

Executive Summary

Domestic Coffee Market Summary

Higher tone witnessed in Karnataka physical market, as on 18th December 2015 on improved roasters demand and in fear of lower crop size in this season. Currently, exporters demand is moderate but it is likely to increase in February month 2016. Total 80% Arabica coffee beans harvesting is completed as on date. The quality of harvested Arabica beans is not good due to the affect of rains in November 2015. 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. Currently, Nestle, Unilever and Allanasons are the main domestic buyers whereas Italy and Middle east countries are main International buyers. As of now farmers hold 20% of Robusta coffee crop of the season 2014/15. Currently, it is cold and sunny weather in coffee growing regions.

As per DGCIS latest report, India received around Rs.306.63 crore as the total coffee exports revenue which is 46.38 million in USD in October 2015. This is lower by 4.46 % in Rs. and 10.82% in USD respectively as against Rs.320.94 crore and USD 52.01 million respectively in the corresponding month of previous year. It stood at Rs. 3294.41 crore and the value in USD at 511.97 million since April-2014 to November 2015 up by 3.86% in Rs. however down by 2.51% in USD as against the last year revenue i.e. Rs.3171.94 crore and in USD 525.15 million in corresponding period of time.

As per the state- run Coffee Board, India may harvest total 350,000 tonnes of beans in 2015/16 with a decline of 1.6% from the previous estimates followed by 107800 tonnes of Arabica and 24200 tonnes of Robusta in the 2015/16 marketing year which started from 1st October 2015 on account of recent heavy rainfall. India exports three-quarters of its production. Italy, Germany and Belgium are the main buyers of India's crop.

However, the production estimates is placed higher by 7% against last year records harvesting i.e. 327000 tonnes due to ample rainfall in coffee growing areas in India.

Recommendation:

Weekly Call - : Market participants are advised to go long above 8150 levels for a target of 8439 and 8694 with a stop loss at 7583 on closing basis.

International Coffee Market Summary

In the view of traders in Vietnam, premiums for Vietnam coffee went up this week on account of speculative buying due to lower prices of beans further to build stockpiles in fear of lower supply from next year's crop because of dry weather in 2015. With the effect of EL Nino weather phenomenon, there is low underground water reserves following low rainfall in this year which will affect 2016/17 coffee crops. Vietnam finished about half of coffee harvesting as of now. It takes a week to 10 days to pick up, dry coffee cherries and transport them in bags to Saigon Port for loading. The harvest could end by early January 2016.

As per Conab, Brazil is likely to harvest total coffee crop size at 43.42 million 60 kg bags higher by 2.7% to from its September estimate. The crop is the smallest since 2009 and output will still be down 5 percent from the 2014/2015 season's 45.64 million bags due to the ongoing damage from two consecutive years of dryness over important growing areas. Arabica production is placed up at 32.05 million bags from 31.3 million in the previous report which is higher from 32.6 million bags of previous year records. On the other hand, Robusta crop size is estimated at 11.19 million bags higher from 10.85 million bags in September. This estimate is lower than last year's record i.e. 13.04 million bags. Further, coffee area in Brazil is estimated down by 1% from the September estimates which stood at 326,800 hectares or 14.5% of the total 2.25 million hectares (5.6 million acres) of area planted to coffee on account of a fall in Arabica coffee area. The coffee crop was still recovering from the severe drought in early 2014 in South Minas Gerais areas, which is a leading Arabica area that account for a quarter of Brazil's coffee output. Drought in early 2015 also hit areas of the forested Zone of Minas and more importantly Espirito Santo.

Domestic Export and Import Scenario :-

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 15th December 2015 is registered significantly down by 1.94% at 232877 metric tons as compared to 237490 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 38.85% to 27335 metric tons in this year during 1st January 2015 to 15th December 2015 from preceding year instant coffee volume i.e.44706 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 29.48% to 31170, 25.60% to 10661 metric tons respectively against last year exports volume i.e. 44203 metric tons, 14331 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 15th 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)	31170	10661	34150	129226	39	297	27335	232877
2	Provisional exports corresponding period last year	44203	14331	22149	111770	54	276	44706	237490
3	Provisional re-exports	0	0	0	0	119	274	61710	62103
4	Provisional re-exports corresponding period last year	0	0	0	0	2	4	50895	50901
5	Total provisional exports (1+3)	31170	10661	34150	129226	158	571	89045	294980
6	Total provisional exports corresponding period last year (2+4)	44203	14331	22149	111770	55	280	95602	288390

Source: The Coffee Board Of India

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

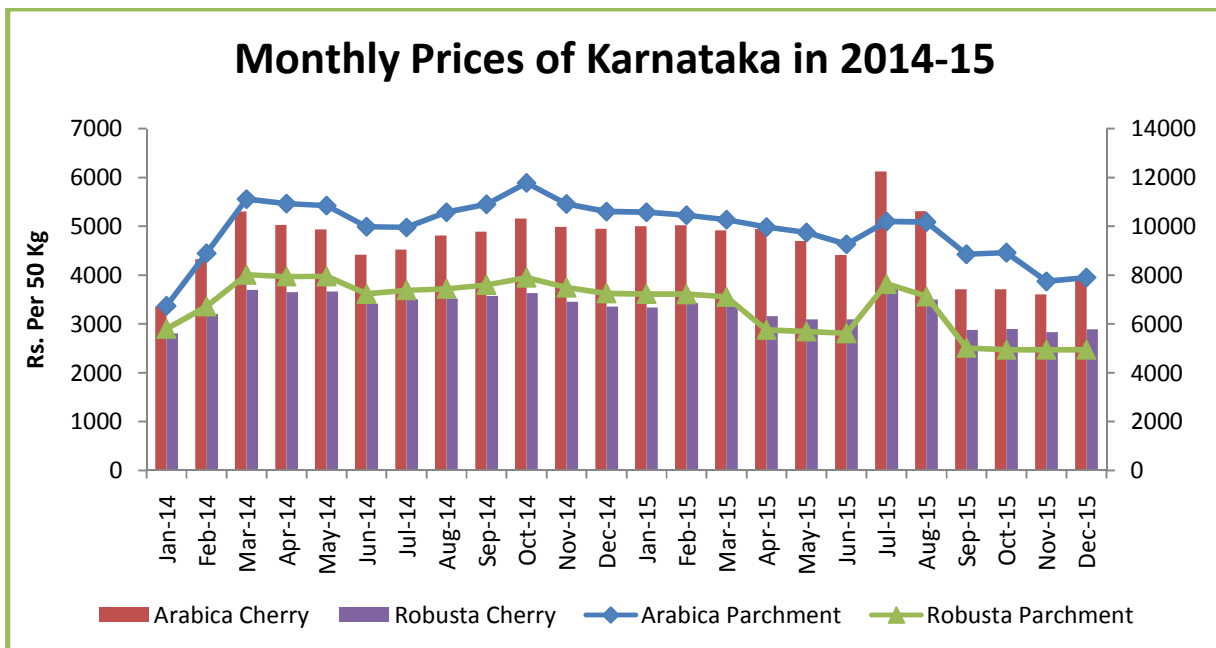
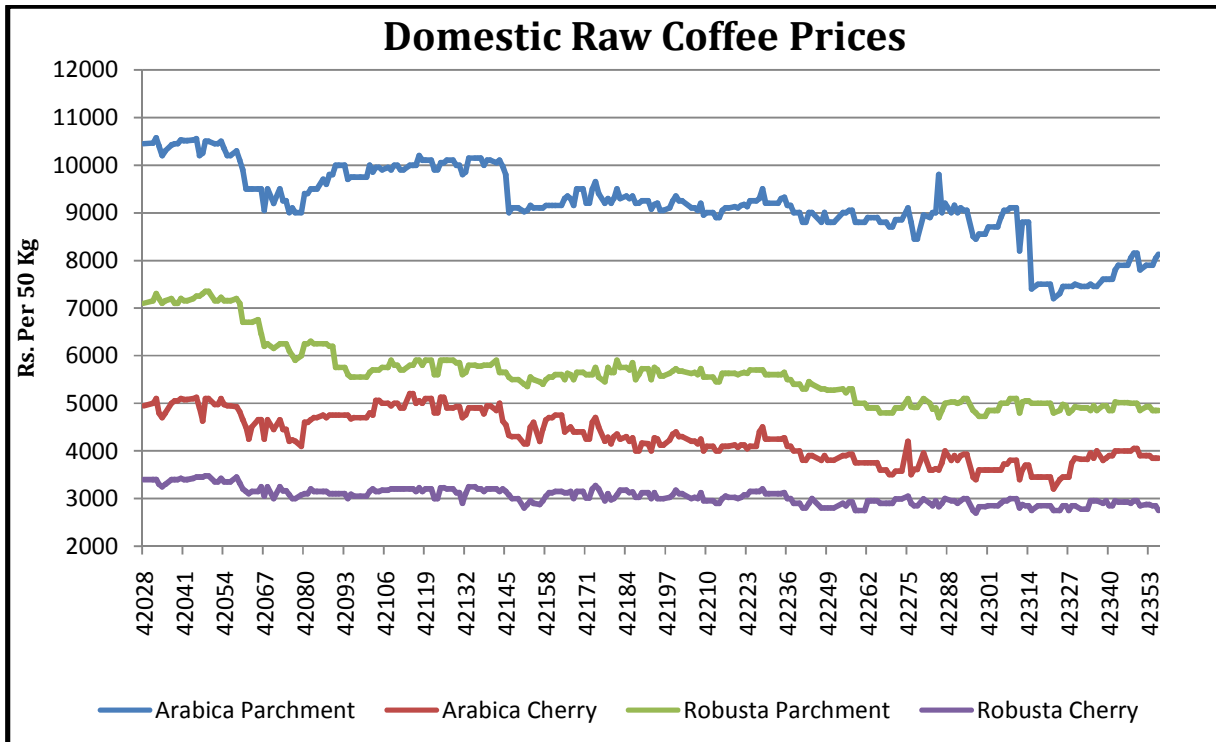
- Cold wave conditions observed at isolated places over East Uttar Pradesh, south Rajasthan and south Gujarat region.
- Dense to very dense fog observed at isolated places over north Rajasthan & Delhi. Moderate to dense fog observed at isolated places over Punjab, Haryana, Uttar Pradesh, Bihar, Chhattisgarh, Gangetic West Bengal, Assam and Odisha in the morning hours of today.
- Rain/snow has occurred at many places over Himachal Pradesh and at isolated places over Jammu & Kashmir. Rain/thundershowers occurred at most places over Lakshadweep; at many places over Gangetic West Bengal; at a few places over Arunachal Pradesh, Jharkhand & Odisha and at isolated places Chhattisgarh, Nagaland, Manipur, Mizoram & Tripura and Tamilnadu. Weather remained dry over rest of the country. The amounts of rainfall (1 cm or more) recorded at 0830 hours IST of today are: Midnapore²; Angul, Palayankottai, Agathi, Haldia & Kolkata (Dumdum)¹ each.
- Rain/thundershower would occur at isolated places over peninsular India, Odisha and northeastern states.
- Moderate fog would occur at a few places with isolated dense fog over Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh, Bihar, Sub-Himalayan West Bengal & Sikkim, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura during next 2 days. Moderate fog would occur at isolated pockets of north Madhya Pradesh, during next 2 days.
- The upper air cyclonic circulation over Bangladesh & neighbourhood has become less marked.

Domestic Coffee Crop Situation:-

Below chart shows USDA projection for Indian coffee from 2014-15 to 2015-16:-

State/District	Post Monsoon Forecast 2015-16			Final Estimate 2014-15		
	Arabica	Robusta	Total	Arabica	Robusta	Total
Karnataka						
Chikmagalur	42,425	41,385	83,810	38,200	40,880	79,080
Kodagu	21,085	116,620	137,705	18,030	104,090	122,120
Hassan	18,950	12,875	31,825	18,525	13,505	32,030
Sub total	82,460	170,880	253,340	74,755	158,475	233,230
Kerala						
Wayanad	0	57,370	57,370	0	56,675	56,675
Travancore	1,000	7,380	8,380	880	7,370	8,250
Nelliampathies	1,200	1,700	2,900	1,175	1,600	2,775
Sub total	2,200	66,450	68,650	2,055	65,645	67,700
Tamil Nadu						
Pulneys	7,135	345	7,480	7,300	325	7,625
Nilgiris	1,475	3,825	5,300	1,550	3,850	5,400
Shevroys (Salem)	3,475	70	3,545	3,400	50	3,450
Anamalais (Coimbatore)	1,300	500	1,800	900	500	1,400
Sub total	13,385	4,740	18,125	13,150	4,725	17,875
Non Traditional Areas						
Andhra Pradesh	9,050	50	9,100	7,370	55	7,425
Orissa	600	0	600	550	0	550
Sub Total	9,650	50	9,700	7,920	55	7,975
North Eastern Region	105	80	185	120	100	220
Grand Total (India)	107,800	242,200	350,000	98,000	229,000	327,000

Source: The Coffee Board Of India

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch


Domestic Raw Coffee Prices (Karnataka):-

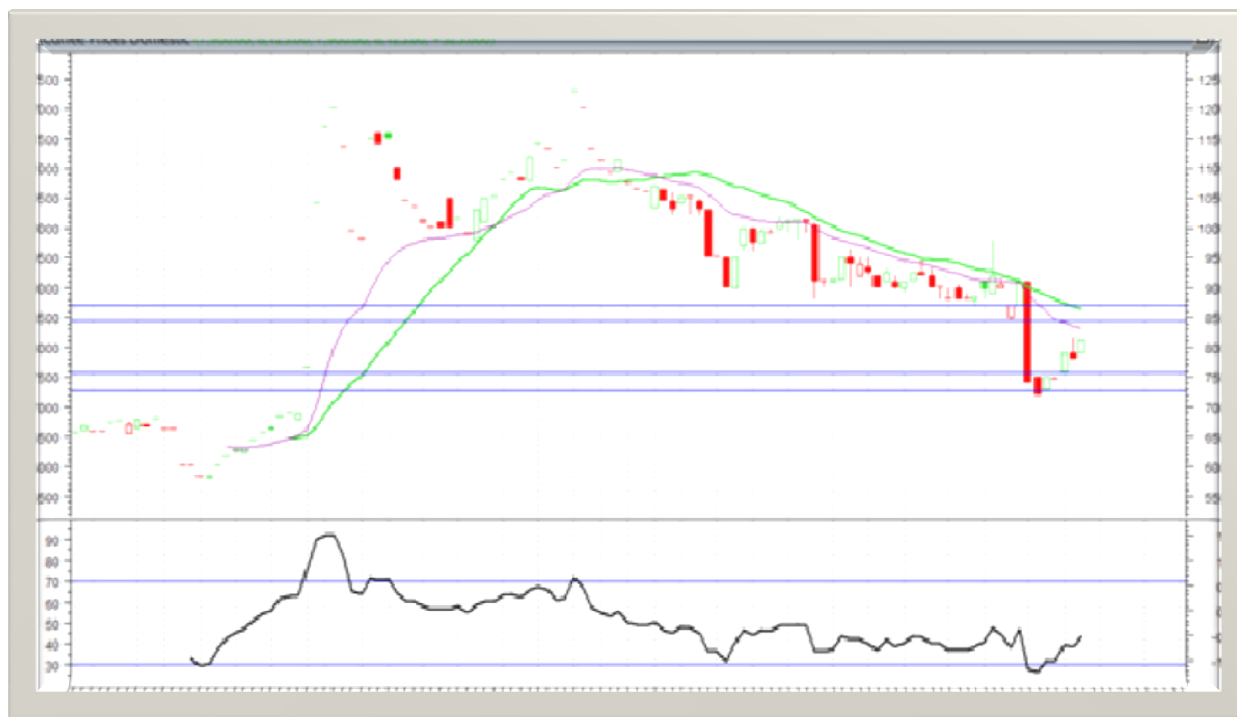
Variety	18.12.2015	12.12.2015	Change
Arabica Parchment	8125	7800	325
Arabica Cherry	3850	3900	-50
Robusta Parchment	4850	4850	Unchanged
Robusta Cherry	2750	2850	-100

* Values in Rs per 50 Kg

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

Grade	10.12.2015	03.12.2015	Change	10.12.2015	03.12.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	--	--	--	-
AA	---	---	--	160	--	-
PB	173	177	-4	155	156	-1
A	---	---	--	--	--	-
AB	---	---	--	--	--	-
B	180.36	---	--	--	--	-
C	132	126.2	-5.8	--	--	-
BBB	---	112	-0.26	--	--	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	-	---	---	-
A	---	---	-	---	---	-
PB	---	122	-	115	---	-
AA	---	---	-	121	---	
AB	---	---	-	116	116	Unchanged
B	---	---	-	---	---	
C	---	111.5	-	112	108	4
BBB	---	---	-	---	105	-

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 upside momentum of the market.
- RSI is also moving up in neutral region at 43.50 in this week against 38.30, hinting further upward momentum in the next week.
- However 18 days exponential 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
7273	7583	8125	8439	8694

Units in Rs./50 kg.

International Market Updates

ICE coffee future prices closed down by 6.37 to 126.35 cents/lb against 118.25 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. As per Green Coffee Association, U.S. green coffee stocks declined for the third straight month in November 2015. U.S. green coffee stocks were down at 5.79 million 60-kg bags in the end of November 2015 against 156,232 bags from October 2015.

Below table shows U.S. green coffee stocks:-

Ports	Total Exchange & Non-Exchange	Change From Last Date
New York	1733594	-93544
New Orleans	633013	-65064
Jacksonville	411000	7000
Miami	132918	-6814
Houston	524961	-2,659
Lardeo	38566	9969
Sanfrancisco	837,835	31771
Norfolk	438099	-33583
Philadelphia	5155	3665
Seattle/Tacoma	321012	-1689
Los Angeles/long Beach	155,526	659
Baltimore	414,104	23879
South Carolina	146213	-2554
Total USA	5791996	-156232

Source: Reuters

Vietnam:- Vietnam shipped total 96000 tonnes (1.6 million 60-kg bags) of coffee in November higher by 8% from the previous month. Traders had expected November's coffee exports to be between 90,000 and 110,000 tonnes, while the government estimated them at 100,000 tonnes.

Others:-

- As per the National Coffee Council, EL Salvador exported total 3565 60-kg bags in November 2015 with a decrease of 24% from 4681 60-kg bags in the same month last year. El Salvador, one of Central America's smaller coffee producers, had been one of the hardest hit by the spread of Roya, also known as coffee leaf rust, over the past couple of seasons.
- According to the Nairobi Coffee Exchange (NCE) the top price of Kenya's benchmark grade AA coffee declined during this week as compared to last week records. The East African country produces quality coffee that is highly sought after by roasters worldwide for blending with beans from other countries.
- According to the state run Uganda Coffee Development Authority (UCDA), Uganda's coffee exports went up by 13.2% to 248921 60-kg bags in November 2015 against 219948 60-kg bags as exported in the same month in 2014.

Coffee Production Details Of The World:-

Below table shows Coffee Production Details of The World :-

Country	2011/12	2012/13	2013/14	2014/15	2015/16 JUNE (Old)	2015/16 December (New)
Brazil	49,200	57,600	57,200	54,300	52,400	49,400
Vietnam	26,000	26,500	29,833	27,400	28,600	29,300
Colombia	7,655	9,927	12,075	13,300	13,000	13,400
Indonesia	8,300	10,500	9,500	8,800	11,000	10,605
Ethiopia	6,320	6,500	6,345	6,475	6,500	6,500
India	5,230	5,303	5,075	5,440	5,200	5,300
Honduras	5,600	4,725	4,400	5,000	5,900	5,900
Uganda	3,075	3,600	3,850	3,550	3,800	3,800
Guatemala	4,410	4,010	3,515	3,365	3,215	3,315
Mexico	4,300	4,650	3,950	3,300	3,300	3,400
Peru	5,200	4,300	4,250	2,900	3,500	3,000
Nicaragua	2,100	1,925	2,000	2,100	2,150	2,200
Malaysia	1,450	1,400	1,500	1,750	1,800	1,800
Costa Rica	1,775	1,675	1,450	1,400	1,350	1,350
Cote d'Ivoire	1,600	1,750	1,675	1,400	1,325	1,325
Thailand	850	850	850	900	900	900
Papua New Guinea	1,400	825	855	810	850	850
Tanzania	565	1,180	800	800	1,250	900
Kenya	750	660	850	780	900	840
El Salvador	1,200	1,250	550	700	700	700
Other	6,902	5,803	5,148	5,065	5,011	5,337
Total	143,882	154,933	155,671	149,535	152,651	150,122

Source: USDA

International Coffee Price Trend:-

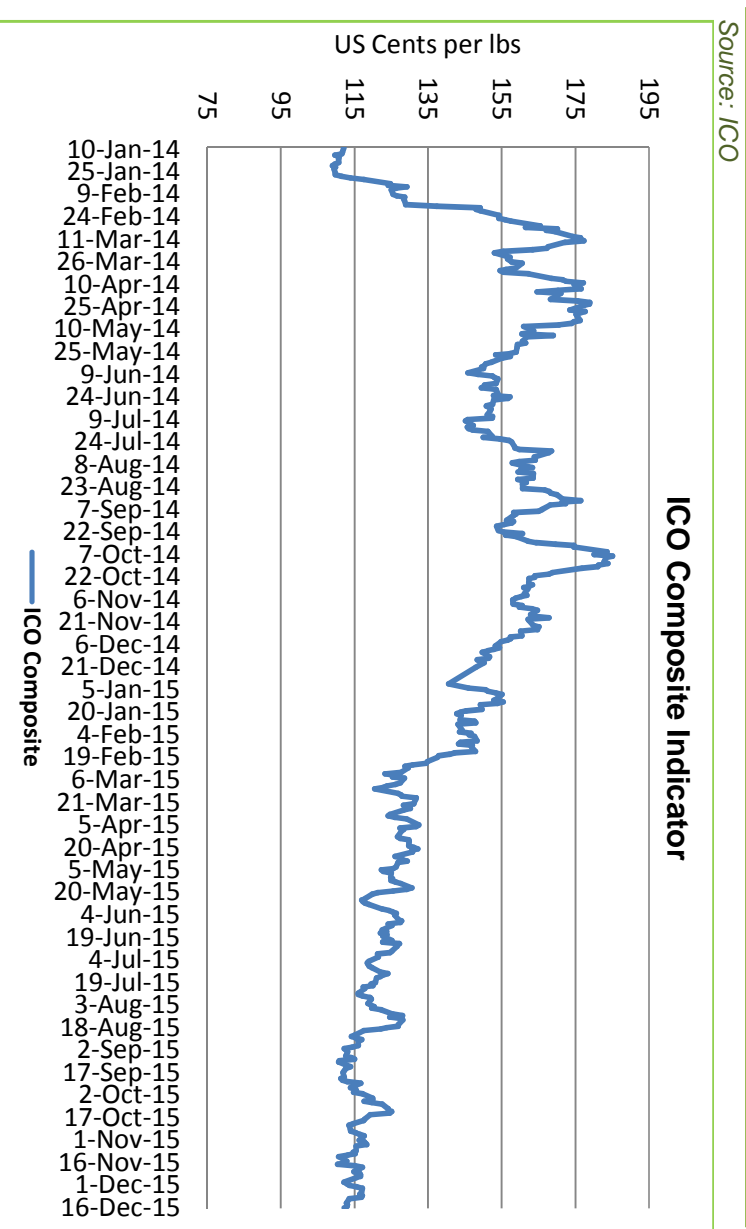
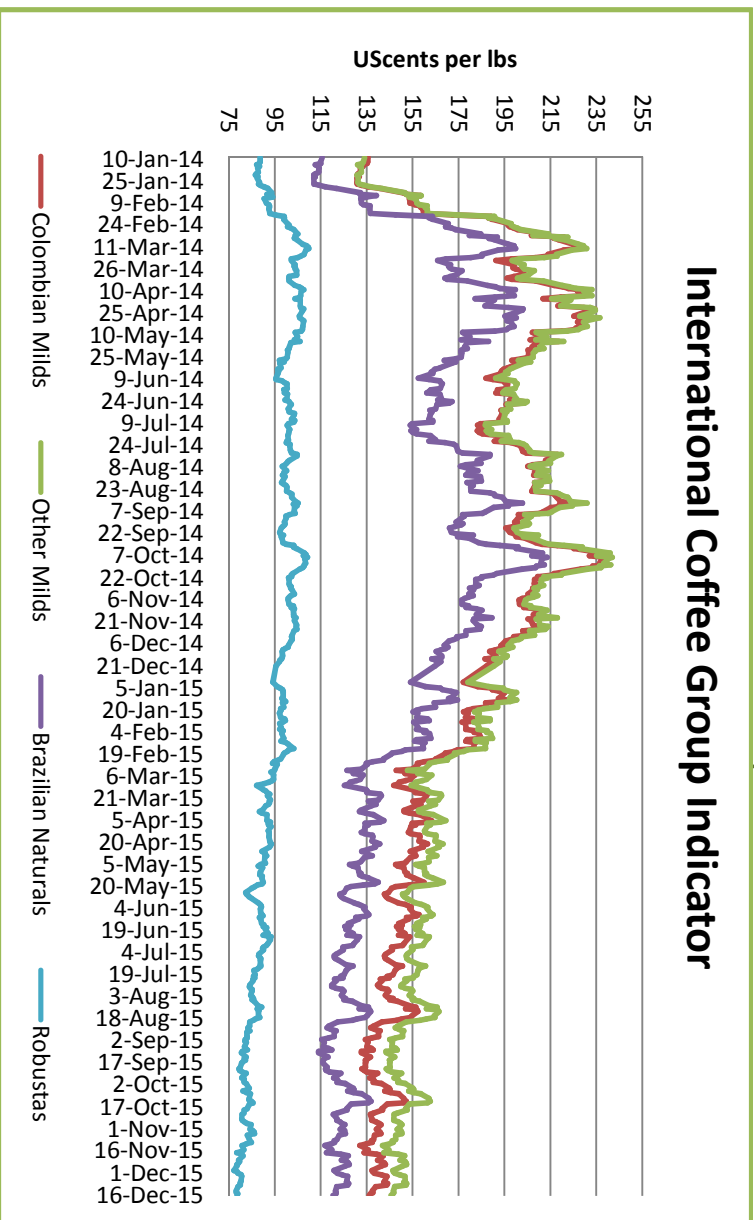
Germany Market – Hamburg and Bremen, France Market – (Le Havre and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	17.12.2015	10.12.2015	17.11.2015	17.12.2014
ICO Composite Indicator	112.27	116.90	112.53	148.35
Colombian Milds				
US	136.25	144.25	134.25	183.75
Europe	135.82	143.04	137.12	189.62
Group Indicator	136.05	143.70	135.57	186.45
Other Milds				
US	146.69	153.44	145.44	193.69
Europe	144.87	151.02	143.81	188.33
Group Indicator	145.62	152.01	144.48	190.36
Brazilian Naturals				
US	106.25	113.25	108.25	150.75
Europe	125.34	131.44	123.55	167.69
Group Indicator	120.37	126.71	119.57	163.29
Robusta				
US	85.83	86.92	87.17	101.25
Europe	77.06	78.45	79.43	97.34
Group Indicator	78.55	79.89	80.74	97.96

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(17-December-2015)	Week Ago(10-December-2015)	Month Ago(17-November-2015)	Weekly Change (%)
15-Dec	117.80	122.65	114.25	-3.95
16-Mar	118.30	126.35	118.25	-6.37
16-May	120.55	128.40	120.45	-6.11

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(17-December-2015)	Week Ago(10-December-2015)	Month Ago(17-November-2015)	Weekly Change (%)
16-Jan	1482	1499	1554	-4.38
16-Mar	1508	1528	1573	-4.49
16-May	1536	1556	1594	-4.17

USD/T
International Coffee Prices

	17.12.2015	10.12.2015	17.11.2015	17.12.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	33300	34000	34750	39600
Vietnam FOB (2-5 pct)* (Saigon port)	1555	1577	1570	1907.50
Indonesian FOB (4-80 defects)** (Lampung Port)	1610	1610	1620	1950

***FOB Values are in USD/T**

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (15/12/2015)	Average Prices In	Prices Last Auction In (08/12/2015)
Arabica AA	180-446	293.59	184-479
Arabica AB	139-362	250.51	143-399
Arabica C	71-241	166.48	85-262
Arabica PB	179-291	251.5	228-419
Arabica T	27-150	97.72	51-161
Arabica TT	130-224	161.65	111-271

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 120.83 against 121.19 in the market.
- Falling volume and prices indicates further short build up phase of the market.
- However, RSI is also up at 44.97 compared to 44.68 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
109.77	112.15	118.45	124.67	137.24

Technical Analysis Of Coffee Future Market (Jan'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 1554 against last week records i.e. 1564, indicating further steady to weak tone in the market.
- On the other hand, RSI is slight up at 39.18 in neutral region against 39.14 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	1420	1487	1550	1657

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>

© 2015 Indian Agribusiness Systems Pvt Ltd.