

Executive Summary**Domestic Coffee Market Summary**

Firm tone witnessed in Karnataka physical market, as on 2nd January 2016 on improved demand mainly from exporters. As of now, domestic demand is mainly for last season's crops, whereas international demand has just started with offers as low as \$180 over for Robusta cherry AB grades, whereas traders are expecting for the price of \$ 220 or above. Arabica grade demand seems little as compare to last year, however, its demand may accelerate since next month.

Now a days, weather is bright and sunny, which is supporting coffee harvesting. Overall 90% of Arabica coffee picking is completed. Picking of Robusta have been started in most irrigated areas and crops progress is in good condition. Arabica coffee harvesting is almost finished as of now in some of the southern part of India. New crop demand will be offered at less prices since the overall world crop seems good.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 30th December 2015 is registered significantly down by 0.26% at 240715 metric tons as compared to 241352 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 37.05% to 28452 metric tons in this year during 1st January 2015 to 30th December 2015 from preceding year instant coffee volume i.e.45201 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 26.71% to 32726, 25.42% to 11142 metric tons respectively against last year exports volume i.e. 44653 metric tons, 14940 metric tons respectively in the same period of time due to lower demand.

Recommendation:

Weekly Call - : Market participants are advised to go long above 8400 levels for a target of 8712 and 8913 with a stop loss at 7911 on closing basis.

International Coffee Market Summary

Robusta coffee future prices declined by 20.1% on the year followed by a huge carry over stocks from the previous crop in top grower Vietnam where low prices had encouraged producers to resist selling. Whereas, Arabica coffee future slumped by 27% for 2015 due to higher exports volume by the top producer Brazil and a weakening Brazilian real currency which boosted incentives for exports. The London market remained on holiday as on 1st January 2015 and taking and extended Christmas long weekend holiday, while the New York market had a shortened day late start and attracting little in the way of volume once it opened.

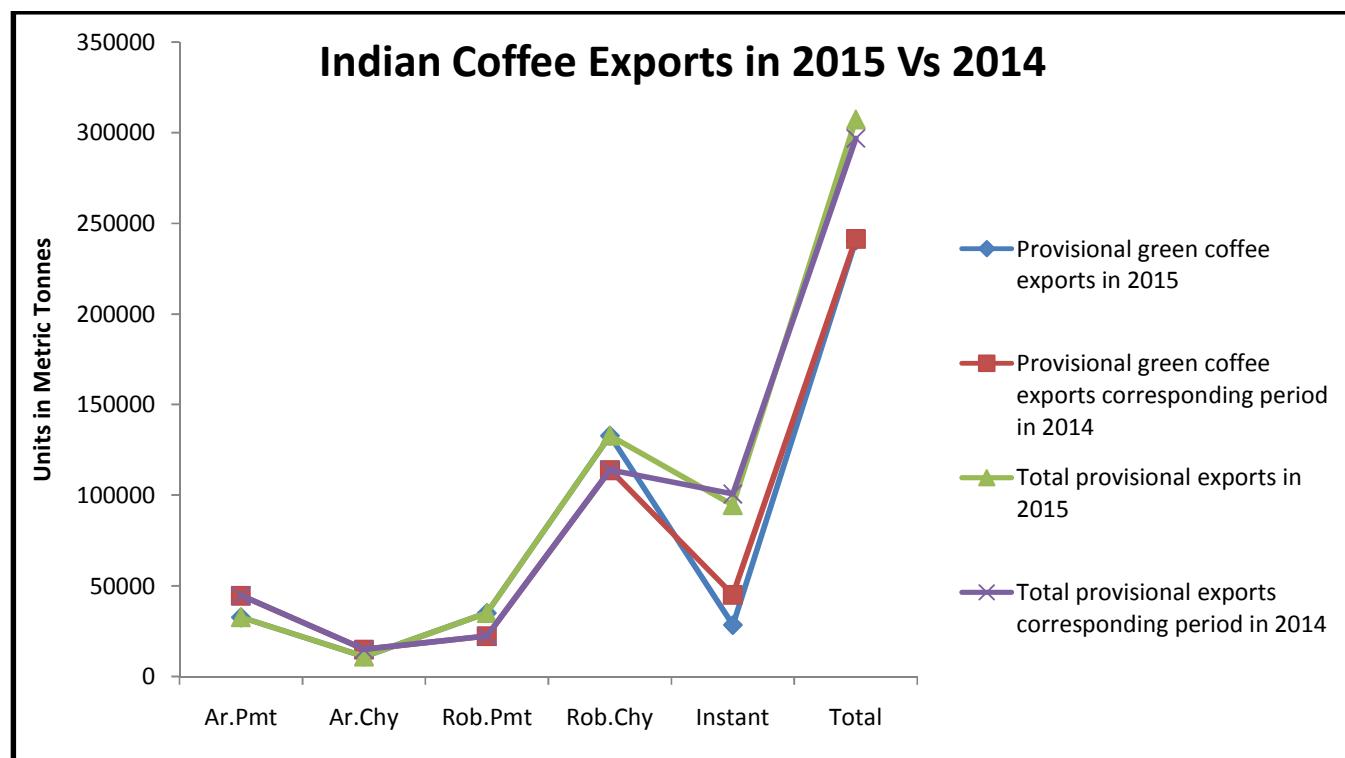
Brazilian real has fallen 10 and a half cents lower against the dollar. Whereas, the crop position for 2015-16 is as follows. Brazil's coffee crop size is estimated at 49.40 million bags for 2015/16 which is 9% down from previous season because below average yields and smaller size of the beans in some growing areas. While, Vietnam is placed at 29.30 million bags Indonesia is placed at 10.605 million bags. Brazil's coffee production is reduced by 6.100 million bags. However, crop size in Indonesia is raised by 2.20 million bags. The moisture now passing over São Paulo's Northern border with Minas Gerais state, where roughly 50 percent of Brazil's coffee is grown, will help to push a bumper harvest expected in mid 2016 closer to reality after two years of drought. As per traders, U.S. traders may come forward as main buyers of the Conillon stocks when the accrued penalties become persuasive. Carry-over stocks from crops prior to 2014 also supported the steady flow of exports. Carry-over stocks for MY 2015/16 are projected down at 5.2 million bags.

Domestic Export and Import Scenario -:

Below table shows coffee exports details of India :-

Export update: From 01 st January 2015 to 30th 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)	32726	11142	35118	132940	42	295	28452	240715
2	Provisional exports corresponding period last year	44653	14940	22304	113906	54	294	45201	241352
3	Provisional re-exports	0	0	0	0	119	274	66200	66593
4	Provisional re-exports corresponding period last year	0	0	0	0	2	4	55535	55541
5	Total provisional exports (1+3)	32726	11142	35118	132940	161	569	94652	307308
6	Total provisional exports corresponding period last year (2+4)	44653	14940	22304	113906	55	298	100736	296893

Source: The Coffee Board Of India

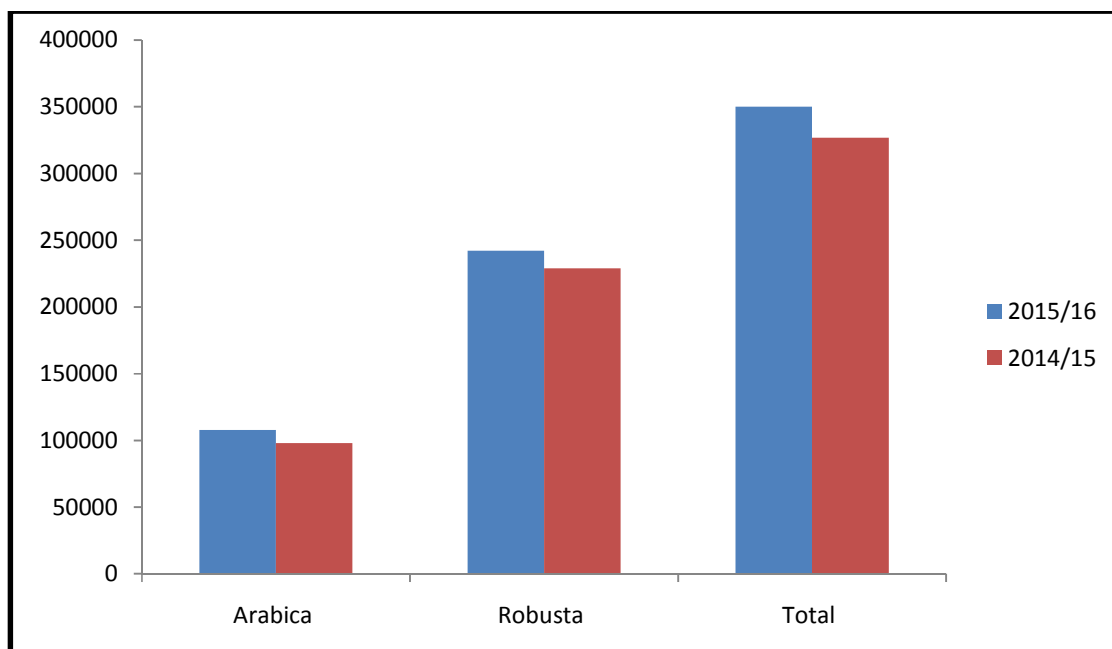


Source: The Coffee Board Of India

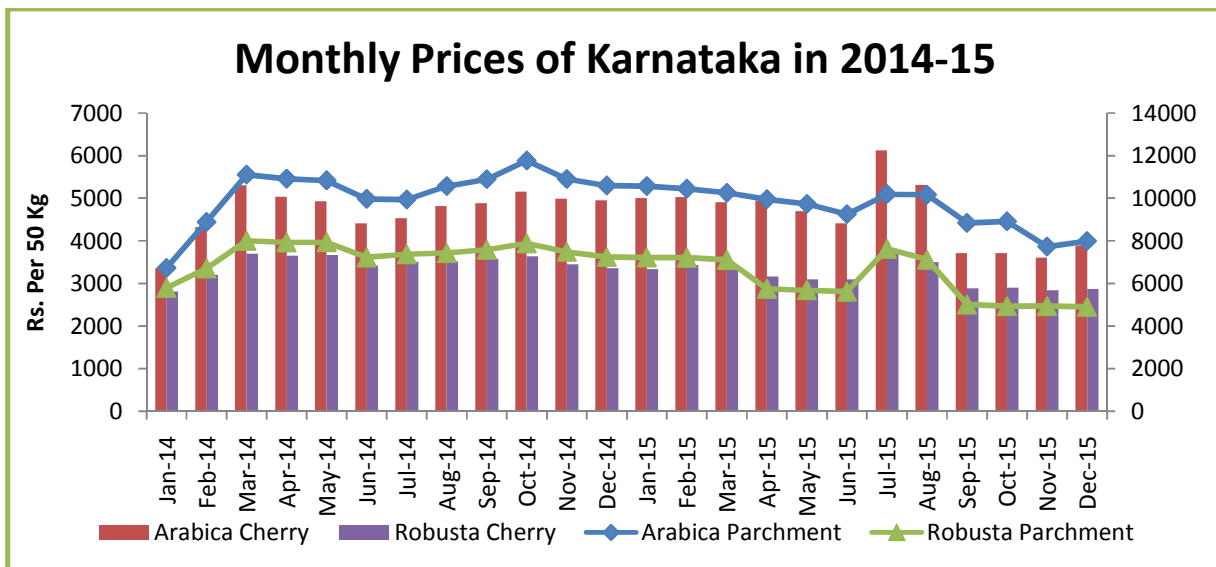
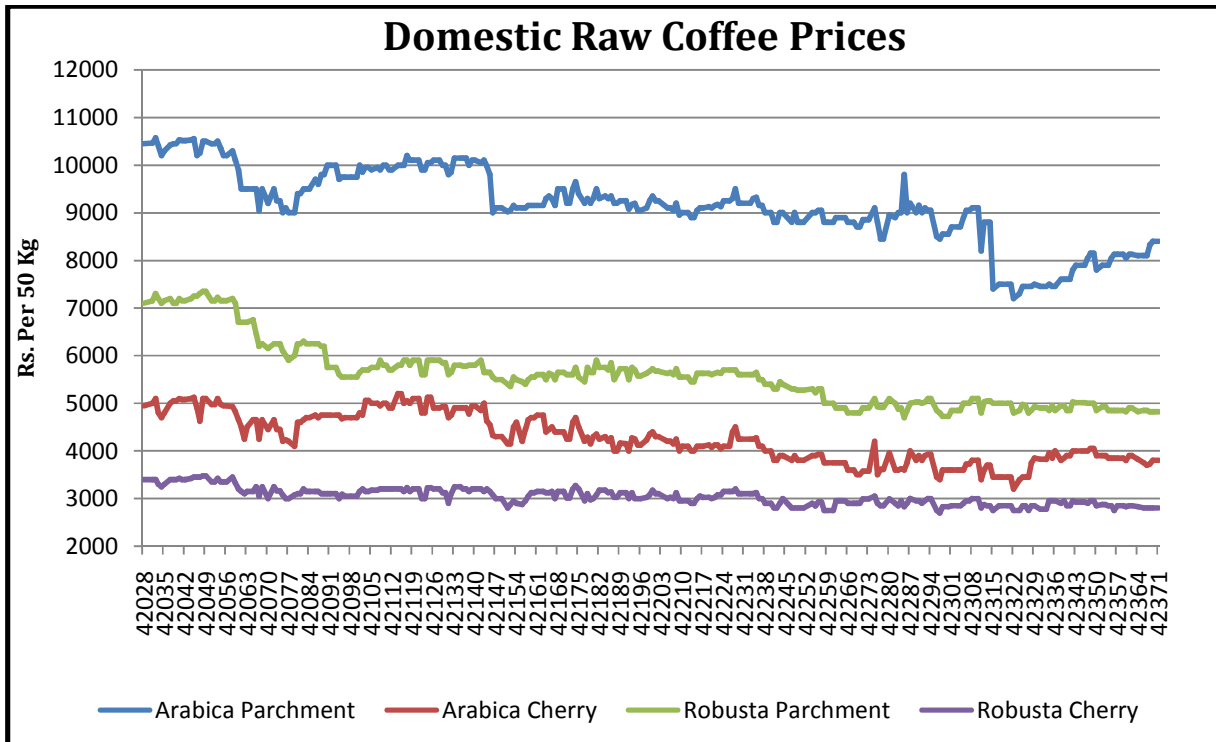
Domestic Coffee Crop Situation:-

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

Coffee Types	2015/16	2014/15
Arabica	107800	98000
Robusta	242200	229000
Total	350000	327000



Source: The Coffee Board Of India

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

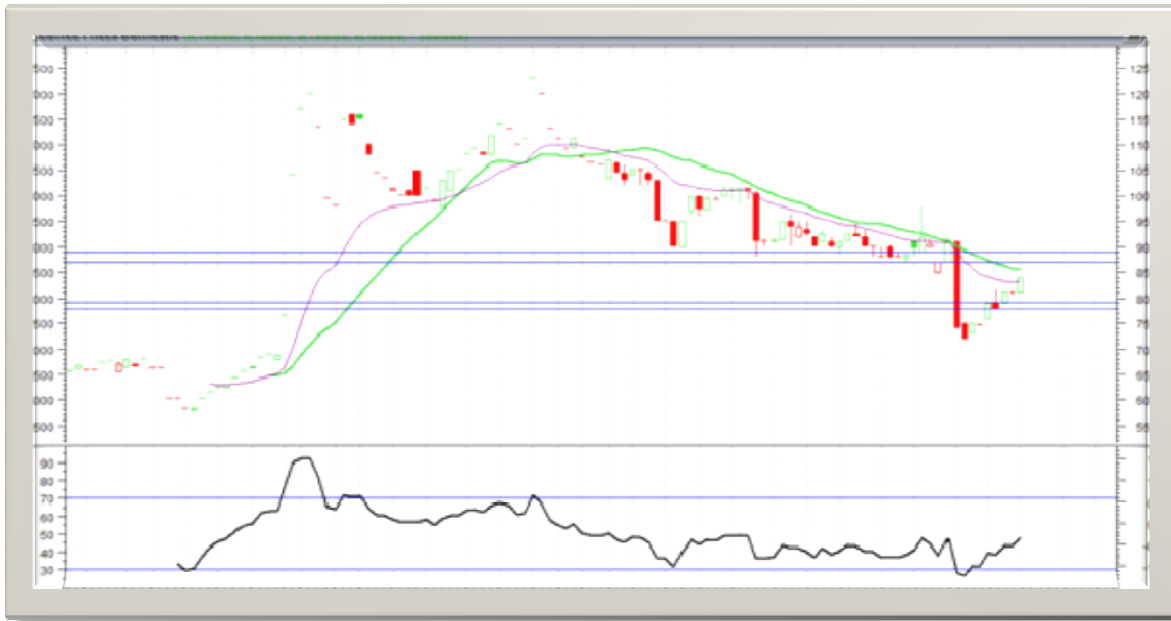
Variety	02.12.2015	26.12.2015	Change
Arabica Parchment	8400	8100	300
Arabica Cherry	3800	3825	-25
Robusta Parchment	4825	4825	Unchanged
Robusta Cherry	2800	2825	-25

* 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 47.87 in this week against 43.20, hinting further upward momentum in the next week.
- However 18 days exponential moving average supports uptrend 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
7783	7911	8400	8712	8913

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. The London market remained on holiday yesterday and taking and extended Christmas long weekend holiday, while the New York market had a shortened day late start and attracting little in the way of volume once it opened.

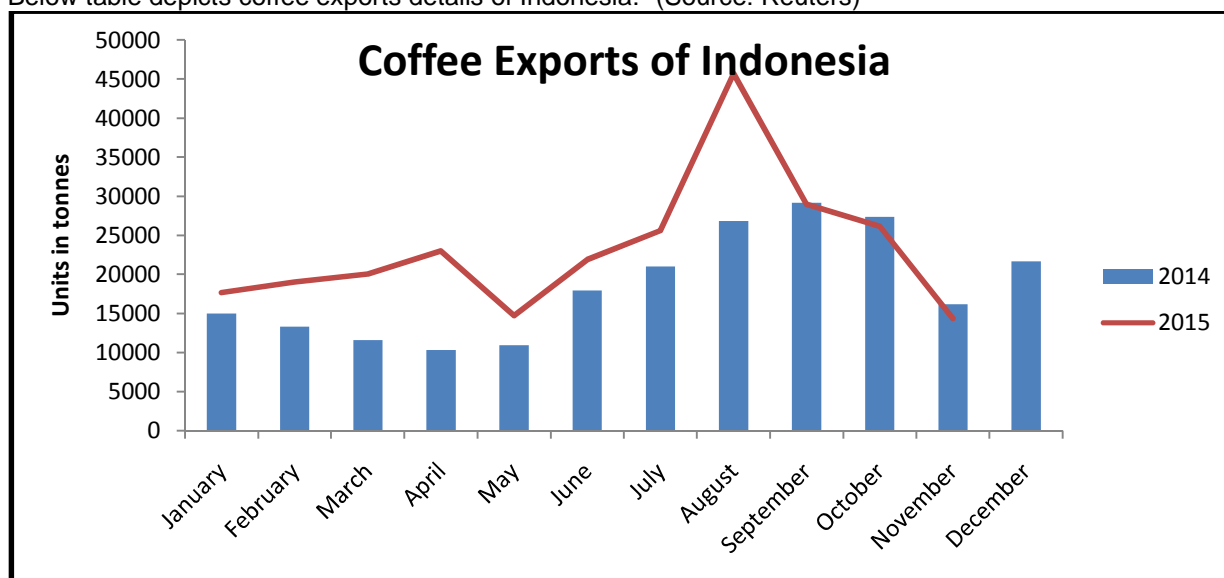
As per RTRS, ICE certified stocks declined by 93 to 1727703 bags as on 31st Dec 2015 against 1727796 bags as on Dec 30, 2015.

COUNTRIES	ANTWERP	BARCELONA	HAMBURG/BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Brazil	1007	0	1600	1960	0	0	13960	18527
Burundi	60976	0	51913	0	0	0	2137	115026
Colombia	111869	0	50244	8752	41528	825	205513	418731
Coasta Rica	250	0	0	0	0	0	0	250
El Salvador	675	0	25	0	0	0	1895	2595
Guatemala	1472	0	200	25	0	2200	6024	9921
Honduras	320042	0	16585	6230	7314	0	54648	404819
India	25176	0	1994	0	0	0	0	27170
Mexico	172343	0	3161	24459	0	0	49864	249827
Nicaragua	54974	0	0	550	0	550	3450	59524
Peru	153273	0	54793	2848	0	25	77525	288464
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	985113	295	228859	44824	48842	3600	416170	1727703

Source: Reuters

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)



Coffee Consumption Details Of The World:-

Below table shows Coffee consumption details of the World :-

Domestic Consumption						
European Union	45,250	43,275	41,475	43,630	43,900	43,850
United States	22,946	23,027	23,811	23,577	23,700	24,067
Brazil	20,025	20,110	20,210	20,330	20,580	20,330
Japan	7,050	7,505	7,750	7,825	7,790	8,125
Canada	4,170	4,230	4,605	4,505	4,975	4,800
Philippines	3,660	4,405	3,630	4,265	3,900	4,600
Russia	3,865	4,130	4,230	4,050	4,940	4,075
Indonesia	2,380	2,670	2,790	3,050	3,150	3,090
Ethiopia	3,050	3,000	3,120	2,985	2,972	2,972
Korea, South	1,785	1,825	2,160	2,305	2,350	2,350
Vietnam	1,665	1,825	2,008	2,217	2,160	2,600
Algeria	2,270	1,945	2,300	2,155	2,280	2,280
China	1,060	1,560	1,705	1,940	1,765	1,925
Mexico	2,212	2,030	2,331	1,776	2,273	2,173
Australia	1,600	1,660	1,615	1,775	1,680	1,800
Thailand	1,060	1,130	1,260	1,700	1,450	1,550
Colombia	1,260	1,200	1,300	1,515	1,300	1,350
Switzerland	1,460	1,500	1,410	1,445	1,400	1,450
India	1,168	1,100	1,200	1,200	1,250	1,250
Venezuela	1,305	1,290	1,170	1,155	1,155	1,155
Ukraine	1,425	1,255	1,155	1,005	1,110	1,000
Norway	760	740	775	775	765	775
Argentina	750	835	685	740	675	700
Turkey	375	490	505	670	615	615
Morocco	715	705	620	630	665	640
Other	8,954	8,774	8,933	8,301	8,884	8,745

Source: The Coffee Board Of India

International Coffee Price Trend:-

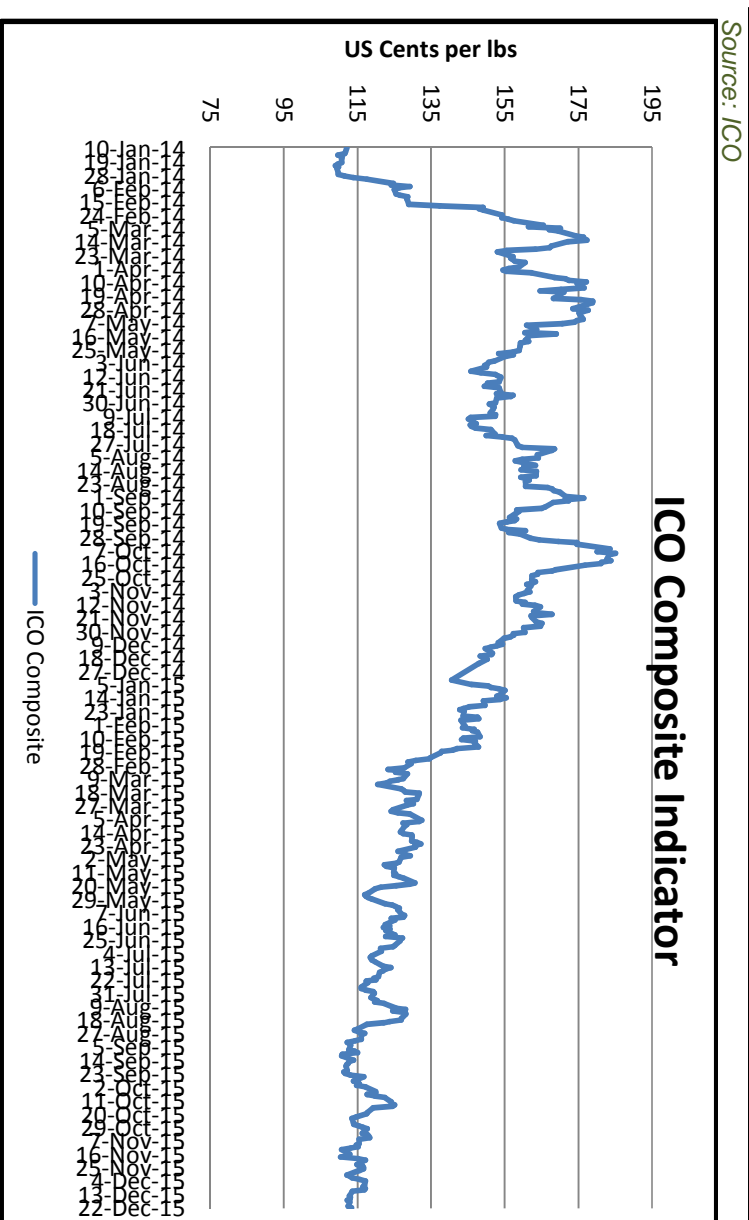
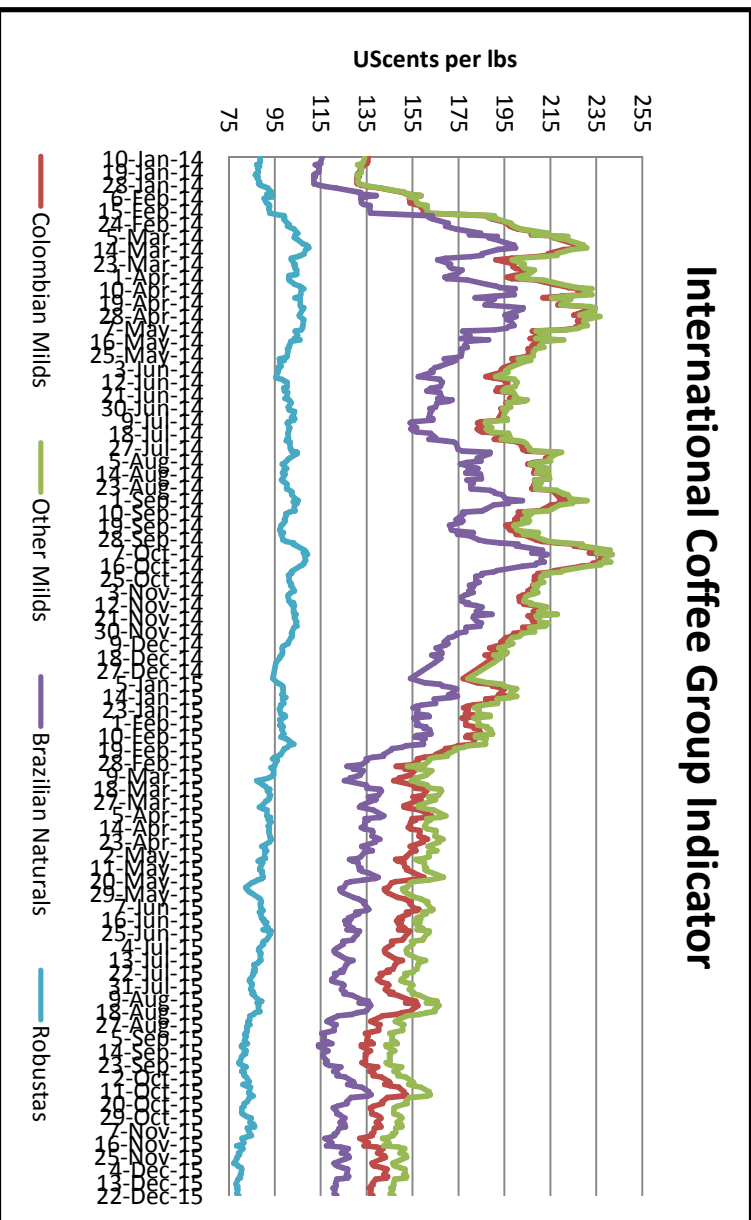
Germany Market – Hamburg and Bremen, France Market – (Le Havre and Marseilles) * Values

	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
Colombian Milds				
US	--	136.25	139.50	186.75
Europe	--	135.82	140.03	190.87
Group Indicator	137.72	136.05	139.74	187.22
Other Milds				
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
Brazilian Naturals				
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
Robusta				
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(31-December-2015)	Week Ago(24-December-2015)	Month Ago(30-November-2015)	Weekly Change (%)
16-Mar	126.70	119.70	119.65	5.85
16-May	128.80	121.95	121.80	5.62
16-Jul	130.75	123.95	123.90	5.49

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(31-December-2015)	Week Ago(24-December-2015)	Month Ago(30-November-2015)	Weekly Change (%)
16-Jan	1491	1485	1478	0.40
16-Mar	1530	1525	1507	0.32
16-May	1557	1552	1532	0.32

USD/T

International Coffee Prices

	29.12.2015	22.12.2015	29.11.2015	29.12.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	33550	33150	34150	38950
Vietnam FOB (2-5 pct)* (Saigon port)	1557	1555	1560	1560
Indonesian FOB (4-80 defects)** (Lampung Port)	1640	1610	1590	1890

***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 121.70 against 119.70 in the market.
- Higher volume and prices indicates further long build up phase of the market.
- RSI is also up at 51.83 compared to 46.06 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
110.63	115.27	126.70	131.40	138.02

Technical Analysis Of Coffee Future Market (Jan'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 1502 against last week records i.e. 1506, indicating further steady to weak tone in the market.
- On the other hand, RSI is slight up at 39.71 in neutral region against 39.05 of last week hinting a further upward 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
1420	1460	1491	1525	1546

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