

Executive Summary

Domestic Coffee Market Summary

Steady to firm sentiments were seen in Karnataka physical market, as on 27th November 2015 on improved demand and in fear of lower crop size in this season. We found the local roasters active in this week at the auctions followed by a fall in prices. Domestic prices are highly affected by uncertainty around the globe and value of currency falling against the dollar and some late payment terms offered.

The overall condition of Arabica crop in India is good. But Coorg and Chikmangalur, which is coffee belt of India suffered. Arabica crop loss of 20% each due to unexpected rains in the month of November and a cyclone in the Bay of Bengal. Italy is the major buyer for Indian green coffee beans and Russia for Indian instant coffee powder. We expect the harvesting process to speed up after rains stop.

As per DGCIS latest report, India received around Rs.318.68 crore as the total coffee exports revenue which is 48.98 million in USD in October 2015. This is higher by 4.09 % in Rs. and lower by 1.86% in USD respectively as against Rs.306.17 crore and USD 49.91 million respectively in the corresponding month of previous year. It stood at Rs. 2987.78 crore and the value in USD at 465.59 million since April-2014 to October 2015 up by 4.09% in Rs. however down by 1.60% in USD as against the last year revenue i.e. Rs.2851 crore and in USD 473.14 million in corresponding period of time.

Recommendation:

Weekly Call - : Market participants are advised to go long above 7450 levels for a target of 7600 and 7800 with a stop loss at 6873 on closing basis.

International Coffee Market Summary

As per the government estimates, Vietnam is likely to ship 100,000 tonnes (1.67 million 60 kg bags) of the coffee this month with an increase of 19% from an earlier record. Total shipments of October month were revised down to 89,000 tonnes, bringing Vietnam's coffee exports in the 2015/2016 season to 189,000 tonnes (3.15 million bags), up 5 percent from a year earlier. Traders had forecast coffee exports in November, the second month of the 2015/2016 crop year, at between 90,000 tonnes and 110,000 tonnes. As per USDA, Vietnam's 2015/2016 coffee output is revised up by 2.4 percent from a previous forecast to 29.3 million bags due to adequate water supply. The revised output is also up from 27.4 million bags in the previous 2014/2015 season. As per recent Reuter data, beans prices of Vietnam declined nearly 4% so far in the 2015/2016 season that started on Oct. 1, 2015 compared with a gain of nearly 5 percent in the corresponding period a year ago. Around 25 to 30% harvesting has been completed in Vietnam. Higher crop estimates may cause a further downward pressure on coffee prices.

Brazilian real has fallen 10 and a half cents lower against the dollar, forcing producers to hold back on sales, whereas the crop position for 2015-16 is as follows. Brazil's coffee crop size is estimated at 49.40 million bags for 2015/16 which is 9% down from previous season because below average yields and smaller size of the beans in some growing areas. While, Vietnam is placed at 29.30 million bags Indonesia is placed at 10.605 million bags. Brazil's coffee production is reduced by 6.100 million bags. However crop size in Indonesia is raised by 2.20 million bags. The moisture now passing over São Paulo's Northern border with Minas Gerais state, where roughly 50 percent of Brazil's coffee is grown, will help to push a bumper harvest expected in mid 2016 closer to reality after two years of drought. In the current season Brazilian Conillon traded at a discount to London Robusta futures after it was tendered and graded, starting towards the end of last year. As per traders, U.S. traders may come forward as main buyers of the Conillon stocks when the accrued penalties become persuasive. Carry-over stocks from crops prior to 2014 also supported the steady flow of exports. Carry-over stocks for MY 2015/16 are projected down at 5.2 million bags.

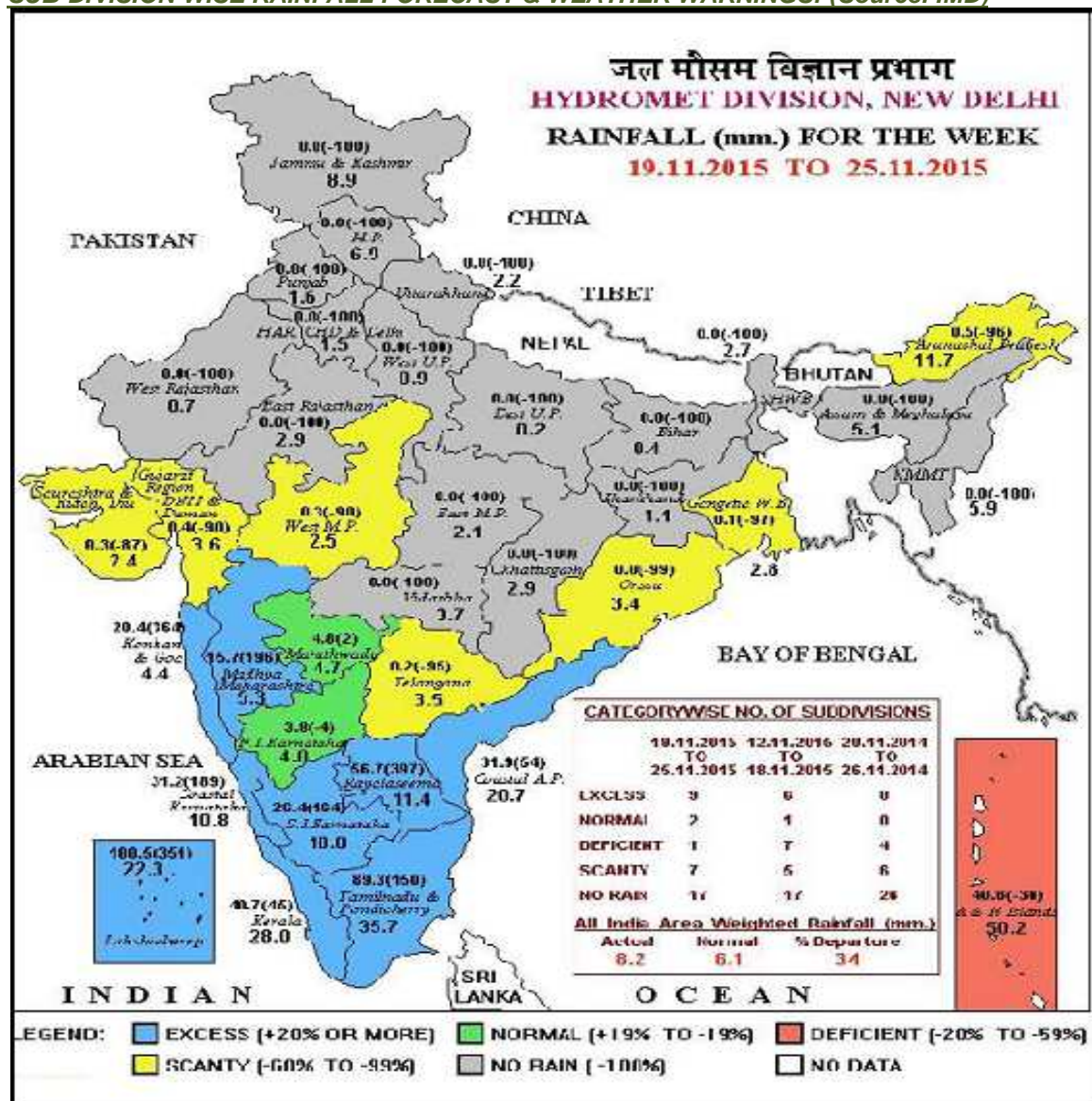
Domestic Export and Import Scenario :-

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 25th November 2015 is registered significantly down by 3.37% at 222242 metric tons as compared to 230010 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 39.01% to 26650 metric tons in this year during 1st January 2015 to 25th November 2015 from preceding year instant coffee volume i.e. 43697 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 30.89% to 30242 , 28.37% to 9858 metric tons respectively against last year exports volume i.e. 43763 metric tons, 21694 metric tons respectively in the same period of time due to lower demand.

Below table shows coffee exports details of India :-

Export update: From 01 st January 2015 to 25th 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)	30242	9858	32336	122835	39	283	26650	222242
2	Provisional exports corresponding period last year	43763	13763	21694	106775	51	268	43697	230010
3	Provisional re-exports	0	0	0	0	119	274	59095	59488
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	47169	47170
5	Total provisional exports (1+3)	30242	9858	32336	122835	157	557	85744	281730
6	Total provisional exports corresponding period last year (2+4)	43763	13763	21694	106775	51	269	90867	277180

Source: The Coffee Board Of India

Weather Updates:-
SUB-DIVISION WISE RAINFALL FORECAST & WEATHER WARNINGS:- (Source: IMD)


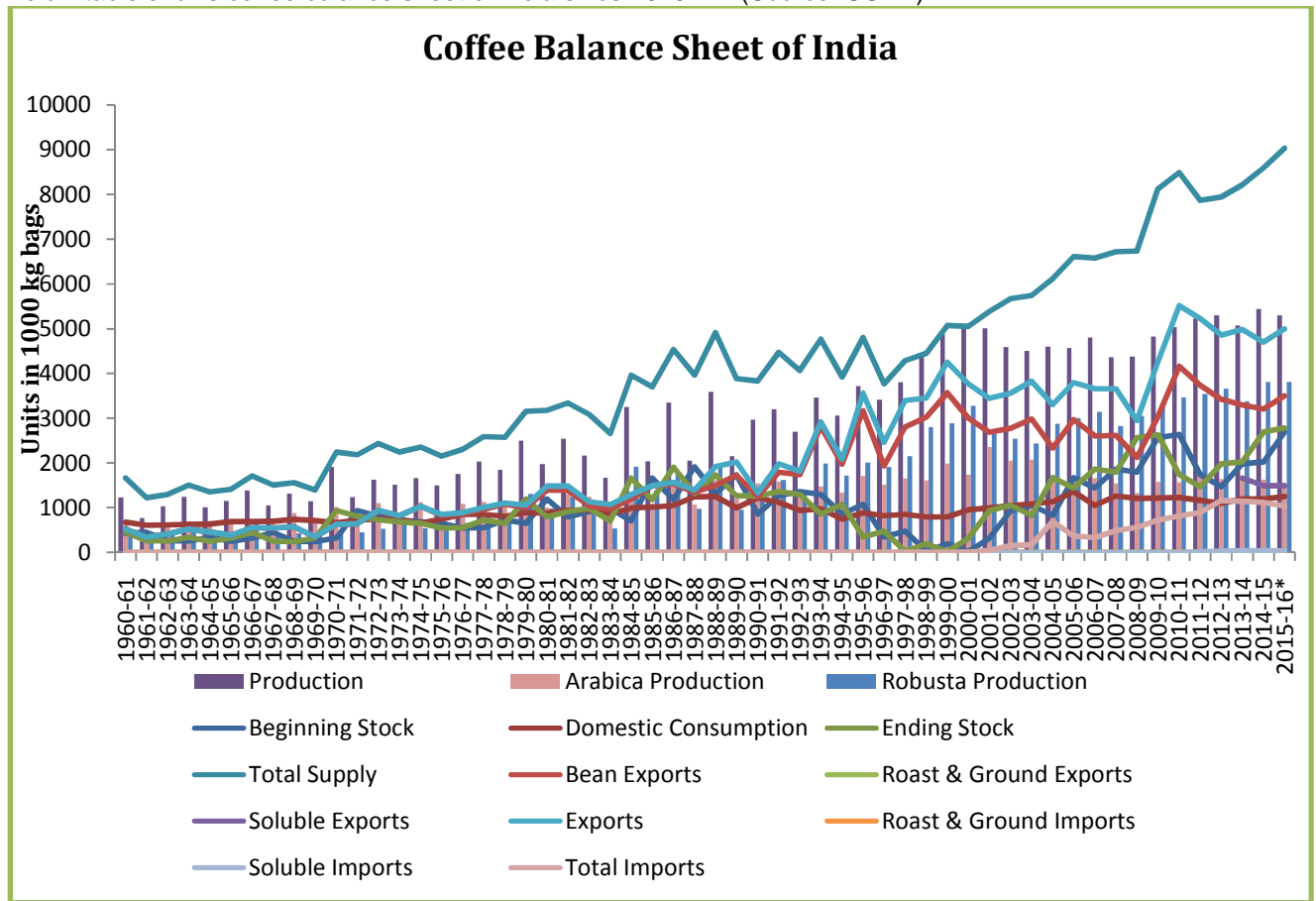
Source:

- Heavy to very heavy rain was reported at some places over coastal Tamilnadu & Puducherry, Coastal Andhra Pradesh and Rayalaseema on one or two days of the week.
- Last week's upper air cyclonic circulation over west central Bay of Bengal off Andhra Pradesh coast became less marked on 19th.
- Last week's upper air cyclonic circulation over interior Tamilnadu & neighbourhood lay centered over Lakshadweep area & neighbourhood. Under its influence, a low pressure area formed over Lakshadweep area & neighbourhood on 19th with associated upper air cyclonic circulation extending upto mid troposphere levels and persisted over the same area on 20th. It lay centered over southeast & adjoining East Central Arabian Sea on 21st & 22nd; over East Central Arabian Sea & neighbourhood with associated upper air cyclonic circulation extending up to 2.1 km above mean sea level on 23rd and became less marked on 24th.

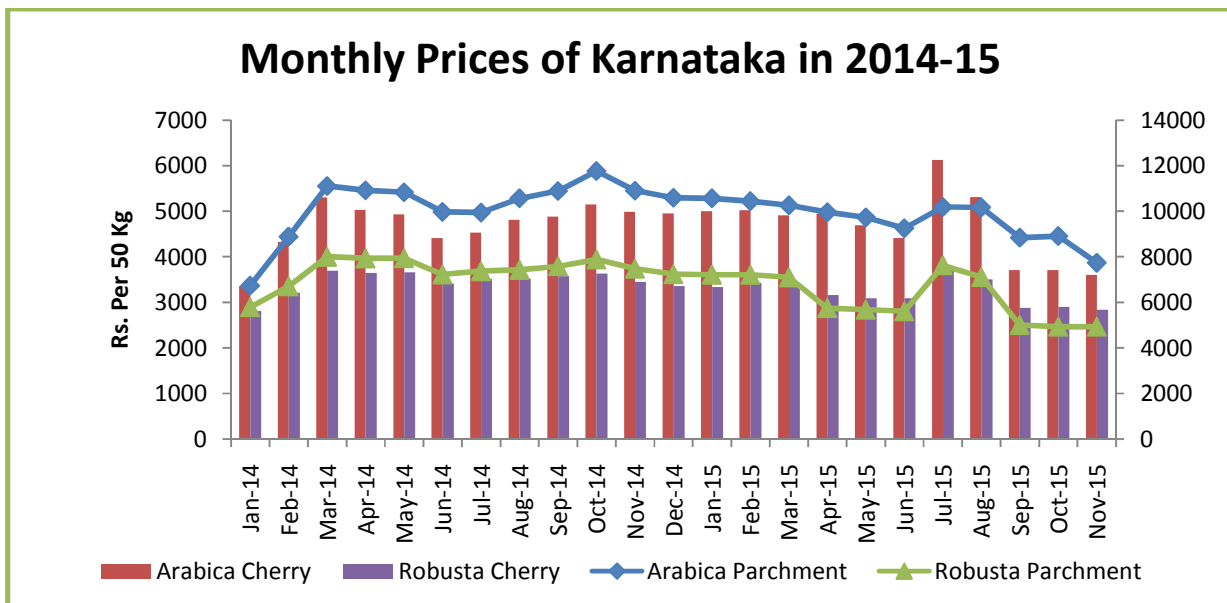
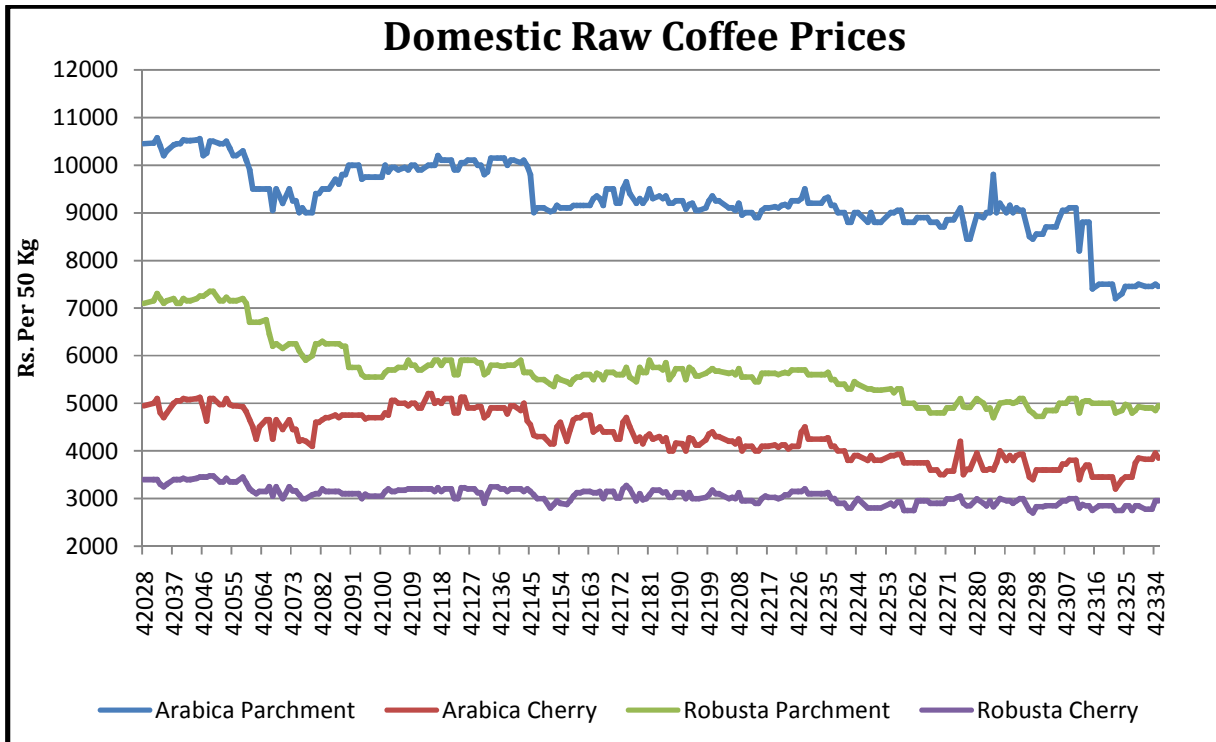
Domestic Coffee Crop Situation:-

- According to recent updates of USDA, total availability of India is registered up by 5.13% to 9032 thousand 60-kg bags for 2015-16 season against 8591 thousands 60-kg bags in preceding year supported by higher crop estimates, opening stocks and total imports which stood at 2691 and 1041 thousand 60-kg bags respectively.
- Total demand of India is also reported up by 5.93% to 6250 thousands 60-kg bags for 2015-16 season from 5900 thousands 60-kg bags in previous year record followed by higher exports volume estimates and domestic consumption i.e. 5000 against 4700 and 1250 thousands 60 kg bags against 1200 thousands 60 kg bags.

Below table shows coffee balance sheet of India since 2010-11:- (Source: USDA)



Source: USDA

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

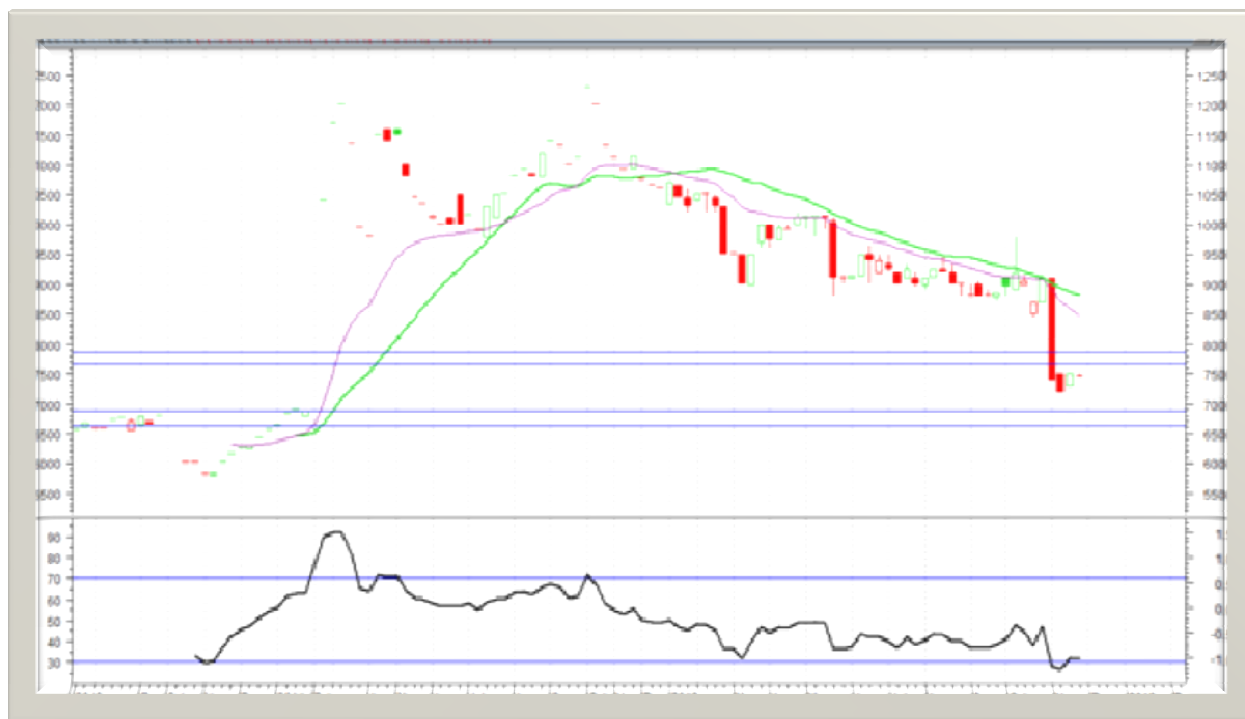
Variety	27.11.2015	20.11.2015	Change
Arabica Parchment	7450	7450	Unchanged
Arabica Cherry	3850	3750	100
Robusta Parchment	4950	4850	100
Robusta Cherry	2950	2850	100

* Values in Rs per 50 Kg

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

Grade	19.11.2015	05.11.2015	Change	19.11.2015	05.10.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	-	--	--	-
AA	245	274.6	-	--	--	-
PB	176.26	184	-7.74	163	--	-
A	243	--	-	--	164	-
AB	--	--	-	--	--	-
B	168.56	--	-	--	--	-
C	128	135	-7	--	--	-
BBB	--	122.5	-	--	--	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	123.50	--	-	--	--	-
A	--	--	-	--	--	-
PB	118	127	-9	110	117	-7
AA	124.50	--	-	114	--	-
AB	122.50	--	-	111	118	-7
B	--	--	-	--	--	-
C	114	118	-4	108	111.26	-3.26
BBB	--	--	-	102	106	-4

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 significantly downzone of the market.
- RSI is also moving down in neutral region at 31.62 in this week against 32.04 , hinting further downward momentum in the next week.
- 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
6618	6873	7450	7674.10	7875.

Units in Rs./50 kg.

International Market Updates

ICE coffee future prices inched up by 122.90 cents/lb against 112.75 cents/lb during this week end. As per source, ICE certified stocks declined by 1689 to 1841330 bags as of Nov.25,2015 against 1843019 bags as on Nov.24,2015. Many of the commodity markets closed yesterday for the thanks giving holiday in the U.S.A.

Below table depicts ICE certified stocks details :-(Units in bags)

COUNTRIES	ANTWERP	BARCELONA	HAMBURG /BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Brazil	1007	0	1600	1960	0	0	13960	18527
Burundi	61199	0	54130	0	0	0	2137	117466
Colombia	111844	0	50244	9027	41887	825	210205	424032
Coasta Rica	250	0	0	0	0	0	0	250
El Salvador	1225	0	25	0	0	0	3995	5245
Guatemala	1472	0	200	25	0	2200	6024	9921
Honduras	347259	0	20755	8605	11104	750	62413	450886
India	26386	0	1994	0	0	0	0	28380
Mexico	180113	0	3161	27231	0	0	56469	266974
Nicaragua	62202	0	0	550	0	550	4020	67322
Peru	172276	0	57968	5798	0	25	81715	317782
Rwanda	58542	0	16313	0	0	0	296	75151
Tanzania	70	0	227	0	0	0	578	875
Uganda	25124	295	32820	0	0	0	280	58519
Total in Bags	1048969	295	239437	53196	52991	4350	442092	1841330

Source:- Reuters

Others :-

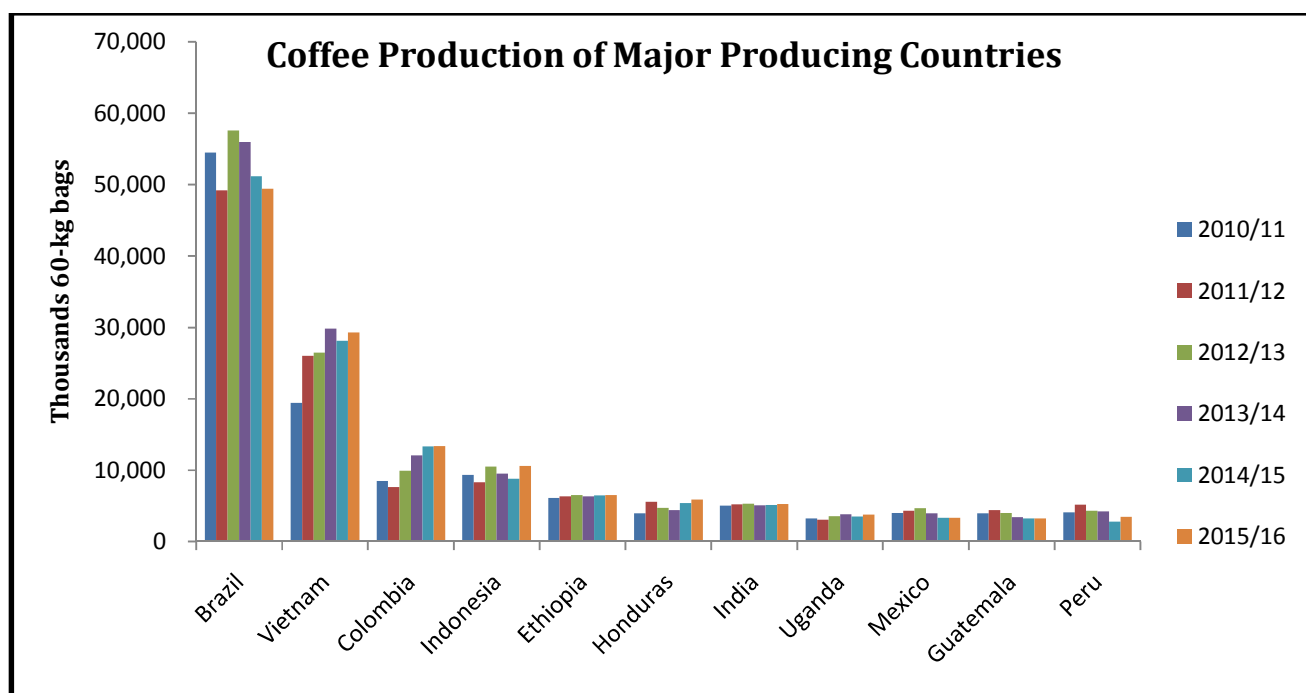
- As per sources, coffee exports of Uganda went down by 2.4% year on year led by unfavorable weather conditions. Uganda shipped total 223,858 60 kg bags of coffee in October 2015 against 229,438 kg bags in the corresponding period of time in 2014 due to heavy rains and occasional hailstorm. Uganda is Africa's top exporter of coffee, which is one of its major foreign exchange earners.
- According to the Tanzania Coffee Board, the average price of Tanzania's top grade Arabica coffee declined at auction last week, followed by lower New York prices. The average price for top grade Arabica coffee fell to \$122.41 per bag at the auction held on Thursday, from \$133.04 previously, the TCB said in an auction report. The TCB said 21,401 bags were offered at the latest sale compared with 31,616 bags offered at the auction on Nov. 12,2015. While, the top price of Kenya's benchmark grade AA coffee went up at Tuesday's auction compared with the previous sale.

Coffee Exports Details Of The World:-

Below are global coffee production details (In thousands 60-kg bags) :-

Production	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16 (New in November 2015)	2015/16 (Old in June 2015)
Brazil	54,500	49,200	57,600	56,000	51,200	49,400	52,400
Vietnam	19,415	26,000	26,500	29,833	28,167	29,300	28,600
Colombia	8,525	7,655	9,927	12,075	13,300	13,400	12,700
Indonesia	9,325	8,300	10,500	9,500	8,800	10,605	11,000
Ethiopia	6,125	6,320	6,500	6,345	6,475	6,500	6,500
Honduras	3,975	5,600	4,725	4,400	5,400	5,900	5,900
India	5,035	5,230	5,303	5,075	5,100	5,300	5,200
Uganda	3,212	3,075	3,600	3,850	3,550	3,800	3,800
Mexico	4,000	4,300	4,650	3,950	3,300	3,300	3,300
Guatemala	3,960	4,410	4,010	3,415	3,215	3,215	3,215
Peru	4,100	5,200	4,300	4,250	2,800	3,500	3,500

Source: USDA



Source: USDA

International Coffee Price Trend:-

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

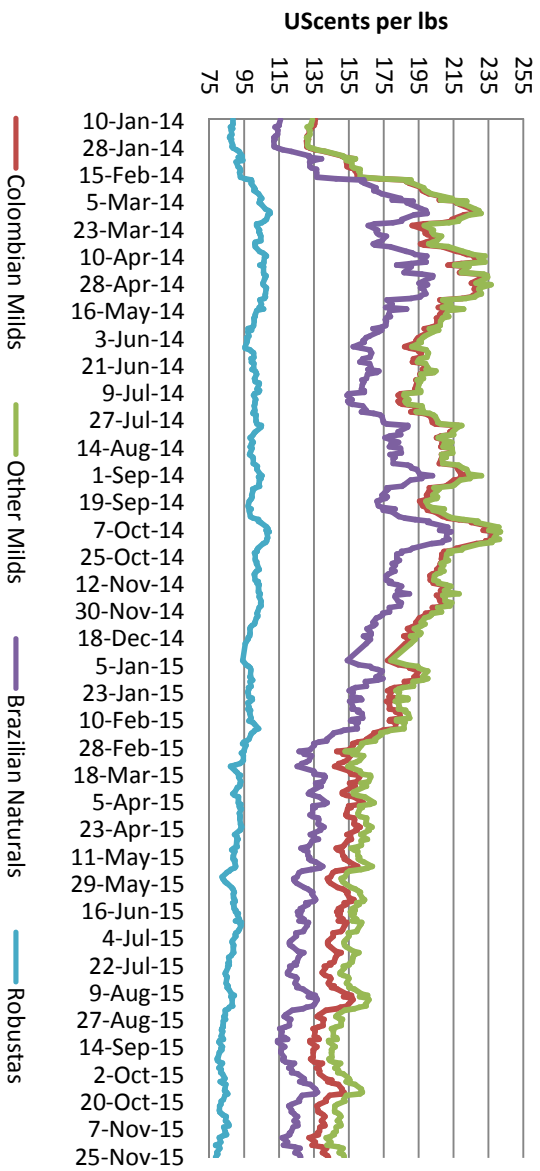
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	25.11.2015	18.11.2015	25.10.2015	25.11.2014
ICO Composite Indicator	116.61	110.45	113.95	162.38
Colombian Milds				
US	142.50	132.75	135.75	205.50
Europe	142.82	135.14	139.20	211.16
Group Indicator	142.65	133.85	137.34	208.11
Other Milds				
US	152.94	143.19	148.19	212.69
Europe	151.69	141.98	145.80	210
Group Indicator	152.20	142.47	146.78	211.02
Brazilian Naturals				
US	115.50	105.75	109.75	168.50
Europe	130.94	121.64	126.37	187.38
Group Indicator	126.93	117.51	122.05	182.47
Robusta				
US	86.17	84.92	86.83	106.33
Europe	77.64	77.19	79.38	100.24
Group Indicator	79.09	78.51	80.64	101.22

US cents/lb

International Coffee Indicators Charts:-

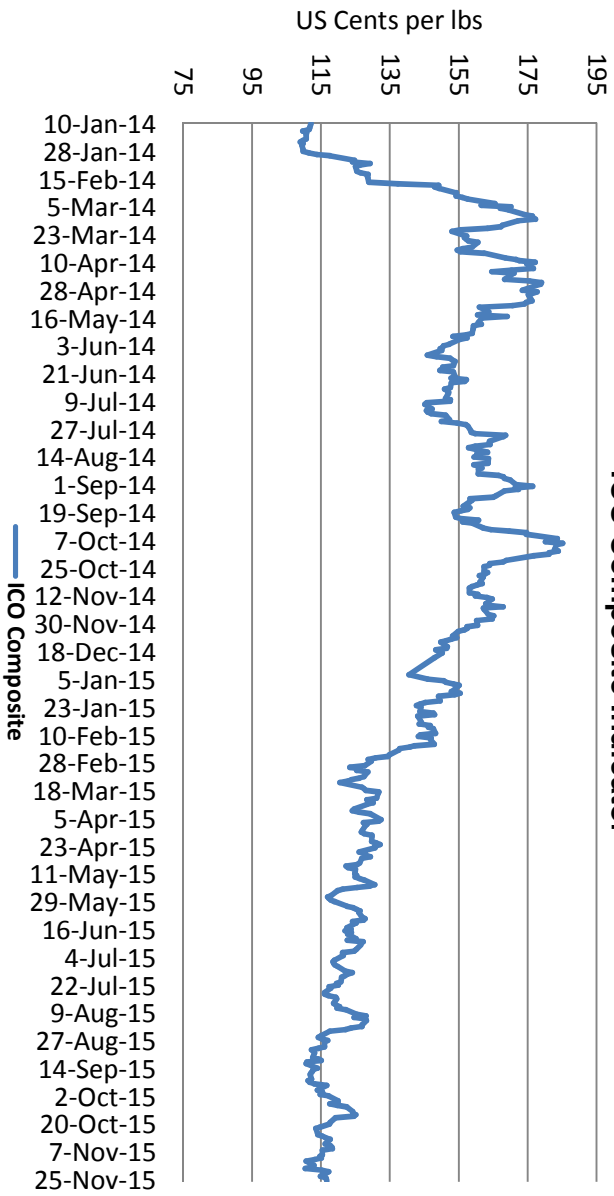
Below Table shows New York and London Future Price and Spread:-

International Coffee Group Indicator



Source: ICO

ICO Composite Indicator



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(25-November-2015)	Week Ago(18-November-2015)	Month Ago(25-October-2015)	Weekly Change (%)
15-Dec	122.9	112.75	117.30	9
16-Mar	125.55	115.75	120.70	8.46
16-May	127.60	117.95	122.85	8.18

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(25-November-2015)	Week Ago(18-November-2015)	Month Ago(25-October-2015)	Weekly Change (%)
15-Nov	1499	1474	1524	1.69
16-Jan	1532	1507	1553	1.65
16-Mar	1562	1529	1565	2.15

USD/T
International Coffee Prices

	26.11.2015	19.11.2015	26.10.2015	25.11.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	34150	33900	34200	41350
Vietnam FOB (2-5 pct)* (Saigon port)	1560	1685	1608	2020
Indonesian FOB (4-80 defects)** (Lampung Port)	1630	1620	1630	2060

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

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (24/11/2015)	Average Prices In	Prices Last Auction In (17/11/2015)
Arabica AA	180-379	274.24	195-278
Arabica AB	116-299	235.66	144-274
Arabica C	71-237	171	73-216
Arabica PB	86-286	231.46	120-247
Arabica T	49-155	100.3	48-150
Arabica TT	122-244	163.26	126-215

Units in \$ per 50 kg bags

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



Outlook -Prices show higher side of the market during the week. We expect prices to trade sideways to firm tone in the market.

- Candlestick chart depicts downtrend in the market.
- 14 days EMA hints slight up momentum at 121.31 against 121.36 in the market.
- Falling volume and prices indicates short build up phase of the market.
- RSI is remain up at 46.43 compared to 47.02 of last week momentum indicating steady to weak tone in the next week.

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

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
104.73	108.39	121	131	135.42

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 downside in next week.

- Candlestick chart shows upward momentum in the market on buying interests.
- Relatively, 14-days EMI is moving at 1580 against last week, indicating further steady to weak tone in the market.
- RSI is also up at 37.18 in neutral region against 47.02 of last week hinting a further upward momentum of the market in upcoming week.

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

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
1400	1429	1481	1558	1624

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