

**Executive Summary****Domestic Coffee Market Summary**

*Weak tone witnessed in Karnataka physical market, as on 26th December 2015 on lackluster demand due to holiday and slow activities of roasters and exporters.*

*As per the coffee Board Of India, the post monsoon is predicted down by 1.6% to 350,000 MT comprising of 107800 MT of Arabica and 242,000 MT of Robusta for the season 2015/16. 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. For Arabica, the production estimate has shown an increase of 9,800 MT (10%), while Robusta production has shown an increase of 13,200 MT (5.76%) on account of highly favourable conditions that prevailed during the current cropping year. There was extended north-east rains during last year which helped in additional cropping wood for the current season and coffee growing areas have received timely and adequate blossom & backing showers followed by well distributed rains in summer months and south-west monsoon coupled with good crop husbandry practices adopted by the growers. However, certain pockets of Karnataka have received rains during November month coinciding with harvesting of Arabica which is reported to have led to fruit drop of varying degrees and this loss has not been taken into consideration at this stage of post monsoon estimation since the crop estimate was completed by 30th October, 2015. The crop loss, if any, due to November rains will be accounted at the time of final estimation, which will be carried out after completion of harvesting of crop.*

*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.*

**Recommendation:**

*Weekly Call - : Market participants are advised to go long above 8100 levels for a target of 8239 and 8457 with a stop loss at 7929 on closing basis.*

**International Coffee Market Summary**

*As per recent USDA updates, coffee crop size of the world is revised down by 1.65% to 150122 60 thousand 60 kg bags in December 2015 from its earlier estimates i.e. 152651 thousand 60 kg bags in June 2015. However, given estimates is higher by 0.39% from 149535 thousand 60 kg bag in 2014/15 season on account of higher crop size in Indonesia and Honduras as well as recovery in Vietnam .Consumption of the World is revised up by 0.39% to 148122 against 147684 thousands 60 kg bags from the earlier estimates. Ending stocks of the World is also revised significantly higher by 16.33% to 36692 thousand 60 kg bags from 31540 thousands 60 kg bags in June 2015.*

*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.*

*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.*

**Domestic Export and Import Scenario :-**

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 18th December 2015 is registered significantly down by 0.86% at 237179 metric tons as compared to 239257 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 37.80% to 27870 metric tons in this year during 1st January 2015 to 18th December 2015 from preceding year instant coffee volume i.e.44814 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 28.66% to 31621, 24.33% to 11051 metric tons respectively against last year exports volume i.e. 44329 metric tons, 14606 metric tons respectively in the same period of time due to lower demand.

Below table shows coffee exports details of India :-

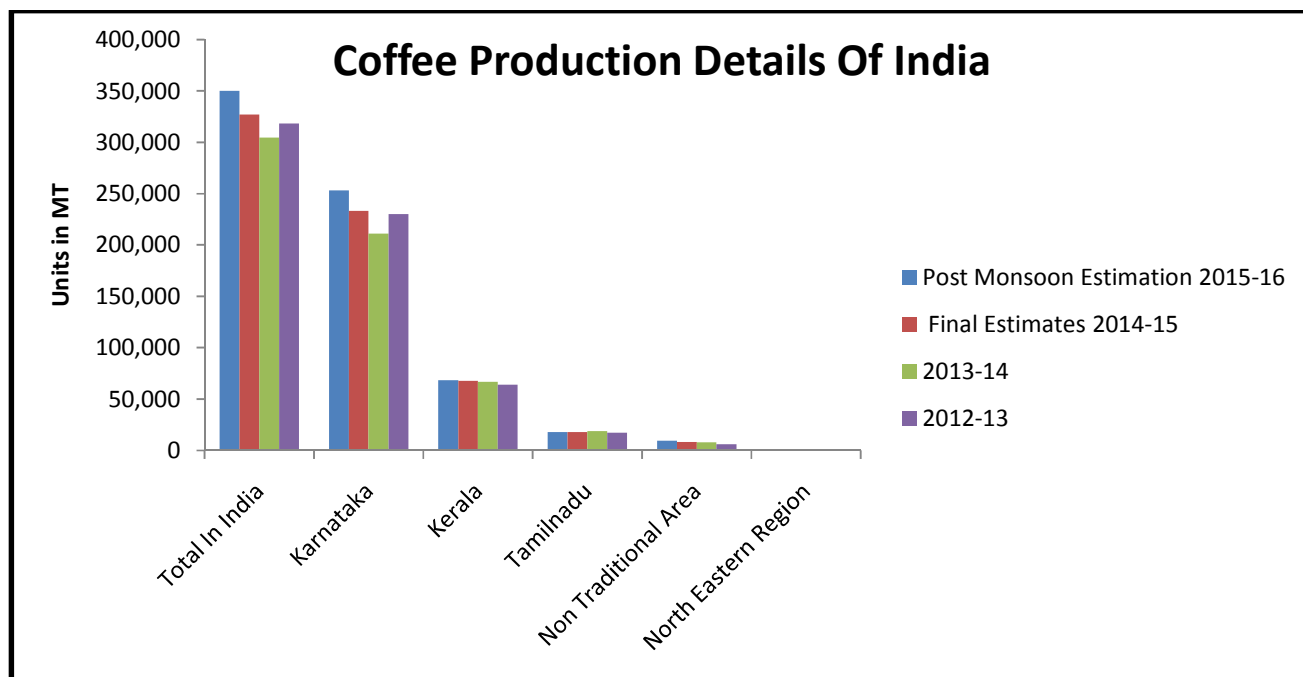
<b>Export update: From 01<sup>st</sup> January 2015 to 18th December 2015(in metric tonnes)</b>									
	<b>INDIAN COFFEE</b>	<b>Ar. Pmt</b>	<b>Ar. Chy</b>	<b>Rob. Pmt</b>	<b>Rob. Chy</b>	<b>Roasted seeds</b>	<b>R &amp; G</b>	<b>Instant</b>	<b>Total</b>
1	Provisional exports (Indian coffee)	31621	11051	34622	131679	39	298	27870	237179
2	Provisional exports corresponding period last year	44329	14606	22241	112934	54	278	44814	239257
3	Provisional re-exports	0	0	0	0	119	274	63200	63593
4	Provisional re-exports corresponding period last year	0	0	0	0	2	4	52703	52709
5	Total provisional exports (1+3)	<b>31621</b>	<b>11051</b>	<b>34622</b>	<b>131679</b>	<b>158</b>	<b>572</b>	<b>91070</b>	<b>300772</b>
6	Total provisional exports corresponding period last year (2+4)	<b>44329</b>	<b>14606</b>	<b>22241</b>	<b>112934</b>	<b>55</b>	<b>282</b>	<b>97518</b>	<b>291966</b>

Source: The Coffee Board Of India

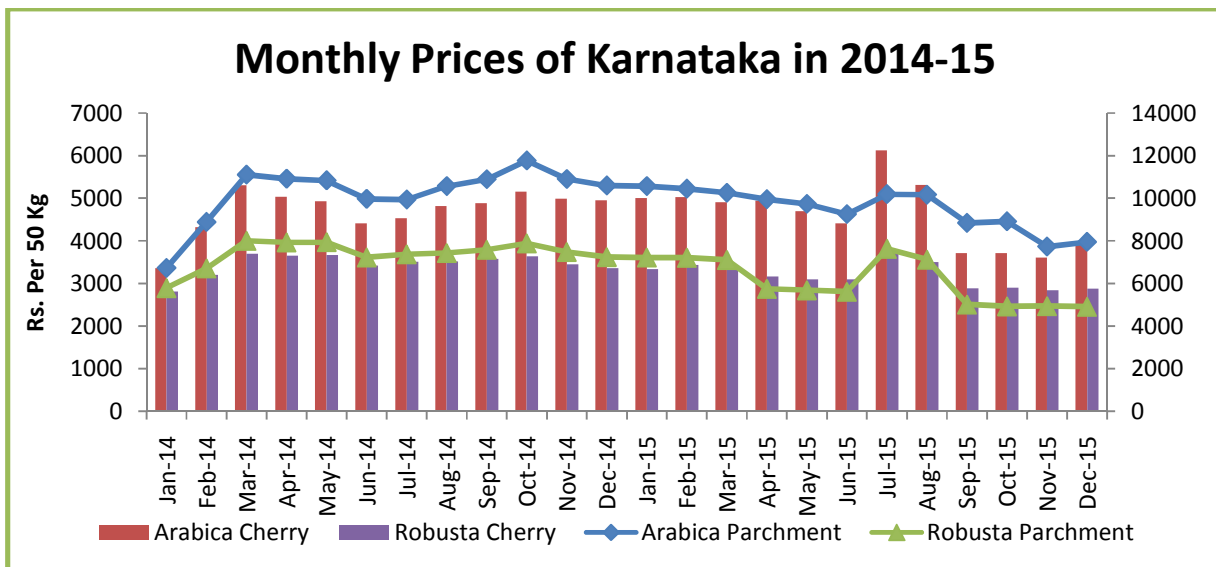
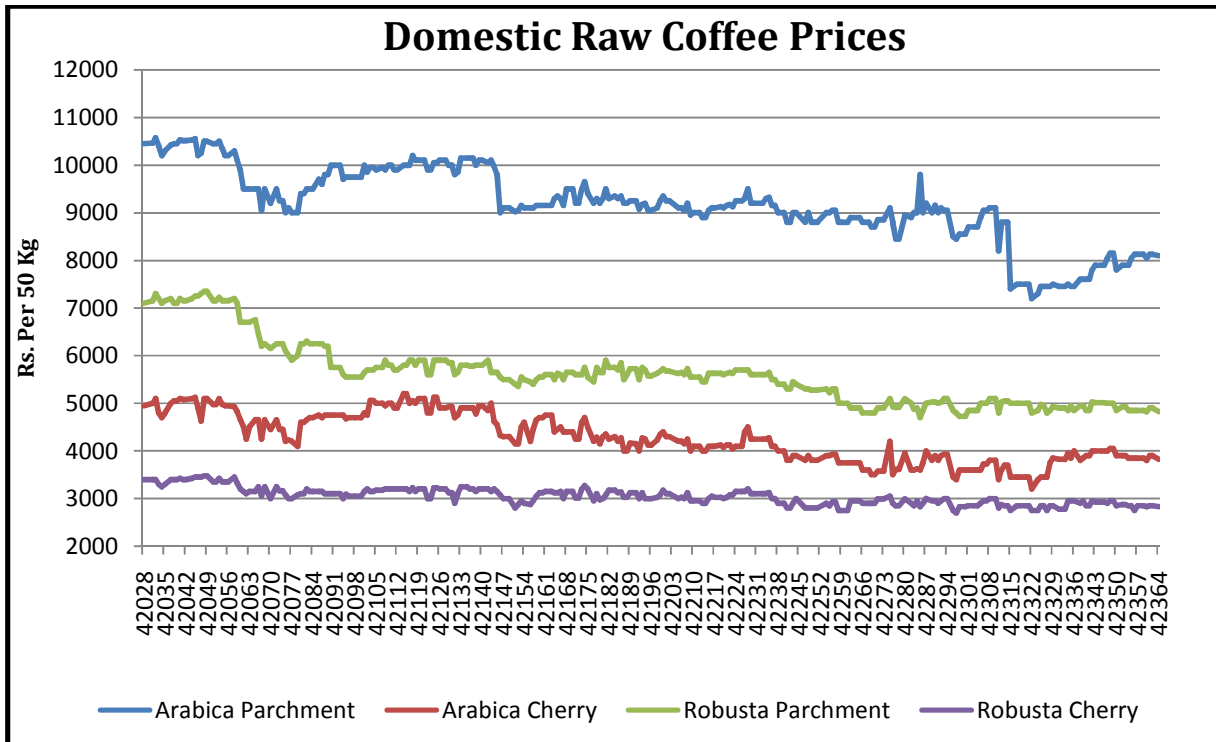
**Domestic Coffee Crop Situation:-**

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

States	Post Monsoon Estimation 2015-16	Final Estimates 2014-15	2013-14	2012-13	%change
<b>Total In India</b>	<b>350,000</b>	<b>327000</b>	<b>304500</b>	<b>318200</b>	<b>14.94</b>
<b>Karnataka</b>	<b>253,340</b>	<b>233,230</b>	<b>211,100</b>	<b>230,225</b>	<b>20.01</b>
<b>Kerala</b>	<b>68,650</b>	<b>67,700</b>	<b>66,675</b>	<b>64,200</b>	<b>2.96</b>
<b>Tamilnadu</b>	<b>18,125</b>	<b>17,875</b>	<b>18,775</b>	<b>17,370</b>	<b>(3.46)</b>
<b>Non Traditional Area</b>	<b>9,700</b>	<b>7,975</b>	<b>7,760</b>	<b>6,230</b>	<b>25.00</b>
<b>North Eastern Region</b>	<b>185</b>	<b>220</b>	<b>190</b>	<b>175</b>	<b>(2.63)</b>



Source: The Coffee Board OF India

**Coffee Prices Of Auction Market & State Wise Market**


Source: Agriwatch



**Domestic Raw Coffee Prices (Karnataka):-**

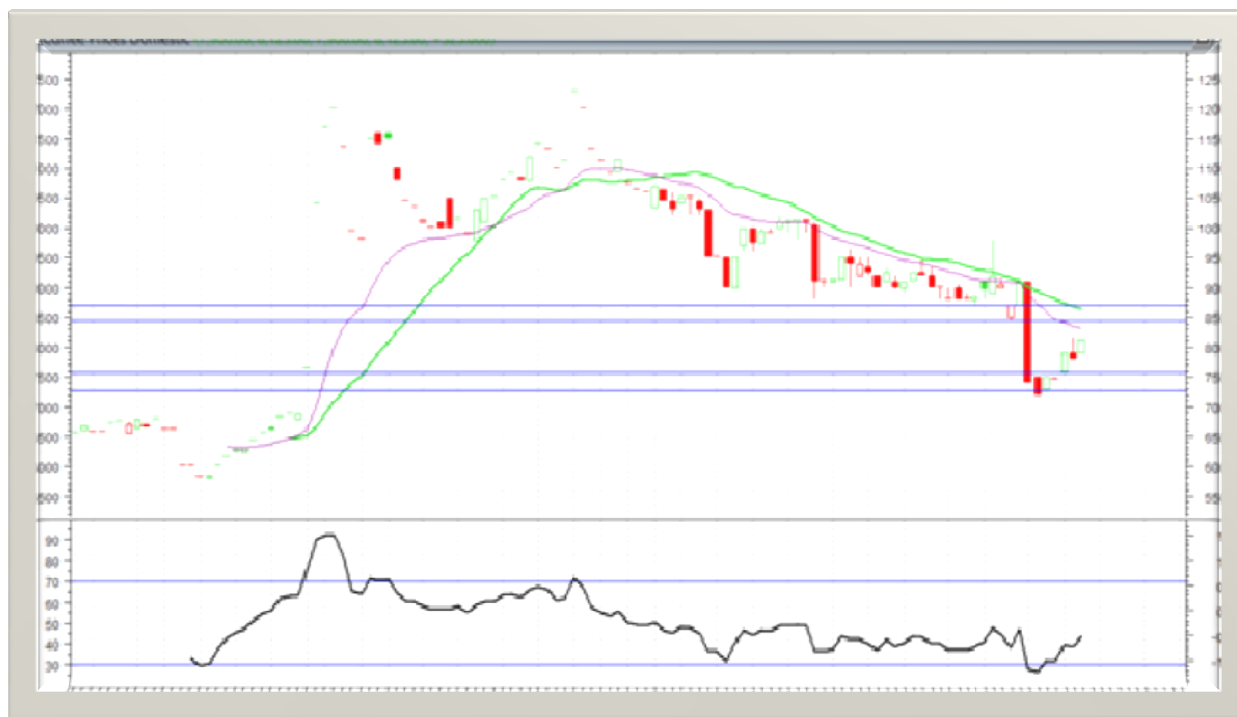
Variety	26.12.2015	18.12.2015	Change
Arabica Parchment	8100	8125	-25
Arabica Cherry	3825	3850	-25
Robusta Parchment	4825	4850	-25
Robusta Cherry	2825	2750	-25

\* Values in Rs. per 50 Kg

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

Grade	17.12.2015	10.12.2015	Change	17.12.2015	10.12.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	--		--	-
AA	244	---	--	--	160	-
PB	---	173	-4	142.5	155	-12.5
A		---	--		--	-
AB		---	--		--	-
B		180.36	--		--	-
C		132	-5.8		--	-
BBB	105	---	-0.26		--	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	-	--	---	-
A	---	---	-	---	---	-
PB	116	---	-	112.5	115	2.5
AA	---	---	-	121	121	Unchanged
AB	---	---	-	114.26	116	-1.74
B	---	---	-	---	---	
C	107	---	-	108.5	112	-3.5
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 up by 1.18 to 119.70 cents/lb against 117.80 cents/lb during this week end. As per RTRS, ICE certified stocks declined by 2325 to 1734612 bags as on 24th Dec 2015 against 1736937 bags as on Dec 23, 2015.

**Below table shows ICE certified stocks details:-**

COUNTRIES	ANTWERP	BARCELONA	HAMBURG /BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Brazil	1007	0	1600	1960	0	0	13960	18527
Burundi	60565	0	51292	0	0	0	2137	114085
Colombia	11869	0	50244	9027	41528	825	206063	419556
Coasta Rica	250	0	0	0	0	0	0	250
El Salvador	975	0	25	0	0	0	1895	2895
Guatemala	1472	0	200	25	0	2200	6024	9921
Honduras	317494	0	18005	6505	8774	0	60913	411691
India	25176	0	1994	0	0	0	0	27170
Mexico	169738	0	3161	24960	0	0	51949	249808
Nicaragua	54974	0	0	550	0	550	3450	59524
Peru	151620	0	55793	3098	0	25	77800	288336
Rwanda	58542	0	16313	0	0	0	296	75151
Tanzania	70	0	227	0	0	0	578	875
Uganda	24444	295	31804	0	0	0	280	56823
Total in Bags	878196	295	230658	46125	50302	3600	425345	1734612

**Vietnam:-** As per traders, farmers in Vietnam have completed about two third of its 2015/16 coffee harvest with at least 70% finished in the top growing province of Dhaklak against last year records. It's been overcast for a week now, with drizzling in the past two days, and this has slowed the harvest, preventing cherry drying. The rain has caused some early flowering, which has to come after the harvest ends, but the current partial blossom will not affect the next 2016/2017 production. Besides, Daklak is forecast to get mostly sunny days by the end of December. The rainy season ended in early October and will not return to the Central Highlands coffee belt until next May.

Supply is ample, given some 30 percent of the harvested cherries have been available for export, but farmers are still reluctant to release stocks due to low prices. Growers now target to sell more if prices are above 35 million dong (\$1,552) a tonne. Robusta stood at 32.8-33.5 million dong a tonne on Tuesday in Daklak, widening from 33.1-33.5 million dong a week ago. Vietnam's 2015/2016 coffee output is forecast at 29.3 million bags, the U.S. Department of Agriculture said in a December report, having revised up from 28.6 million bags in its June estimate and also up from 27.4 million bags in the previous season.

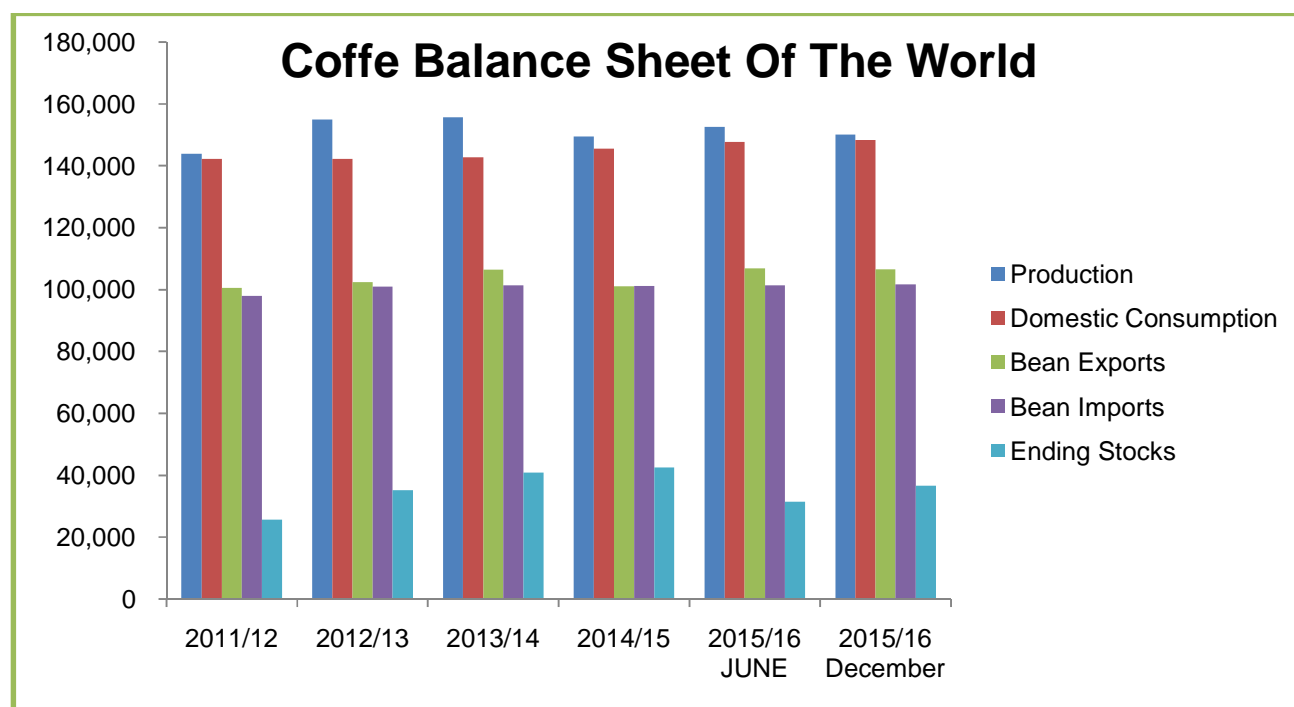
As per Vietnam Custom's data, Coffee exports in the first half of December jumped 17 percent from a year ago to nearly 64,000 tonnes. Vietnam could export 26.67 million bags in the 2015/2016 crop year ending next September, up 31 percent from a year ago.

**Coffee Production Details Of The World:-**

**Below table shows Coffee balance sheet details of the World :-**

<b>Coffee Balance Sheet Of The World</b>						
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16 JUNE</b>	<b>2015/16 December</b>
Production	143,882	154,933	155,671	149,535	152,651	150,122
Domestic Consumption	142,220	142,216	142,753	145,521	147,684	148,267
Bean Exports	100,592	102,387	106,442	101,108	106,762	106,505
Bean Imports	97,945	100,987	101,335	101,210	101,350	101,650
Ending Stocks	25,693	35,230	40,919	42,534	31,540	36,692

Source: USDA



Source: USDA

International Coffee Price Trend:-

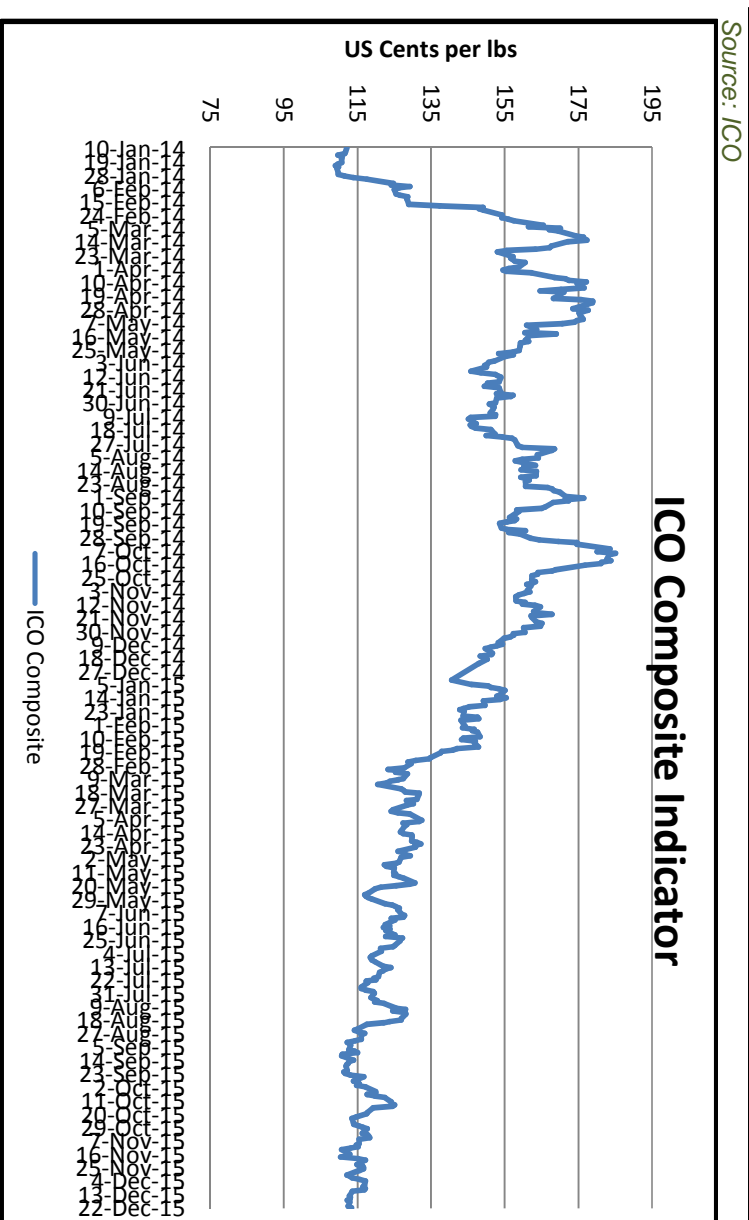
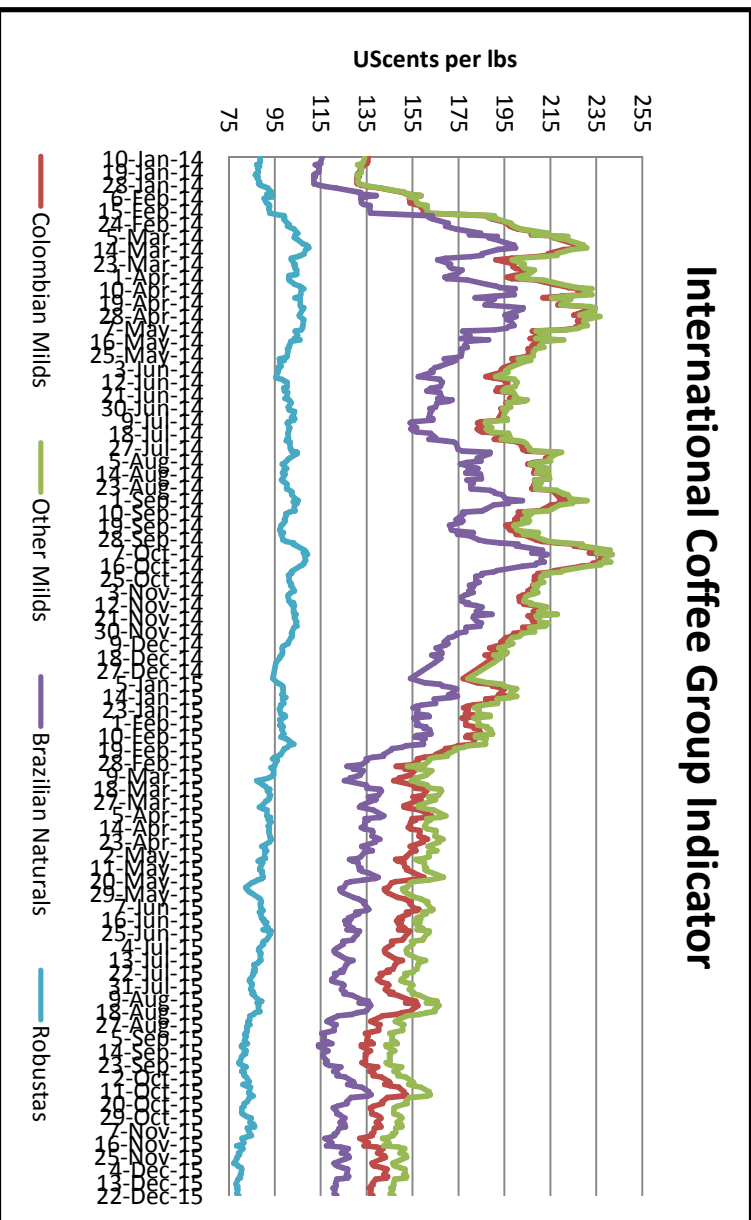
Germany Market – Hamburg and Bremen, France Market – (Le Havre and Marseilles) \* Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	22.12.2015	17.12.2015	22.11.2015	22.12.2014
ICO Composite Indicator	113.45	112.27	114.90	147.99
<b>Colombian Milds</b>				
US	--	136.25	139.50	186.75
Europe	--	135.82	140.03	190.87
Group Indicator	137.72	136.05	139.74	187.22
<b>Other Milds</b>				
US	--	146.69	150.19	195.69
Europe	146.02	144.87	148.97	188.70
Group Indicator	146.77	145.62	149.47	190.32
<b>Brazilian Naturals</b>				
US	--	106.25	112.50	154.75
Europe	126.99	125.34	128.13	169.03
Group Indicator	121.96	120.37	124.06	164.71
<b>Robusta</b>				
US	--	85.83	86.42	100.50
Europe	77.79	77.06	77.79	94.92
Group Indicator	79.28	78.55	79.26	95.56

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(24-December-2015)	Week Ago(17-December-2015)	Month Ago(24-November-2015)	Weekly Change (%)
16-Mar	119.70	117.80	122.45	1.18
16-May	121.95	118.30	124.65	1.16
16-Jul	123.95	120.55	126.75	1.06

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(24-December-2015)	Week Ago(17-December-2015)	Month Ago(24-November-2015)	Weekly Change (%)
16-Jan	1485	1482	1539	1
16-Mar	1525	1508	1566	1
16-May	1552	1536	1590	1

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)(Units in USC/lb)**


**Outlook** -Prices show up side of the market during the week. We expect prices to trade sideways to up trend in the market.

- Candlestick chart depicts uptrend in the market.
- 14 days EMI hints slight down momentum at 119.70 against 120.83 in the market.
- Higher volume and prices indicates further long build up phase of the market.
- RSI is also up at 46.06 compared to 44.97 of last week momentum indicating steady to strong 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
107.00	111.17	119.70	126.39	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 EMA is moving down at 1506 against last week records i.e. 1518, indicating further steady to weak tone in the market.
- On the other hand, RSI is slight down at 39.05 in neutral region against 39.18 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
1420	1463	1485	1499	1537

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