

Executive Summary**Domestic Coffee Market Summary**

Firm sentiments were seen in Karnataka physical market, as on 11th December 2015 on improved demand and in fear of lower crop size in this season. Overall crop is good, but Arabica crop is damaged almost 20-20% in Coorg and Chikmagalur area due to unexpected rains in the month of November on account of cyclone in the Bay of Bengal.

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.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 9th December 2015 is registered significantly down by 2.06% at 230579 metric tons as compared to 235441 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 38.27% to 27436 metric tons in this year during 1st January 2015 to 9th December 2015 from preceding year instant coffee volume i.e. 44450 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 29.85% to 30918 , 25.95% to 10464 metric tons respectively against last year exports volume i.e. 44078 metric tons, 14131 metric tons respectively in the same period of time due to lower demand.

Recommendation:

Weekly Call - : Market participants are advised to go long above 7800 levels for a target of 7966 and 8257 with a stop loss at 7456 on closing basis.

International Coffee Market Summary

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.

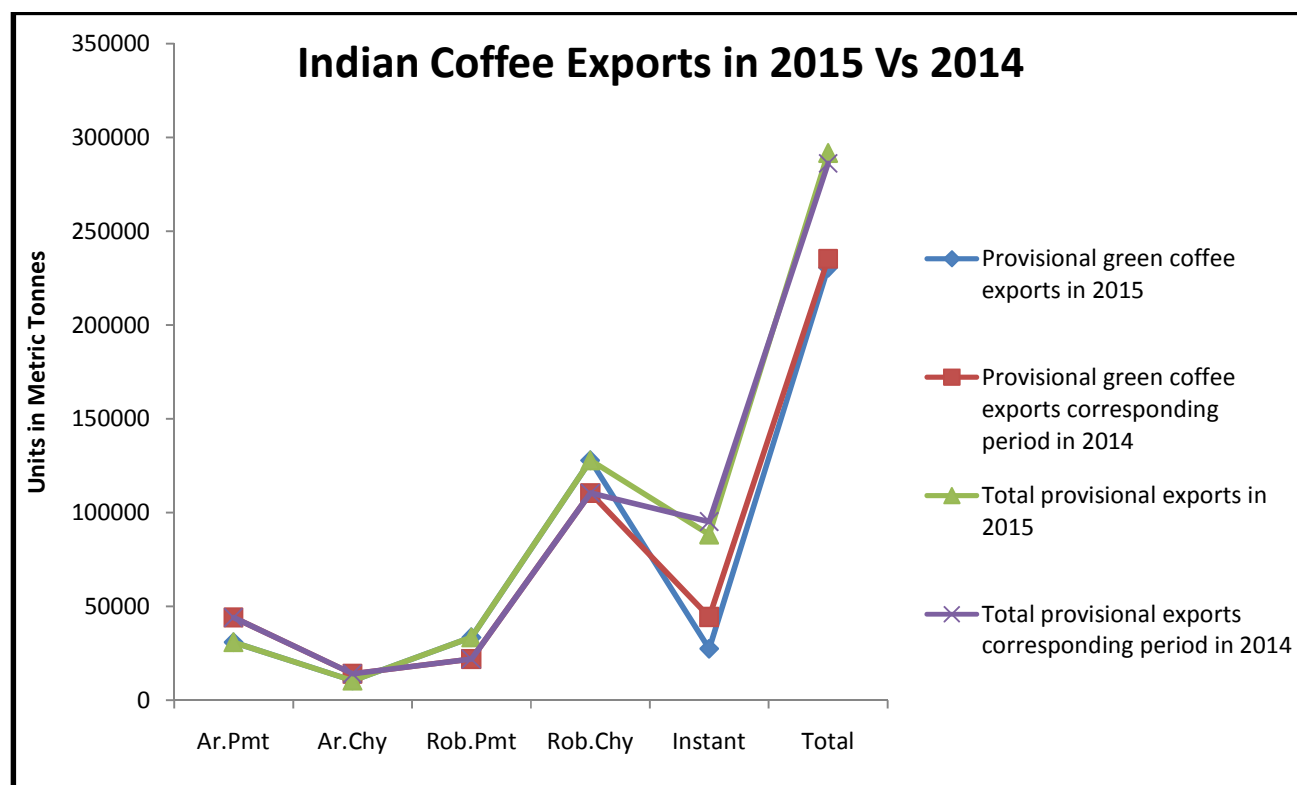
As per cacafo, Brazil shipped total 3.14 million 60 kg bags of green coffee in November 2015 which is slightly down from October month export records i.e. 3.15 million bags. The shipments were composed of 2.84 million bags of Arabica, which made up the bulk of the coffee flowing abroad, and 292,353 bags of conillon, the local version of Robusta. 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.

According to the U.N. Weather Agency, the current EL Nino weather pattern is likely to bear the brunt which will also potentially help boost Arabica output in Brazil and Indonesia during 2016/17 season. In Brazil, this means rains in the Arabica-growing southern regions of Parana and parts of Sao Paulo will be higher than normal and below average in the mostly Robusta northern regions of Bahia, Espirito Santo and Cerrado Mineiro. In the south, rains arrived late but in time to reverse the impact of a drought and trigger a strong output recovery. But El Niño has brought prolonged dry weather to the Robusta, or conillon areas in the north, which are also suffering in parts from irrigation bans. Vietnam, the number 1 Robusta producer, dry weather has had some impact, but supplies are holding up relatively well. However, number 3 Robusta producer Indonesia has borne the brunt of the El Nino impact in Asia.

Domestic Export and Import Scenario :-

Below table shows coffee exports details of India :-

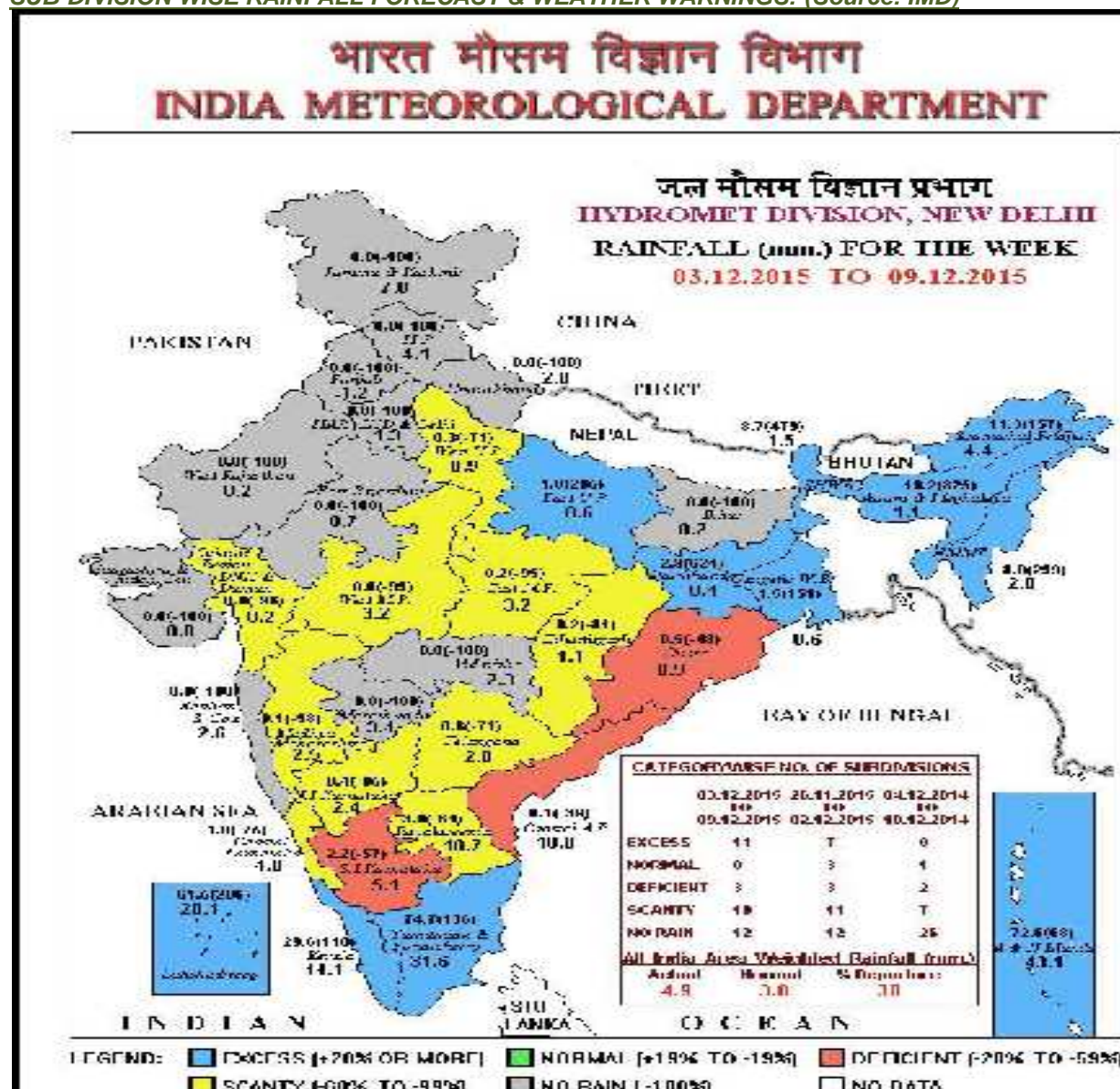
Export update: From 01 st January 2015 to 9th December 2015(in metric tonnes)									
	INDIAN COFFEE	Ar. Pmt	Ar. Chy	Rob. Pmt	Rob. Chy	Roasted seeds	R & G	Instant	Total
1	Provisional exports (Indian coffee)	30918	10464	33505	127917	39	300	27436	230579
2	Provisional exports corresponding period last year	44078	14131	21992	110462	54	274	44450	235441
3	Provisional re-exports	0	0	0	0	119	274	60971	61363
4	Provisional re-exports corresponding period last year	0	0	0	0	2	4	50833	50839
5	Total provisional exports (1+3)	30918	10464	33505	127917	158	573	88406	291942
6	Total provisional exports corresponding period last year (2+4)	44078	14131	21992	110462	55	278	95283	286280



Source: The Coffee Board Of India

Weather Updates:-

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



Source:

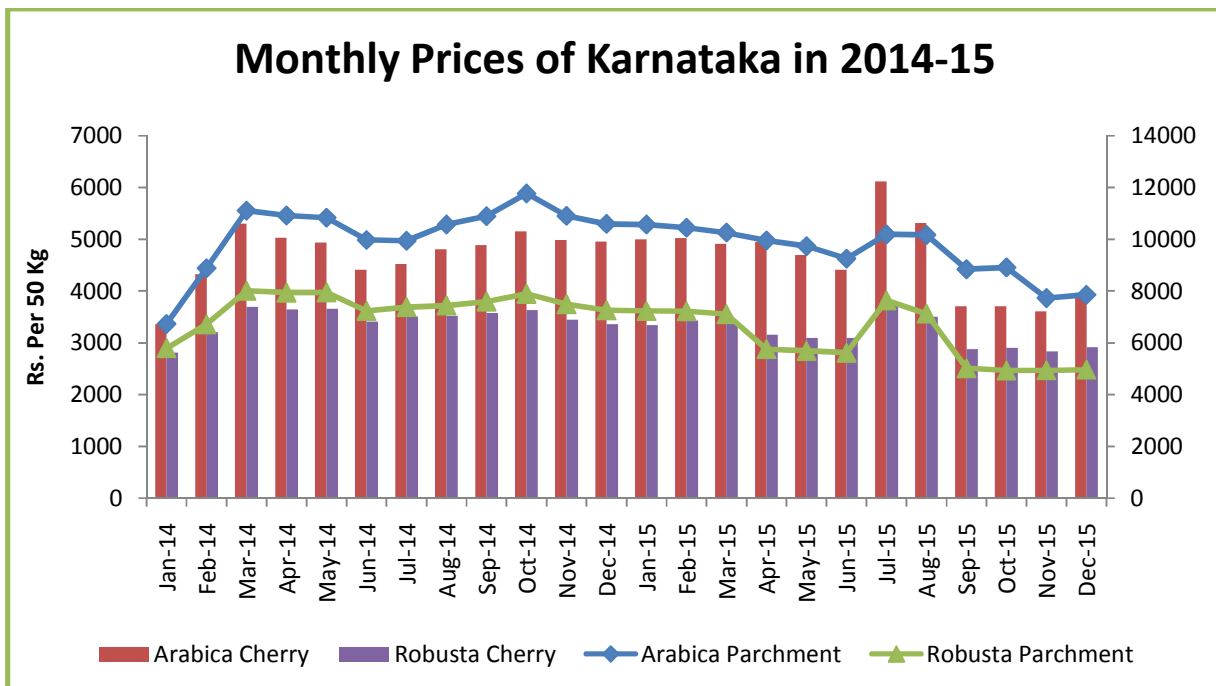
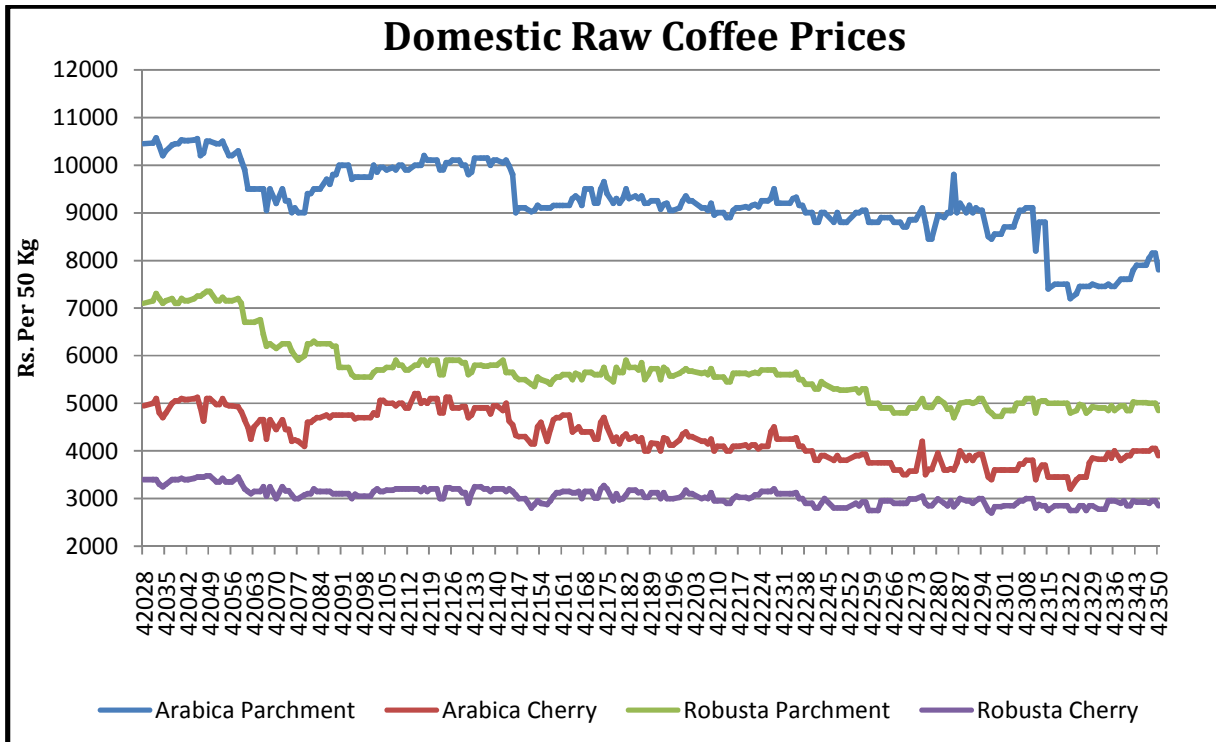
- Heavy to very heavy rain with isolated extremely heavy rainfall occurred over north coastal Tamilnadu and south coastal Andhra Pradesh on 2nd December; heavy rainfall at isolated places over Tamilnadu and Andaman & Nicobar Islands on 29th and over Coastal Andhra Pradesh and Tamilnadu & Pudducherry on 30th November.
- Rainfall was excess in 11, deficient/scanty in 13 and no rain in 12 out of 36 meteorological sub-divisions. (All India Actual: 4.9 mm, Normal: 3.8 mm and Departure: +30%).

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	11.12.2015	04.12.2015	Change
Arabica Parchment	8150	7800	350
Arabica Cherry	4050	4000	50
Robusta Parchment	5000	5025	-25
Robusta Cherry	2950	2950	unchanged

* Values in Rs per 50 Kg

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

Grade	03.12.2015	26.11.2015	Change	03.12.2015	26.11.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	--	--	--	-
AA	---	---	--	--	--	-
PB	177	178.00	-1	156	163	-3
A	---	---	--	--	--	-
AB	---	---	--	--	--	-
B	---	---	--	--	--	-
C	126.2	130.00	-3.8	--	--	-
BBB	112	112.26	-0.26	--	104.00	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	-	---	--	-
A	---	---	-	---	--	-
PB	122	125.00	-3	---	114.50	-
AA	---	135.00	-	---	119.00	
AB	---	---	-	116	115.50	0.5
B	---	---	-	---	--	
C	111.5	---	-	108	109.00	-1
BBB	---	102.50	-	105	102.50	2.5

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 38.30 in this week against 39.34, hinting further downward 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.

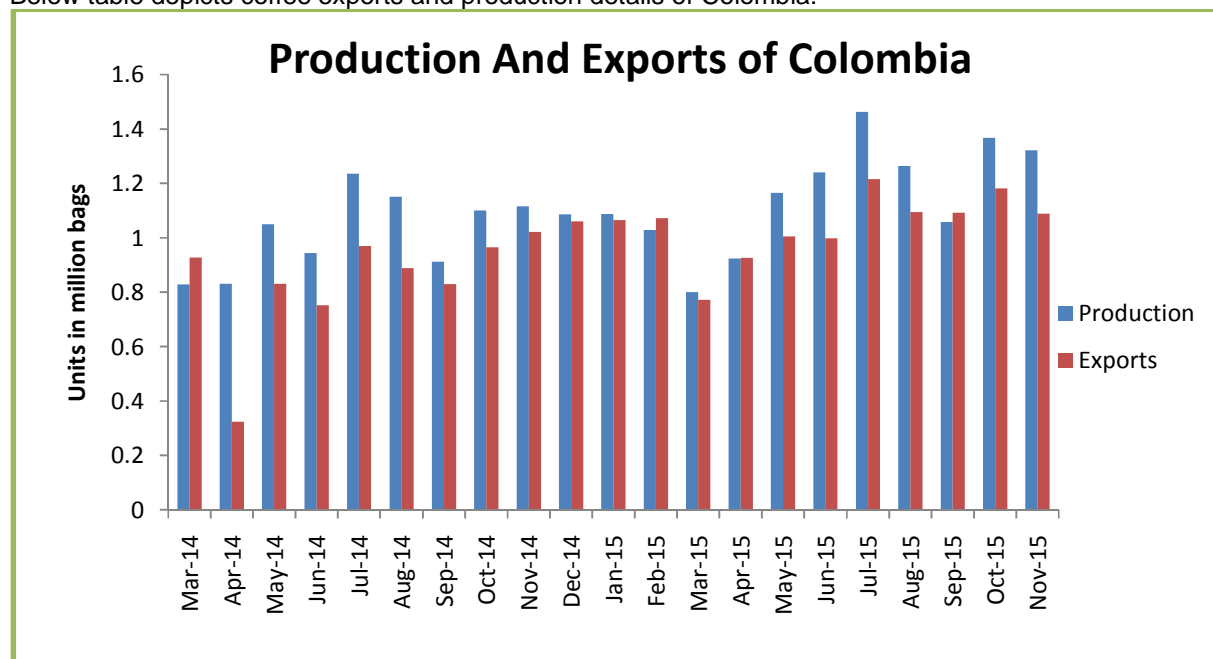
International Market Updates

ICE coffee future prices closed down by 0.49 to 118.10 cents/lb against 122.05 cents/lb during this week end. The Certified washed Arabica coffee stocks held against the New York exchange were seen to decrease by 14,525 bags at 1,802,998 bags as on 12th December 2015 against previous day records. The Certified Robusta coffee stocks held against the London market were seen to decline by 6,833 bags on Wednesday 9th. December; to see these stocks registered at 3,322,000 bags.

The monthly average of the ICO composite indicator price in October month declined by 2.9% to 115.03 US cents/lb, its second-lowest level in nearly two years. The daily price ranged from a high of 118.30 cents to a low of 110.45, its lowest daily price since January 2014. The exchange rate of the Brazilian real stabilised slightly, but the ongoing strong export levels from Brazil maintained negative pressure on the coffee market.

Colombia:- According to the National Coffee Growers' Federation, coffee production of Colombia stood 19% higher at 1.32 million bags of washed Arabica coffee in November 2015 as compared to previous year records i.e. 1.11 million bags in the same month. Total coffee exports of Colombia is registered at 7% up to 1.08 million bags in November month against 1.02 million bags in last year records. Twelve-month production through November was 13.8 million bags, up 13 percent from the previous year. The federation estimates that Colombia will harvest some 13.6 million bags by the end of the year.

Below table depicts coffee exports and production details of Colombia:-



Source:-Reuters

Vietnam:- In view of traders, farmers in Vietnam have slowed down coffee crop harvesting on account of lackluster new crop demand and low selling price. Vietnam exported total 89,000 tonnes (1.48 million 60-kg bags) of coffee in October 2015 with an increase of 2.6% against last month record which is slightly down from 95000 tonnes as given by the government estimates. Cherries will mature on a large scale in 15 days or so, so the harvest will enter its full swing by then. Harvesting pace is expected to accelerate in next month. Price in Vietnam have dropped faster than the drop of 0.2% by London's January price.

Coffee Production Details Of The World:-

As per Reuters, Brazil's coffee production in 2016-17 (July/June) is likely to reach between 47 million to 49 million 60-kg bags, little changed from trade house estimates for 2015-16. This is the lowest 2016-17 forecast gathered by Reuters so far, with three other estimates ranging widely from 50 million to 62 million bags. Coffee crop forecasts in top grower Brazil have been closely watched since a severe drought in early 2014 was followed by ongoing dryness in 2015, hurting crop development in different regions.

Below are estimates for coffee output (in millions of 60-kg bags) for the 2015-16 and 2016-17 crops:

Source	Date Issued	Brazil Output 2015-16	Brazil Output 2016-17	Brazil Robusta	Brazil Arabica	Global Output 2014-15	Global Output 2015-16	Supply/Demand 2014-15	Supply/Demand 2015-16
CNC	7th Dec 2015	-	47-49	11	37	-	-	-	-
Volcafe	18th Nov 2015	48.3	-	15.7	32.6	144.6	150	-5.1	-2.3
Cooxupe	18th Nov 2015	-	50-55	12	38-43	-	-	-	-
Rabobank	14th Nov 2015	48.4	58	16	42	-	-	-6.1	-2.7
Olam	13th Nov 2015	-	60-62	-	-	-	-	-	-
Marex Spectrum	12th Nov 2015	49	-	-	-	144.4	148.7	-5.2	-2.8
Conab	29th Sep 2015	42.15	-	10.85	31.3	-	-	-	-
Terra Forte	13th Aug 2015	47.28	-	15.2	32.05	-	-	-	-
Intelligent Coffee Insights	13th Aug 2015	46.1	-	16	30.1	-	-	-	-

Source: Reuters

International Coffee Price Trend:-

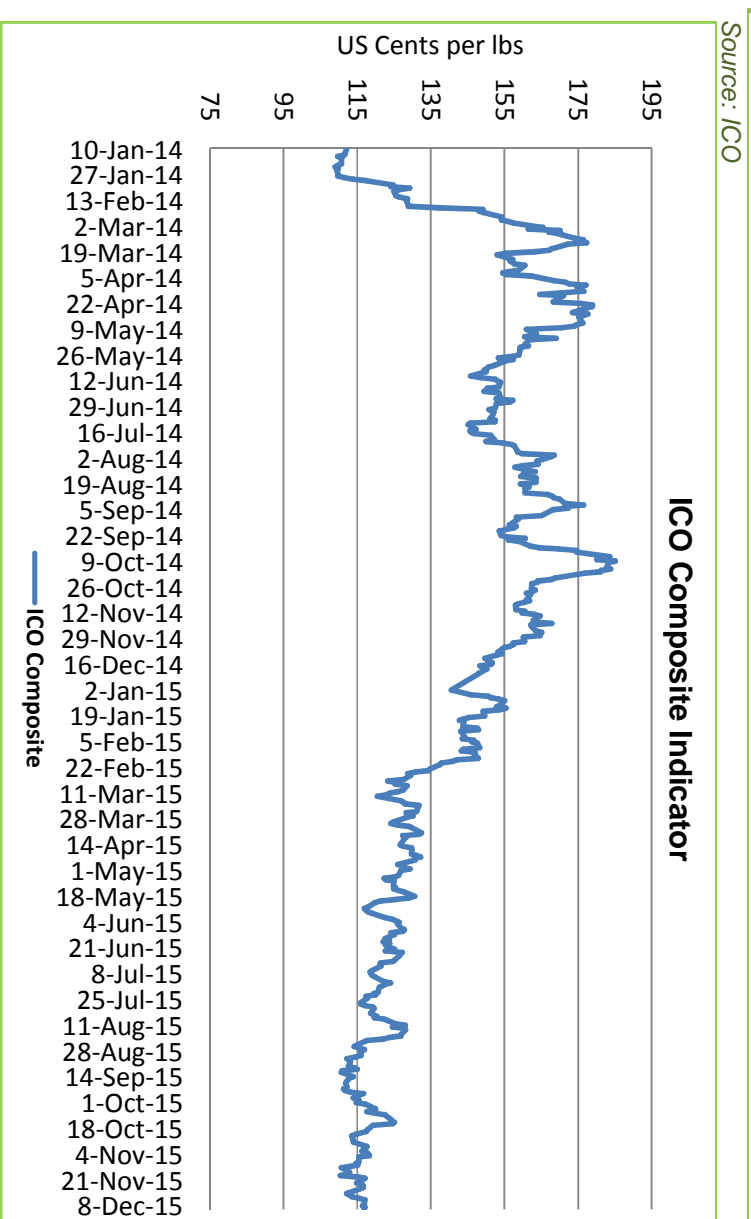
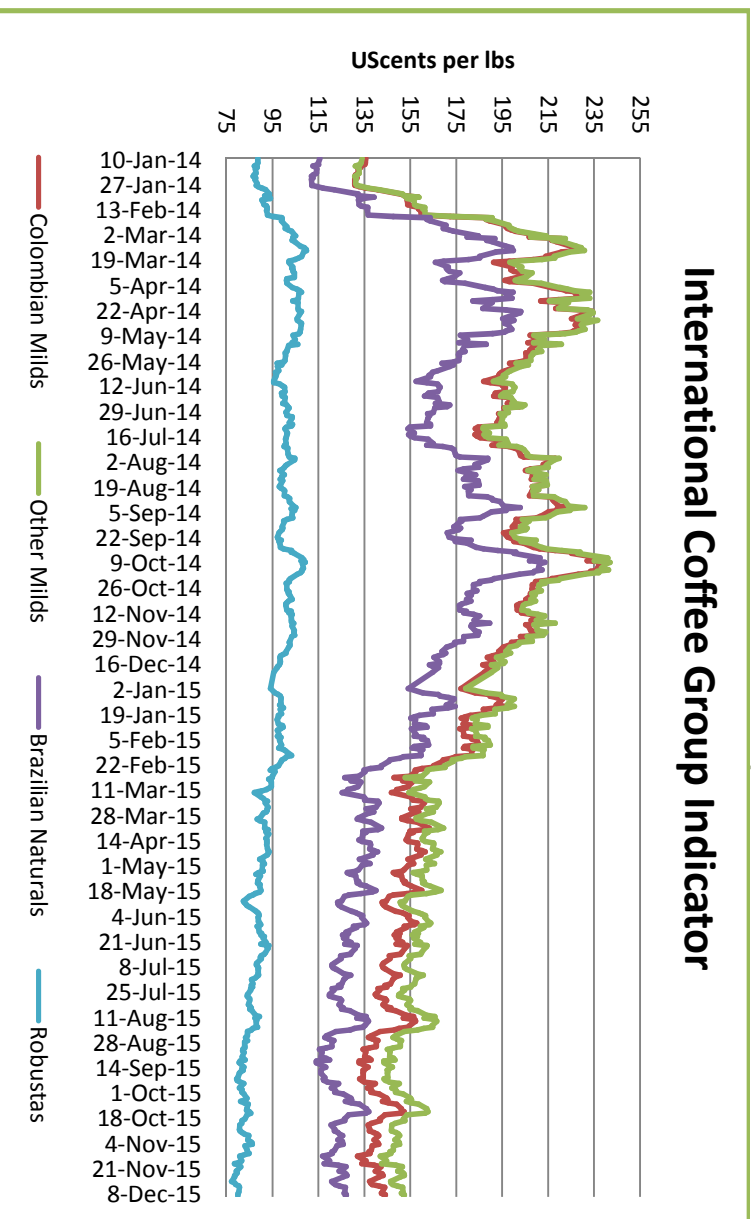
Germany Market – Hamburg and Bremen, France Market – (Le Havre and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	10.12.2015	03.12.2015	10.11.2015	10.12.2014
ICO Composite Indicator	116.90	115.53	114.69	158.08
Colombian Milds				
US	144.25	142.75	135.75	198.75
Europe	143.04	140.17	138.47	204.68
Group Indicator	143.70	141.56	137	201.48
Other Milds				
US	153.44	151.69	147.69	206.94
Europe	151.02	147.99	144.96	201.34
Group Indicator	152.01	149.50	146.08	203.46
Brazilian Naturals				
US	113.25	112.75	109.75	163.75
Europe	131.44	128.29	124.76	180.85
Group Indicator	126.71	124.25	120.86	176.40
Robusta				
US	86.92	87.67	90.42	105.08
Europe	78.45	78.80	80.86	100.46
Group Indicator	79.89	80.31	84.14	101.20

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(10-December-2015)	Week Ago(03-December-2015)	Month Ago(10-November-2015)	Weekly Change (%)
15-Dec	122.65	122.05	117.75	0.49
16-Mar	126.35	124.85	121.35	1.20
16-May	128.40	127.05	123.60	1.06

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(10-December-2015)	Week Ago(03-December-2015)	Month Ago(10-November-2015)	Weekly Change (%)
16-Jan	1499	1563	1625	-1
16-Mar	1528	1591	1638	-1
16-May	1556	1613	1658	-1

USD/T
International Coffee Prices

	10.12.2015	03.12.2015	10.11.2015	10.12.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	34000	33750	35600	40500
Vietnam FOB (2-5 pct)* (Saigon port)	1577	1560	1630	1990
Indonesian FOB (4-80 defects)** (Lampung Port)	1610	1570	1690	2010

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

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (08/12/2015)	Average Prices In	Prices Last Auction In (01/12/2015)
Arabica AA	184-479	301.42	180-379
Arabica AB	143-399	257.61	116-299
Arabica C	85-262	177.42	71-237
Arabica PB	228-419	255.42	86-286
Arabica T	51-161	96.65	49-155
Arabica TT	111-271	188.63	122-244

Units in \$ per 50 kg bags

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



Outlook -Prices show down side of the market 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 up momentum at 121.19 against 121.41 in the market.
- Falling volume and prices indicates further short build up phase of the market.
- RSI is also down at 44.68 compared to 47.26 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
104.74	111.72	118.10	126.05	133.36

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 downward momentum in the market on selling interests.
- Relatively, 14-days EMI is moving down at 1564 against last week, indicating further steady to weak tone in the market.
- RSI is also up at 39.14 in neutral region against 42.05 of last week hinting a further downward 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	1446	1499	1518	1564

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