

## 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 :-

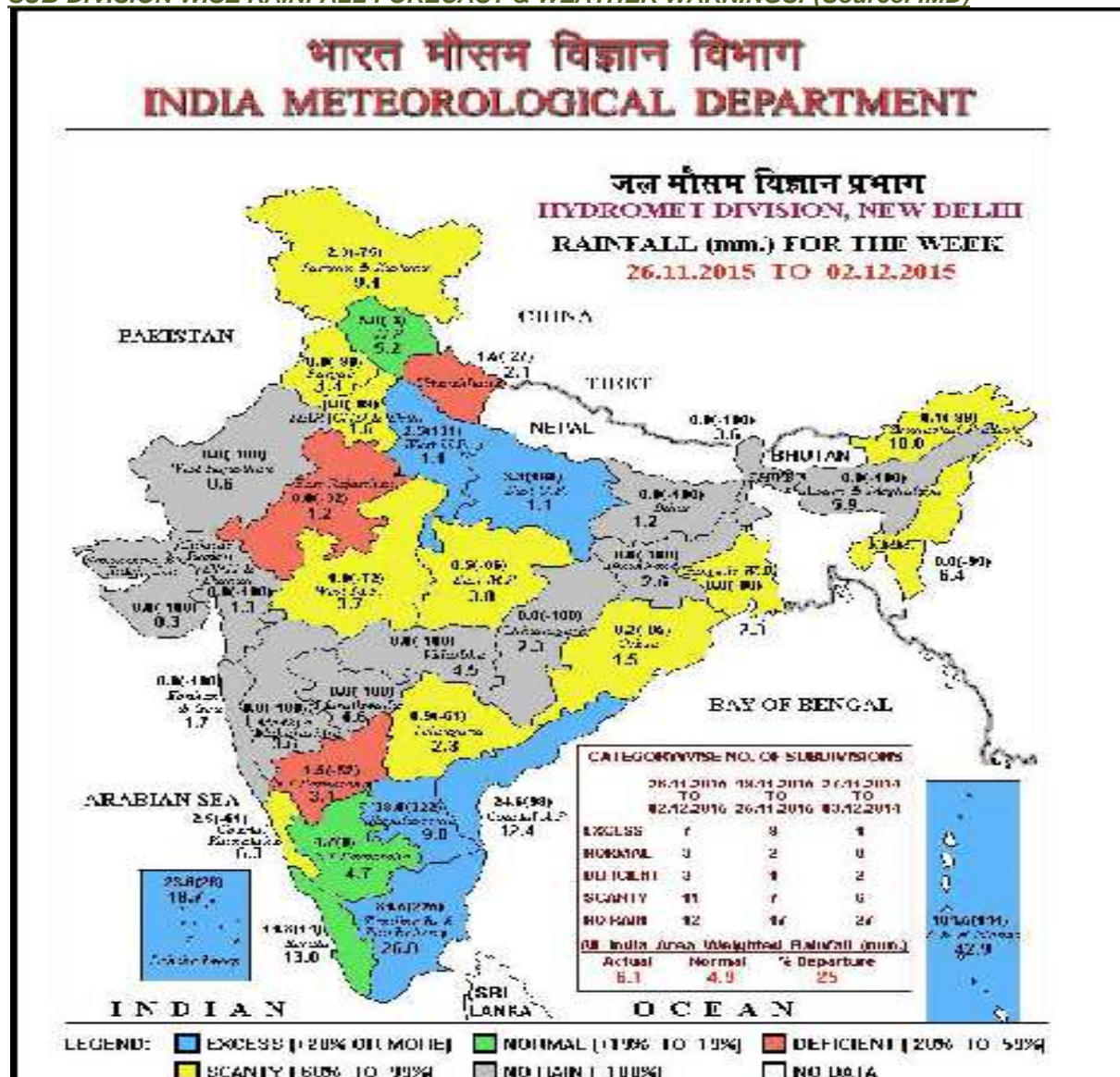
| Export update: From 01 <sup>st</sup> January 2015 to 2nd December 2015(in metric tonnes) |  |         |         |          |          |               |       |         |        |
|--|--|---------|---------|----------|----------|---------------|-------|---------|--------|
|  | INDIAN COFFEE  | Ar. Pmt | Ar. Chy | Rob. Pmt | Rob. Chy | Roasted seeds | R & G | Instant | Total  |
| 1  | Provisional exports (Indian coffee)                            | 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  | Total provisional exports (1+3)                                | 30576   | 10249   | 32868    | 125378   | 157           | 571   | 86606   | 286406 |
| 6  | Total provisional exports corresponding period last year (2+4) | 43862   | 13915   | 21939    | 108275   | 51            | 271   | 92814   | 281128 |

| COUNTRY WISE EXPORT OF COFFEE DURING 01/01/2015 to 02/12/2015 |                  |                   |                  |                |                   |
|---|------------------|-------------------|------------------|----------------|-------------------|
| [ BOTH INDIAN AND RE-EXPORTED COFFEE ]                        |                  |                   |                  |                |                   |
| NAME OF THE COUNTRY   | ARABICA (Tonnes) | ROBUSTA (Tonnes)  | INSTANT (GBE)    | ROASTED (GBE)  | TOTAL             |
| 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.

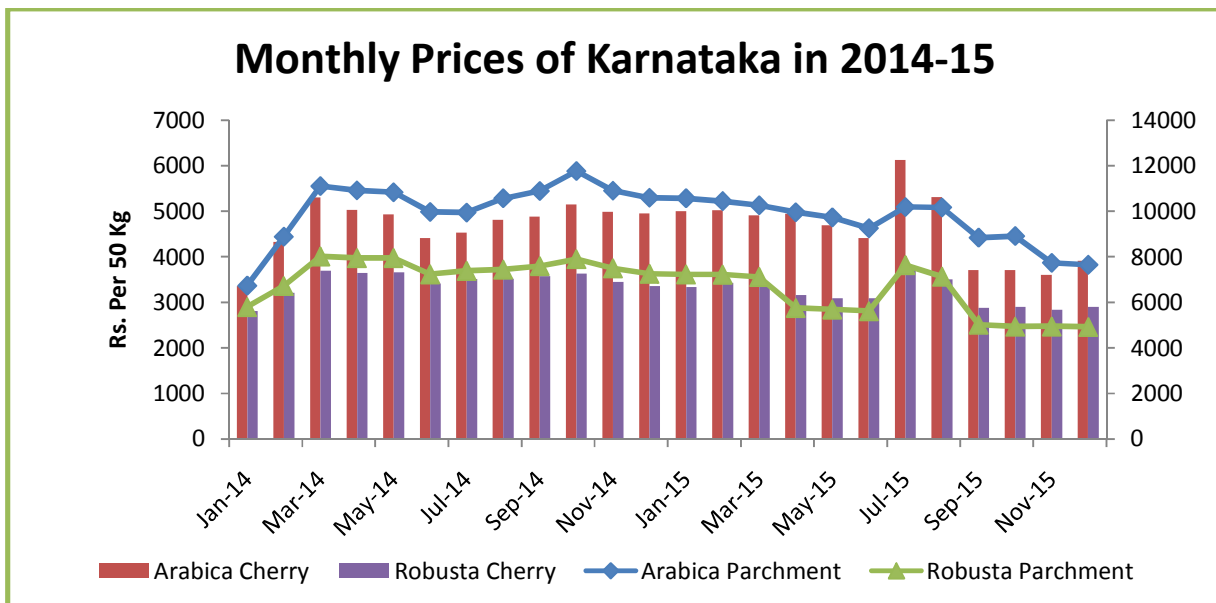
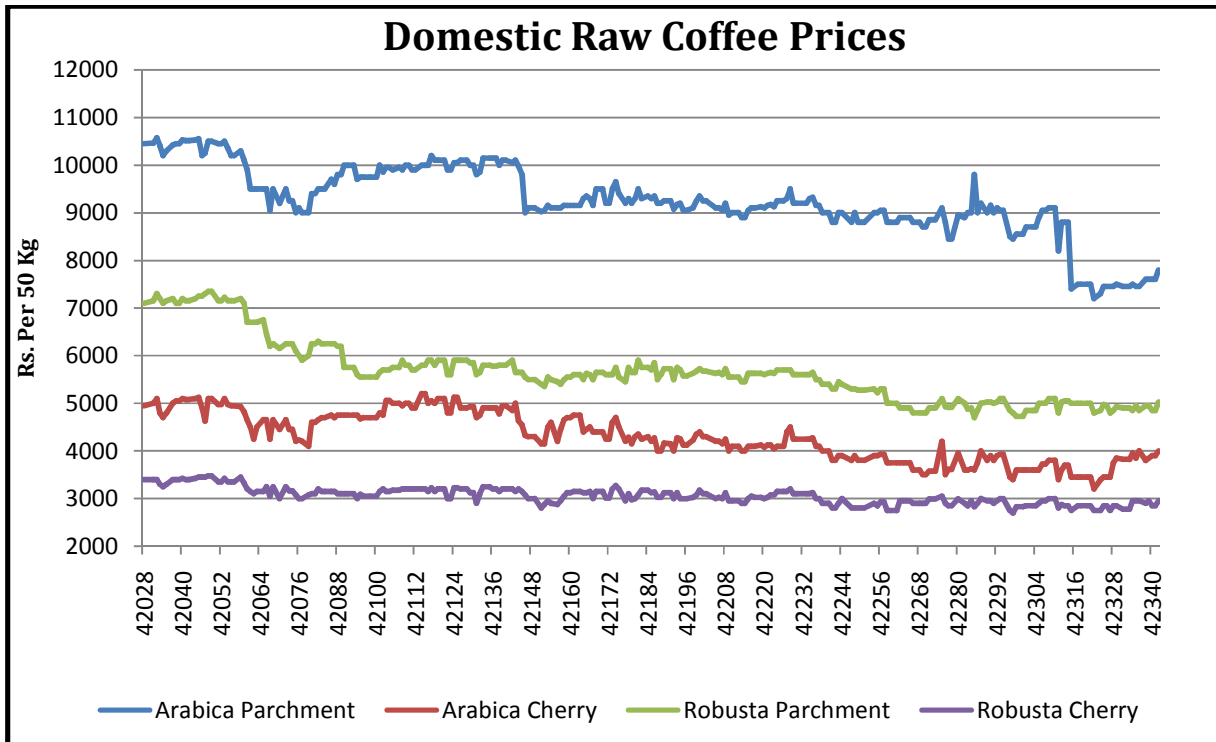
### Domestic Coffee Crop Situation:-

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 |

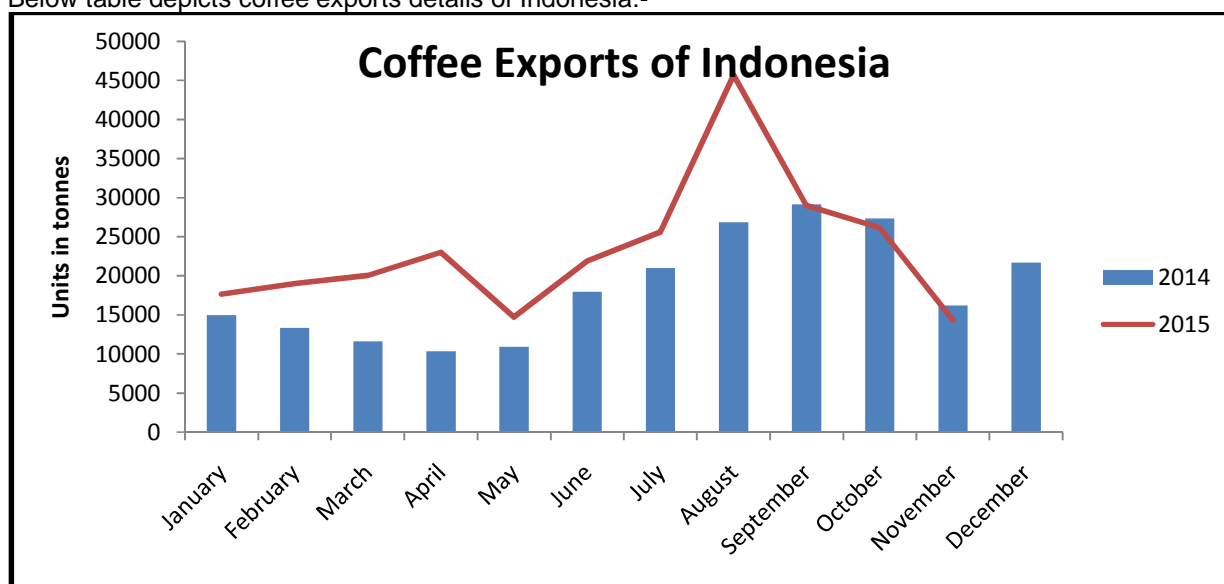
Units in Rs./50 kg.

### 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) :-**

| <b>Monthly export statistics - October 2015</b> |               |               |                 |
|---|---------------|---------------|-----------------|
| In thousand 60kg bags                           |               |               |                 |
|   | <b>Oct-14</b> | <b>Oct-15</b> | <b>% change</b> |
| <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:-

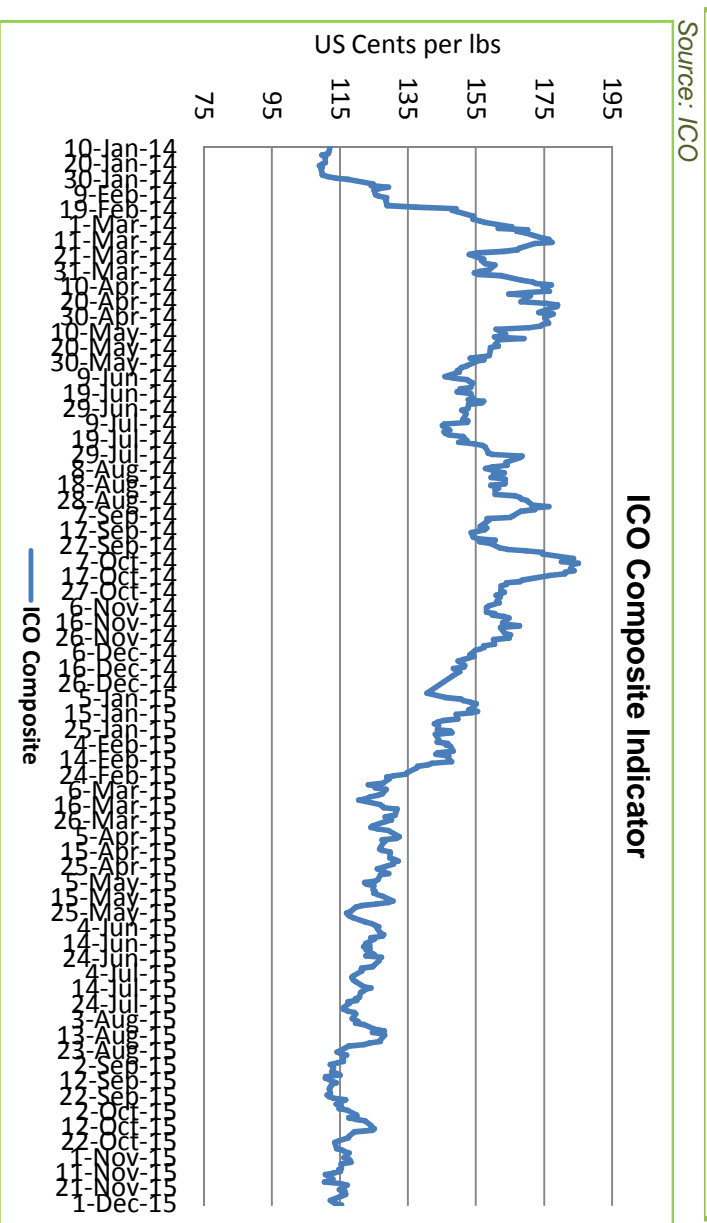
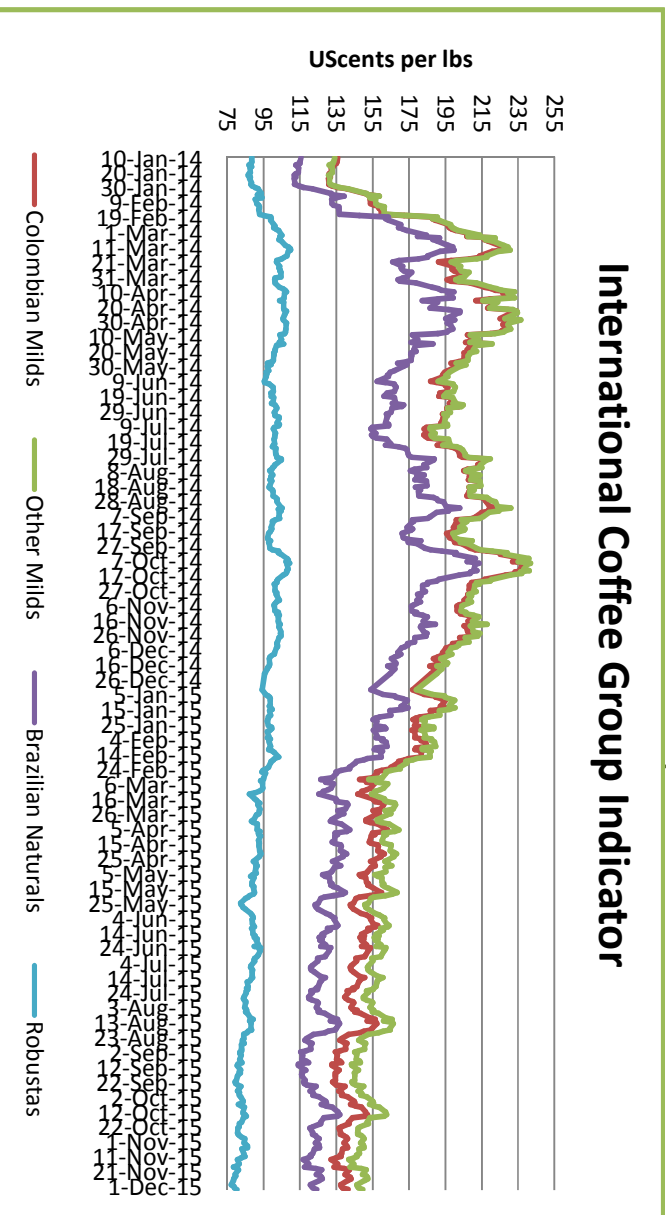
Germany Market – Hamburg and Bremen, France Market – (Le Havre and Marseilles) \* Values

|                                | 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:-



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 EMA 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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