selling pressures.
- On the other hand, 14-days EMI is moving slight up at 1626 from 1624 of last week, indicating further steady tone in the market.
- However, RSI is up at 46.79 in neutral region against 45.03 of last week hinting a further upward momentum of the market in upcoming week.

Strategy: Market participants are advised to go long in the short period of time.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
1441	1510	1637	1676	1736

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