

**Executive Summary**

**Domestic Coffee Market Summary**

Firm sentiments were seen in Karnataka physical market, as on 3rd December 2015 on improved demand and in fear of lower crop size in this season.

Indian Coffee as per estimates is 245.300 lakh tonnes of Robusta and 110.30 lakh tonnes of Arabica though there is a damage presently around 20% to Arabica 20% to Arabica due to unprecedented rains and also could be a further damage of 10% due to the cyclone which is lashing Tamilnadu and Andhra.

Robusta crop is good and picking will start during December 2015, but some Irrigated areas in Coorg are slowly ripening and coffee may come to the market in mid December 2015.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 2nd December 2015 is registered significantly down by 2.61% at 226311 metric tons as compared to 232392 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 38.96% to 26904 metric tons in this year during 1st January 2015 to 2nd December 2015 from preceding year instant coffee volume i.e. 44079 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 30.29% to 30576 , 26.34% to 10249 metric tons respectively against last year exports volume i.e. 30576 metric tons, 13915 metric tons respectively in the same period of time due to lower demand.

**Recommendation:**

Weekly Call - : Market participants are advised to go long above 7650 levels for a target of 7966 and 8257 with a stop loss at 7456 on closing basis.

**International Coffee Market Summary**

As per the Government estimates, Daklak, top growing area of Vietnam is likely to produce 440000 tonnes (7.33 million bags) in the current 2015/16 crop year which is almost same as 444121 tonnes in last year records. The central highland province will strive to maintain its coffee area at around 200,000 hectares (494,200 acres) and raise the quality of exportable beans. As per traders, coffee exports of Vietnam is predicted between 100,000 tonnes and 120,000 (1.67 million to 2 million bags) of the coffee in December 2015. Coffee exports from the world's largest Robusta producer are not expected to pick up strongly despite the harvest entering its peak because global prices have been low. According to Vicofa,

As per ICO, Coffee exports of the world declined by 3.6% to 8.75 million bags in October 2015 against 9.06 million bags during previous year in the same month followed by Robusta coffee exports which slumped by 11.7% to 3.20 million bags. However, Arabica coffee exports went up by 1.9% to 5.55 million bags against last year record.

According to Brazil's trade Ministry data, Brazil exported 6% lower coffee beans at 2669920 60 kg bags in November 2015 as compared to October 2015 record. However, it is higher by 9% against previous year record volume.

Brazil's Coffee Exports Details					
Commodity	Nov-15	Oct-15	Nov-14	% change Last month	% change Last year
Coffee	3,116,107	3,306,499	2,864,081	-6	9

Source: Reuters

**Domestic Export and Import Scenario :-**

Below table shows coffee exports details of India :-

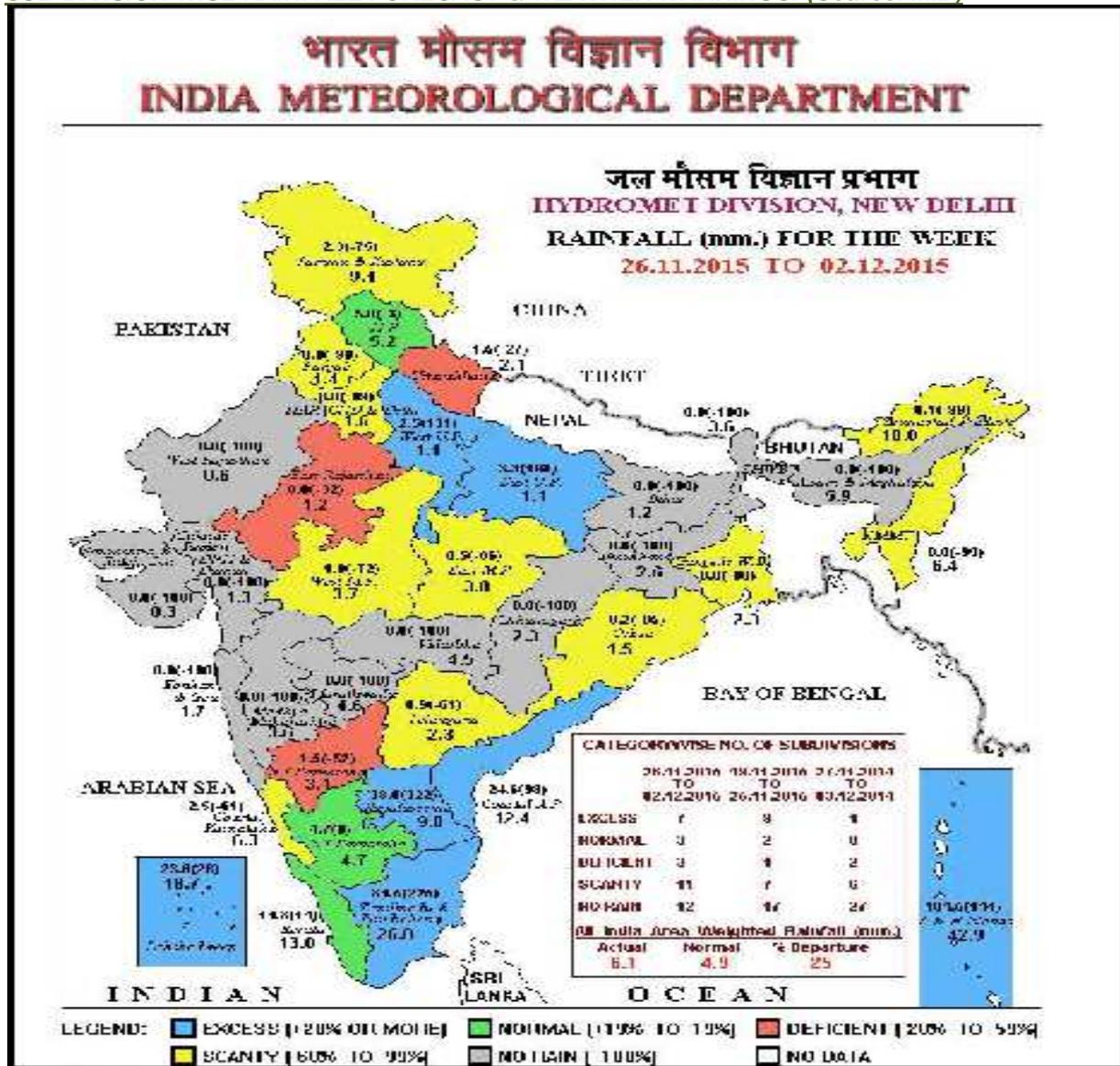
<b>Export update: From 01<sup>st</sup> January 2015 to 2nd December 2015(in metric tonnes)</b>									
	<b>INDIAN COFFEE</b>	<b>Ar. Pmt</b>	<b>Ar. Chy</b>	<b>Rob. Pmt</b>	<b>Rob. Chy</b>	<b>Roasted seeds</b>	<b>R &amp; G</b>	<b>Instant</b>	<b>Total</b>
1	Provisional exports (Indian coffee)	30576	10249	32868	125378	39	297	26904	226311
2	Provisional exports corresponding period last year	43862	13915	21939	108275	51	271	44079	232392
3	Provisional re-exports	0	0	0	0	119	274	59702	60095
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	48736	48736
5	<b>Total provisional exports (1+3)</b>	<b>30576</b>	<b>10249</b>	<b>32868</b>	<b>125378</b>	<b>157</b>	<b>571</b>	<b>86606</b>	<b>286406</b>
6	<b>Total provisional exports corresponding period last year (2+4)</b>	<b>43862</b>	<b>13915</b>	<b>21939</b>	<b>108275</b>	<b>51</b>	<b>271</b>	<b>92814</b>	<b>281128</b>

<b>COUNTRY WISE EXPORT OF COFFEE DURING 01/01/2015 to 02/12/2015</b>					
<b>[ BOTH INDIAN AND RE-EXPORTED COFFEE ]</b>					
<b>NAME OF THE COUNTRY</b>	<b>ARABICA (Tonnes)</b>	<b>ROBUSTA (Tonnes)</b>	<b>INSTANT (GBE)</b>	<b>ROASTED (GBE)</b>	<b>TOTAL</b>
ITALY	9608.020	60274.850	381.680	292.553	70557.103
GERMANY	3971.222	20442.281	962.559	0.000	25376.062
RUSSIAN FEDERATION	732.000	1673.800	20632.395	15.708	23053.903
BELGIUM	5281.260	9228.300	158.860	0.061	14668.481
TURKEY	45.840	270.760	13556.933	0.000	13873.533
SLOVENIA	0.000	9062.040	0.000	0.000	9062.040
JORDAN	4978.260	2363.700	15.600	0.000	7357.560
AUSTRALIA	44.400	6535.500	0.000	0.000	6579.900
LIBYA	1745.842	3955.040	733.187	7.765	6441.834
SPAIN	165.000	6159.000	32.500	0.000	6356.500
OTHERS	14254.105	38279.788	50132.552	412.770	103079.215
<b>TOTAL</b>	<b>40825.949</b>	<b>158245.059</b>	<b>86606.266</b>	<b>728.857</b>	<b>286406.131</b>

Source: The Coffee Board Of India

Weather Updates:-

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



Source:

- Rainfall was excess/normal in 11 and deficient/scanty in 25 out of 36 meteorological sub-divisions. (All India Actual: 86.4 mm, Normal: 111.9 mm and Departure: -23%).
- A low pressure has formed over southwest Bay of Bengal & adjoining Srilanka off Tamilnadu coast. Associated upper air cyclonic circulation extends upto 4.5 km above mean sea level. An upper air cyclonic circulation lies over Kerala & adjoining Lakshadweep and extends upto 0.9 above mean sea level.
- Heavy to very heavy rain with isolated extremely heavy rainfall occurred over north coastal Tamilnadu and south coastal Andhra Pradesh on 2nd December; heavy rainfall at isolated places of Tamilnadu and Andaman & Nicobar Islands on 29th and over Coastal Andhra Pradesh & Tamilnadu & Pudducherry on 30th November.

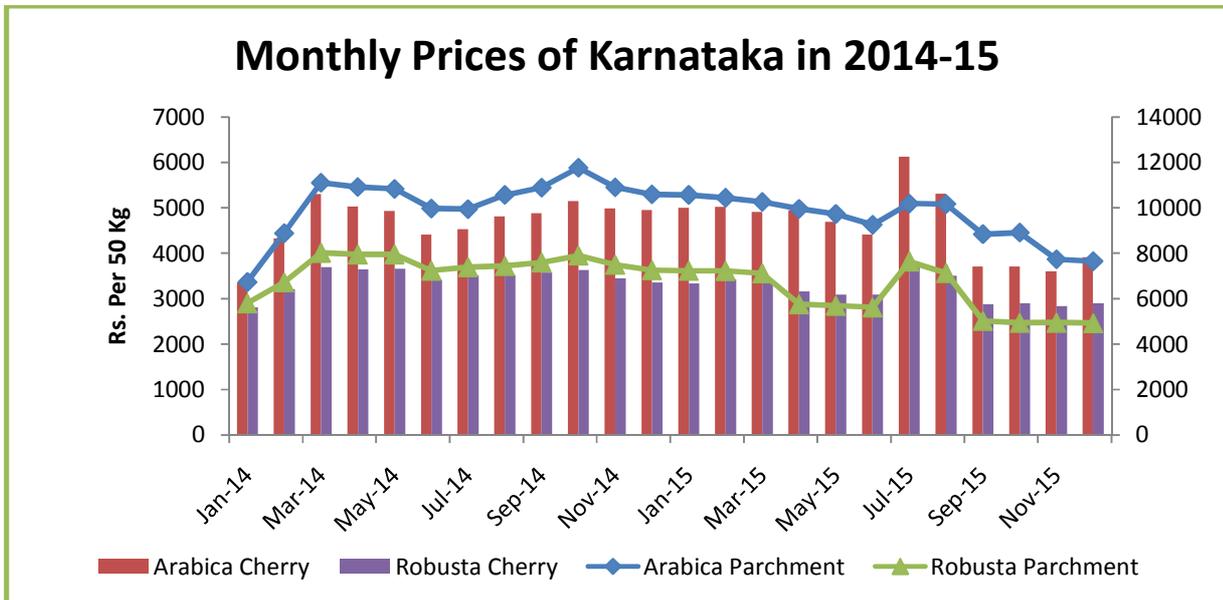
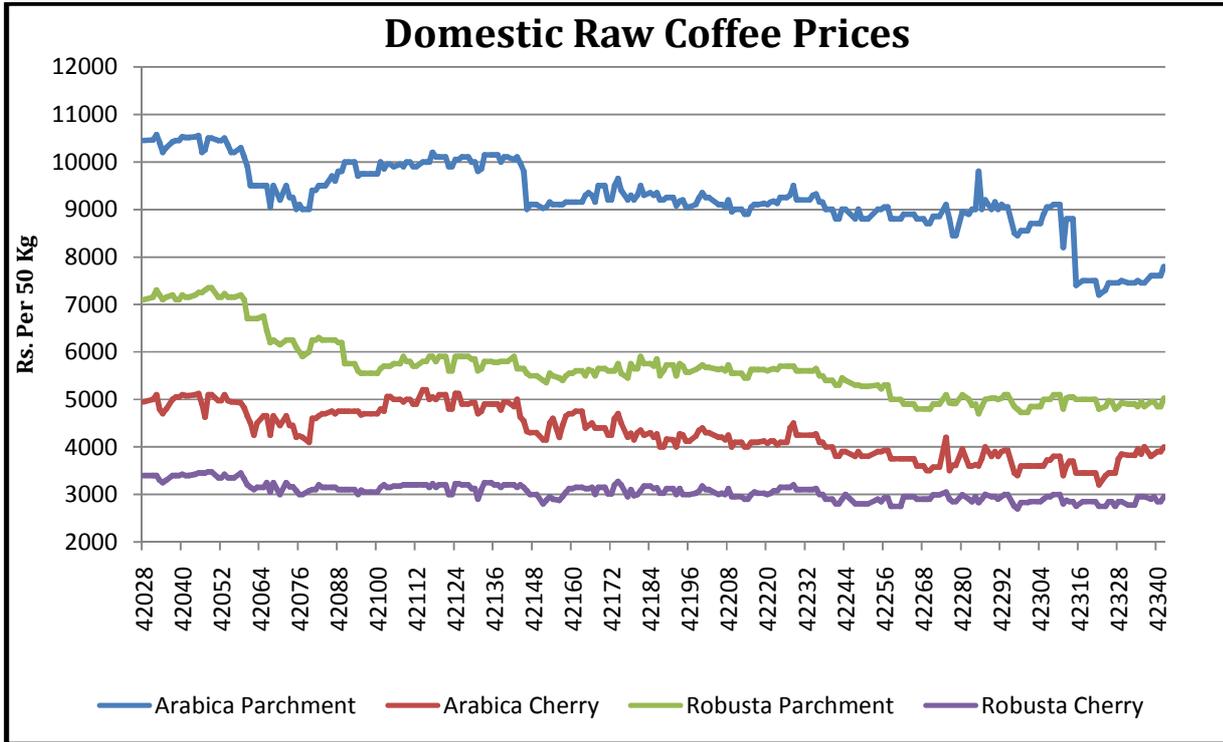
**Domestic Coffee Crop Situation:-**

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 Consumption Dom.	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	04.11.2015	27.11.2015	Change
Arabica Parchment	7800	7450	350
Arabica Cherry	4000	3850	150
Robusta Parchment	5025	4950	75
Robusta Cherry	2950	2950	unchanged

\* Values in Rs per 50 Kg

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

Grade	26.11.2015	19.11.2015	Change	26.11.2015	19.10.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	--	--	--	--	-
AA	---	245.00	--	--	--	-
PB	178.00	176.26	1.74	--	163	-
A	---	243.00	--	--	--	-
AB	---	---	--	--	--	-
B	---	168.56	--	--	--	-
C	130.00	128.00	2	--	--	-
BBB	112.26	---	--	--	104.00	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	-	--	--	-
A	---	---	-	--	--	-
PB	125.00	125.00	-7	114.50	110	4.5
AA	135.00	135.00	10.5	119.00	114	5
AB	---	---	-	115.50	111	4.5
B	---	---	-	--	--	-
C	---	---	-4	109.00	108	1
BBB	102.50	102.50	-	102.50	102	0.5

Values in Rs. per kg

**Technical Analysis(Domestic Arabica Parchment Coffee At Karnataka Market)**



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

- Technical chart shows significantly downzone of the market.
- RSI is also moving down in neutral region at 37.78 in this week against 31.62, hinting further upward momentum in the next week.
- However simple moving average supports falling zone of the market.
- We expect further uptrend in the market in coming days.

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

**Arabica Parchment (Karnataka Spot Market Price)**

Support and Resistance				
S2	S1	PCP	R1	R2
7182	7456	7800	7966	8257

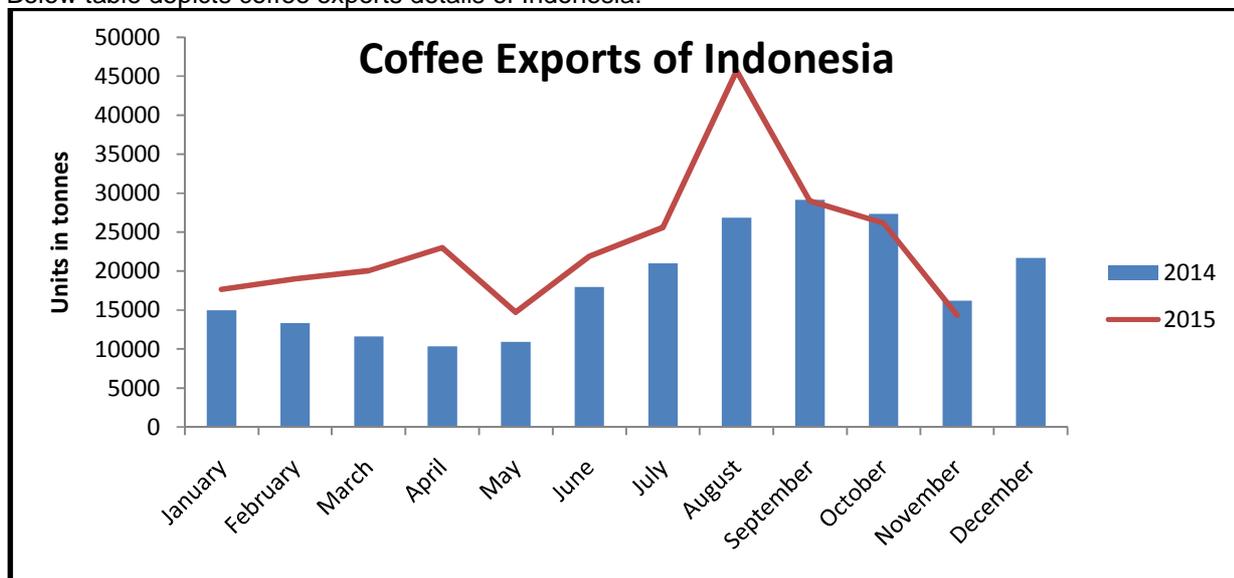
Units in Rs./50 kg.

International Market Updates

ICE coffee future prices inched down by 122.05 cents/lb against 122.90 cents/lb during this week end. The Certified Robusta coffee stocks held against the London exchange were seen to decrease by 833 bags on Tuesday 1st. December; to see these stocks registered at 3,338,000 bags on the day. Coffee prices pushed up after lower rains volume in Brazil and concerns over the flowering for the 2016/17 crop grew. The daily price of the ICO composite indicator surged from 114.80 cents/lb at the beginning of the month to a high of 125.08 on 14 October. However, as the Brazilian real again weakened against the US dollar and rains started to appear, the market reversed lower, dropping to a low of 113.48 cents. The monthly average settled at 118.43 cents, 4.7% higher than September, but the negative market trend observed over the last year still seems to prevail.

**Indonesia:-** According to the government data, Robusta coffee bean exports from Indonesia's main growing area in Sumatra declined by 11 percent to 14,351.84 tonnes in November 2015 against previous year. Indonesia shipped total 16,197.71 tonnes of Robusta in the same month a year earlier and 26,155.9 tonnes in October 2015.

Below table depicts coffee exports details of Indonesia:-



Source:-Reuters

**Brazil:-** As per Cecafe, Brazil shipped 2.93 million bags of green coffee in October higher than last month shipping i.e. 2.88 million followed by Arabica coffee export at 2.57 million bags against 2.55 million bags of last month's green coffee exports, while Robusta accounted for 358,548 bags, surpassing 333,694 bags. Total exports of coffee over the past 12 months reached 36.22 million bags.

As per the Government statistics, Brazil coffee crops size is predicted up by 2% to 2.625 million tonnes (43.76 million 60 kg bags) from its earlier estimate due to expanded productive areas. Recent rains in last month supported flowers of coffee trees which will help to produce good crop size harvested in May 2016.

**Exports Scenario of the Major Countries:-** According to the recent report of ICO, Brazil shipped higher coffee 36.3 million bags in 2014/15 coffee beans 1.8% higher compared to 2013/14 records. However, Vietnam reported lower coffee exports by 19.2% to an estimated 20 million bags for this season. The ongoing recovery in Colombia resulted in an increase of 13.3% to 12.3 million bags, while Indonesia increased to an estimated 7.3 million bags and Honduras to 5 million bags. Global production is revised and placed at 143.30 million bags which is down by 2.3% from previous year records. This revision is mostly due to an increase in production by Colombia, which is now estimated at 13.3 million bags. Looking ahead, however, a lack of rain resulting from El Niño could reduce production next year, with bad weather also potentially affecting production in Indonesia and Vietnam.

Coffee Exports Details Of The World:-  
Below are global coffee Exports details (In thousands 60-kg bags) :-

Monthly export statistics - October 2015			
In thousand 60kg bags			
	Oct-14	Oct-15	% change
<b>TOTAL</b>	<b>9 067</b>	<b>8 745</b>	<b>-36.0%</b>
Arabicas	5 446	5 547	19.0%
Colombian Milds	1 060	1 268	19.7%
Other Milds	1 185	1 209	20.0%
Brazilian Naturals	3 201	3 070	-41.0%
Robustas	3 621	3 198	-11.7%
Brazil	3 347	3 216	-39.0%
Colombia	970	1 174	20.9%
Costa Rica	26	20	-22.1%
Côte d'Ivoire	120	100	-16.7%
Ecuador	116	87	-24.9%
El Salvador	2	7	25.1%
Ethiopia	239	277	15.8%
Guatemala	40	100	15.1%
Honduras	21	20	-51.0%
India	303	356	17.4%
Indonesia	644	650	0.9%
Kenya	72	45	-37.4%
Mexico	78	100	27.8%
Nicaragua	104	42	-59.5%
Papua New Guinea	75	63	-15.6%
Peru	444	500	12.6%
Rwanda	41	30	-27.1%
Tanzania	45	73	61.3%
Timor-Leste	16	1	-96.9%
Uganda	229	224	-24.0%
Vietnam	1 985	1 500	-24.4%

Source: ICO

International Coffee Price Trend:-
**Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) \* Values**

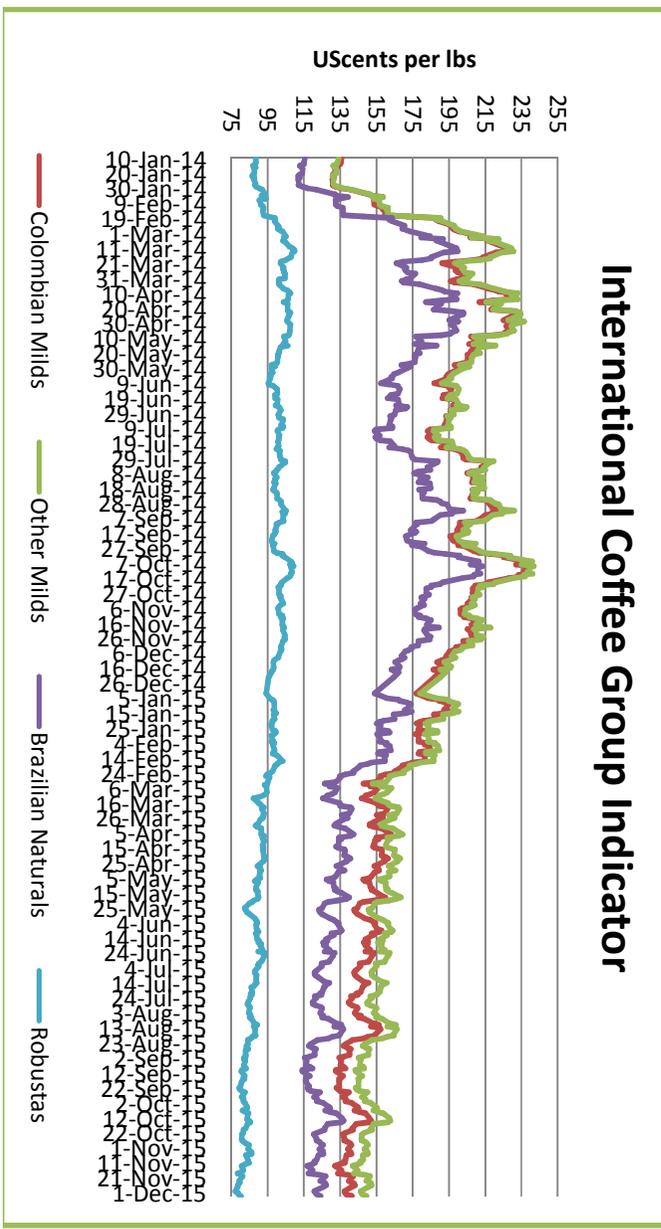
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	03.12.2015	26.11.2015	03.11.2015	03.12.2014
<b>ICO Composite Indicator</b>	115.53	116.66	117.69	157.45
<b>Colombian Milds</b>				
US	142.75	142.50	138.50	196.75
Europe	140.17	143.29	142.14	201.91
Group Indicator	141.56	143.12	140.17	199.12
<b>Other Milds</b>				
US	151.69	152.94	151.69	204.69
Europe	147.99	151.84	148.49	200.80
Group Indicator	149.50	152.35	149.80	202.28
<b>Brazilian Naturals</b>				
US	112.75	115.50	112.50	161.75
Europe	128.29	131.39	129.97	178.75
Group Indicator	124.25	127.36	125.43	174.33
<b>Robusta</b>				
US	87.67	86.17	91.17	106
Europe	78.80	77.21	84.19	101.96
Group Indicator	80.31	78.65	85.38	102.60

**US cents/lb**

*International Coffee Indicators Charts:-*

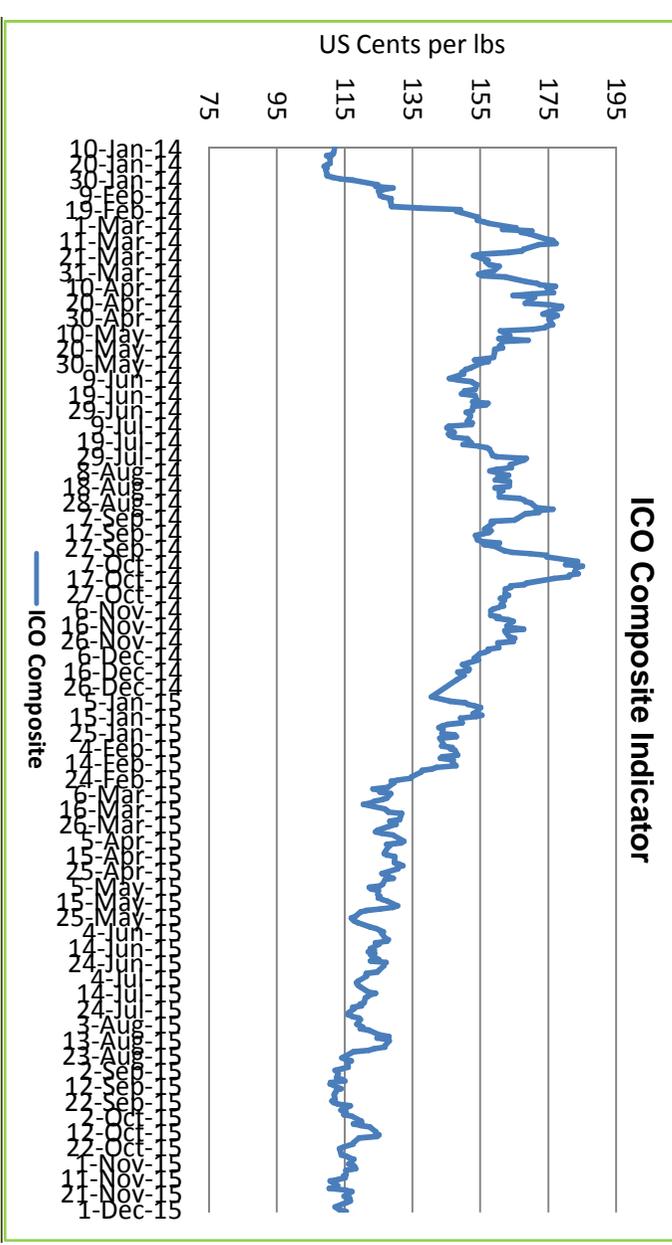
Below Table shows New York and London Future Price and Spread:-

## International Coffee Group Indicator



Source: ICO

## ICO Composite Indicator



Source: ICO

**International Future Market Prices :-**

ICE Arabica Coffee Futures Prices				
Contract Months	Today(03-December-2015)	Week Ago(26-November-2015)	Month Ago(03-November-2015)	Weekly Change (%)
15-Dec	122.05	122.90	117.30	-0.85
16-Mar	124.85	125.55	120.70	1.50
16-May	127.05	127.60	122.85	-0.55

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(3-December-2015)	Week Ago(26-November-2015)	Month Ago(3-December-2015)	Weekly Change (%)
15-Nov	1537	1499	2051	2.53
16-Jan	1563	1526	2063	2.02
16-Mar	1591	1551	2077	1.85

**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 uptrend in the market.
- 14 days EMI hints slight up momentum at 121.41 against 121.31 in the market.
- Falling volume and prices indicates further short build up phase of the market.
- RSI is remain up at 47.26 compared to 46.43 of last week momentum indicating steady to firm 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
104.74	111.72	121	126.05	133.36

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



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

- Candlestick chart shows upward momentum in the market on buying interests.
- Relatively, 14-days EMI is moving down at 1574 against last week, indicating further steady to weak tone in the market.
- RSI is also up at 42.05 in neutral region against 37.18 of last week hinting a further downward momentum of the market in upcoming week.

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

**Coffee Future Market(ICE Market)**

Support and Resistance				
S2	S1	PCP	R1	R2
1400	1446	1533	1564	1641

\*\*\*\*\*

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