

Executive Summary
Domestic Coffee Market Summary

Steady to firm tone witnessed in Karnataka physical market, as on 23rd January 2016, on declining demand and pressure of lower International coffee prices. Roasters and traders are not much active in the market. Traders are holding old stocks at higher prices. Arabica coffee bean harvesting is completed as of now. Weather is bright and sunny but cold at night. 35% Robusta coffee beans is picked as of now.

As per DGCIS latest report, India received around Rs.401.39 crore as the total coffee exports revenue which is 60.27 million in USD in December 2015. This is lower by 15.26 % in Rs. and 8.59% in USD respectively as against Rs.320.94 crore and USD 55.50 million respectively in the corresponding month of previous year. It stood at Rs.3695.80 crore and the value in USD at 572.24 million since April-2015 to December 2015 up by 4.99% in Rs. however down by 1.45% in USD as against the last year revenue i.e. Rs.3520.19 crore and in USD 580.65 million in corresponding period of time.

In the recent coffee report by the Coffee Board Of India, India covered total coffee area 1% higher to 423270 hectares in 2014/15 season against 418975 hectares in 2013/14 follows by 213462 hectares of Arabica planting area against 209385 hectares and 209808 hectares of Robusta planting area against 209590 hectares. Karnataka planted total 230434 hectares while Kerala and Tamilnadu planted total 85456 hectares and 31671 respectively.

Recommendation:

Weekly Call - : Market participants are advised to go short for the short period of time.

International Coffee Market Summary

As per sources, Brazil is likely to harvest around 49.13 to 51.94 million 60 kg bags in 2016/17 season which is higher by 14% to 20% against 2015/16 season with the bulk of the recovery expected to play out in the larger Arabica crop. Most of the sources estimates between 48 million to 62 million bags for the season 2016/17. As per Conab, Brazil covered total coffee area nearly 3 percent higher to 1.98 million hectares in 2015. while total are expected to recover by as much as 17 percent from last season with the return of more normal rainfall.

As per sources, Vietnam may produce total 29.42 million bags 60 kg bags in the next 2016/17 with an increase of 4% from 2015/16 season. While, Indonesia is likely to harvest 9% higher crop size against 9.78 million bags in 2015/16. Tight supply in Indonesia has prompted roasters to import beans from Vietnam. Last year Indonesia bought 13,500 tonnes of Vietnamese coffee, down 15 percent from the previous year.

According to the National Cocoa and Coffee, Cameroon, one of the new African producers of Robusta and Arabica beans harvested lower coffee crop by 27% to 23866 tonnes from 32,808 tonnes the previous year due to a lack of selected cuttings and poor agricultural practices of farmers. Total Robusta production stood at 21846 tonnes and Arabica crop size is placed at 2109 tonnes. It exports across the world, principally Germany, Belgium and Russia. China, Holland and Malaysia were new buyers last year. Cameroon's coffee exports went up by 8% to 23673 tonnes despite the drop in production as compared to 2013/14 record. At the end of last season, stockpiles were 11,624 tonnes, of which 11,524 tonnes was Robusta and 99 tonnes was Arabica. The Arabica season runs from Oct. 1 to Sept. 30 while the Robusta season is from Dec. 1 to Nov. 30.

Domestic Export and Import Scenario :-

Below table shows coffee exports details of India :-

Indian Coffee Exports (Calendar Year)				
Year	Qunatity (tonnes)	Value (US \$ milln)	Value (` Crores)	Unit Value (`/tonne)
1991	103638	62.26	324.41	31302
1992	108988	87.27	347.99	31929
1993	126152	138.83	507.32	40214
1994	151532	329.07	1032.58	68142
1995	149290	428.68	1407.56	94283
1996	186841	438.21	1449.12	77558
1997	161590	438.30	1513.68	93674
1998	209687	469.11	1868.28	89098
1999	218230	326.66	1648.51	75540
2000	253524	316.81	1682.59	66368
2001	223782	208.16	1136.93	50805
2002	213008	244.97	1043.87	49006
2003	222425	247.98	1112.35	50010
2004	228246	288.12	1203.52	52729
2005	203768	338.39	1451.65	71240
2006	244989	434.73	1930.95	78817
2007	214155	457.93	1906.52	89025
2008	212806	563.09	2358.37	110822
2009	180298	390.97	1929.67	107026
2010	278837	619.93	2877.94	103212
2011	324841	981.07	4470.99	137636
2012	302657	886.52	4615.32	152493
2013	298154	752.87	4540.31	152280
2014	297554	808.99	4929.56	165669
2015*	283167	751.44	4784.41	168961

Includes re-exports from 204 onwards* Provisional Based on export permits (01.01.2015 to 30.11.2015)

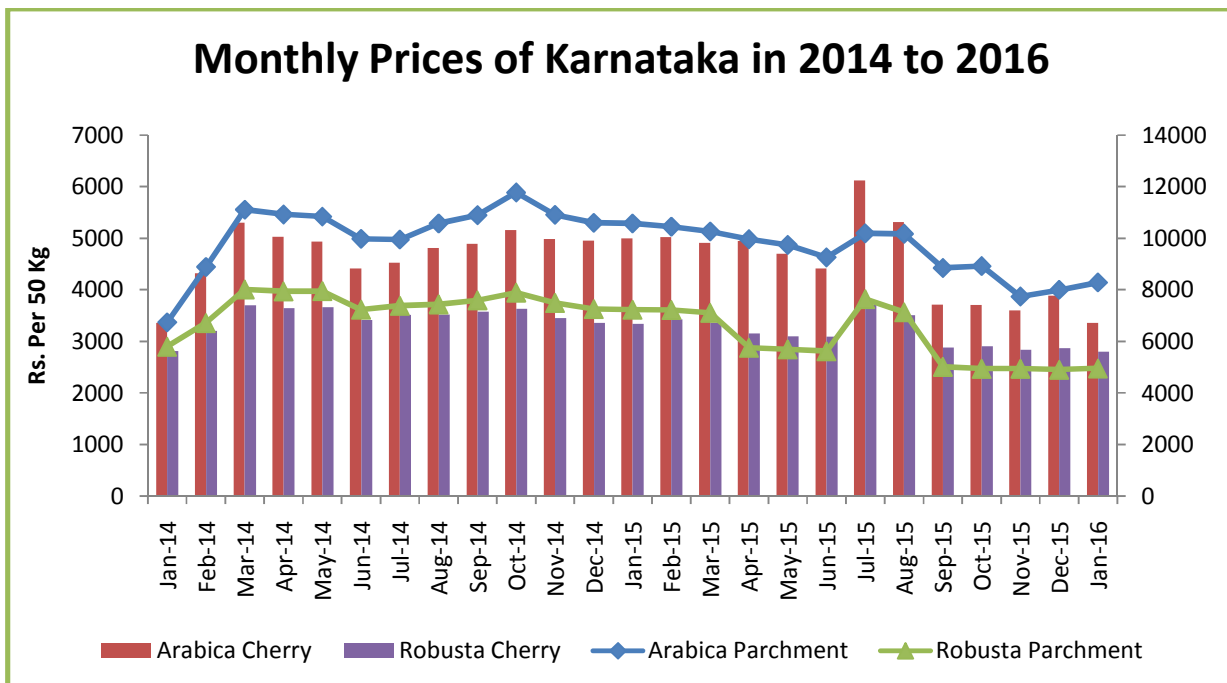
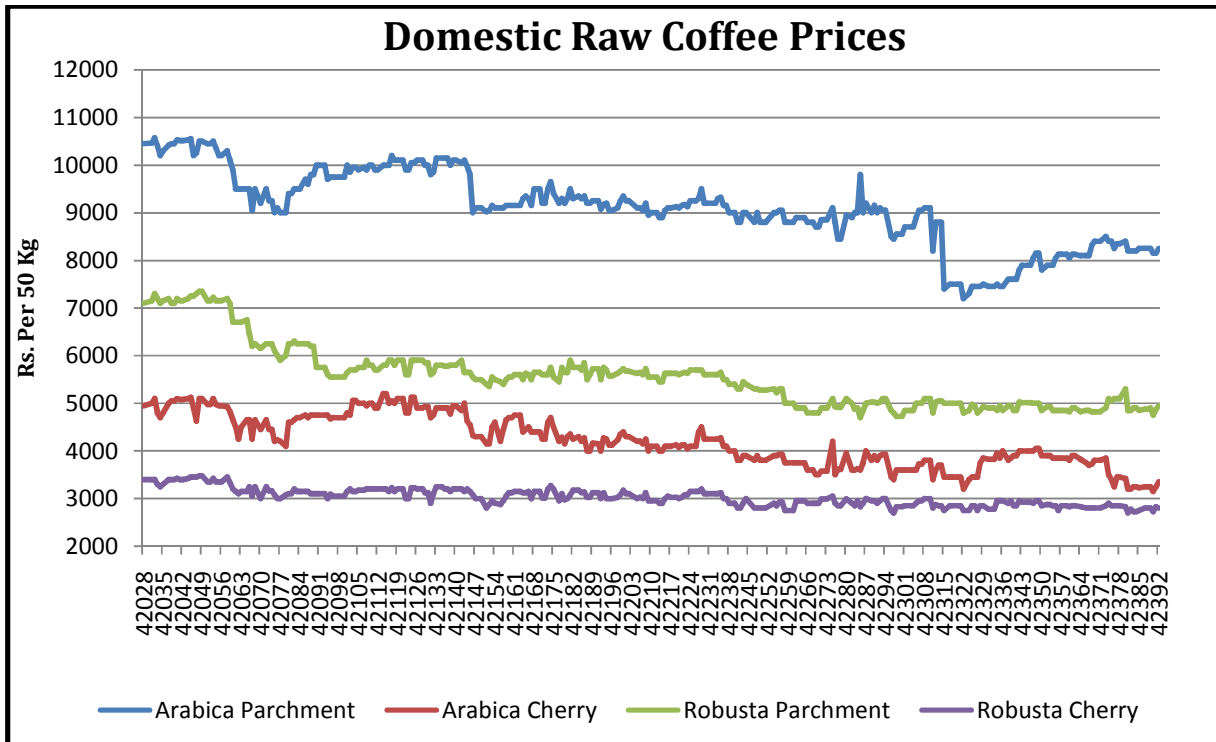
Source: The Coffee Board Of India

Domestic Coffee Crop Situation:-

Below chart shows Indian coffee estimates from 2014-15 to 2015-16:-

Planted Area of Coffee in India since 1950-51 (In Hectares)					
Year	Arabica	%	Robusta	%	Total
1950-51	67613	73	24910	27	92523
1960-61	70650	59	49670	41	120320
1970-71	80433	59	55030	41	135463
1980-81	109454	53	98815	47	208269
1990-91	127934	47	142887	53	270821
1991-92	126889	46	151742	54	278631
1992-93	141546	49	149465	51	291011
1993-94	143491	49	148976	51	292467
1994-95	142644	49	150465	51	293109
1995-96	145901	48	159252	52	305153
1996-97	143239	47	160582	53	303821
1997-98	143928	47	161974	53	305902
1998-99	160671	49	168567	51	329238
1999-00	168453	50	171853	50	340306
2000-01	167679	48	179037	52	346716
2001-02	165892	48	181103	52	346995
2002-03	171180	48	182872	52	354052
2003-04	170294	48	184546	52	354840
2004-05	174315	48	188769	52	363084
2005-06	177728	47	201981	53	379709
2006-07	179096	47	201989	53	381085
2007-08	184418	48	203777	52	388195
2008-09	189511	48	204841	52	394352
2009-10	193995	49	205688	51	399683
2010-11	197930	49	206715	51	404645
2011-12	201070	49	208620	51	409690
2012-13	205775	50	209566	50	415341
2013-14	209385	50	209590	50	418975
2014-15	213462	50	209808	50	423270

Source: The Coffee Board Of India (New updates in December 2015)

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

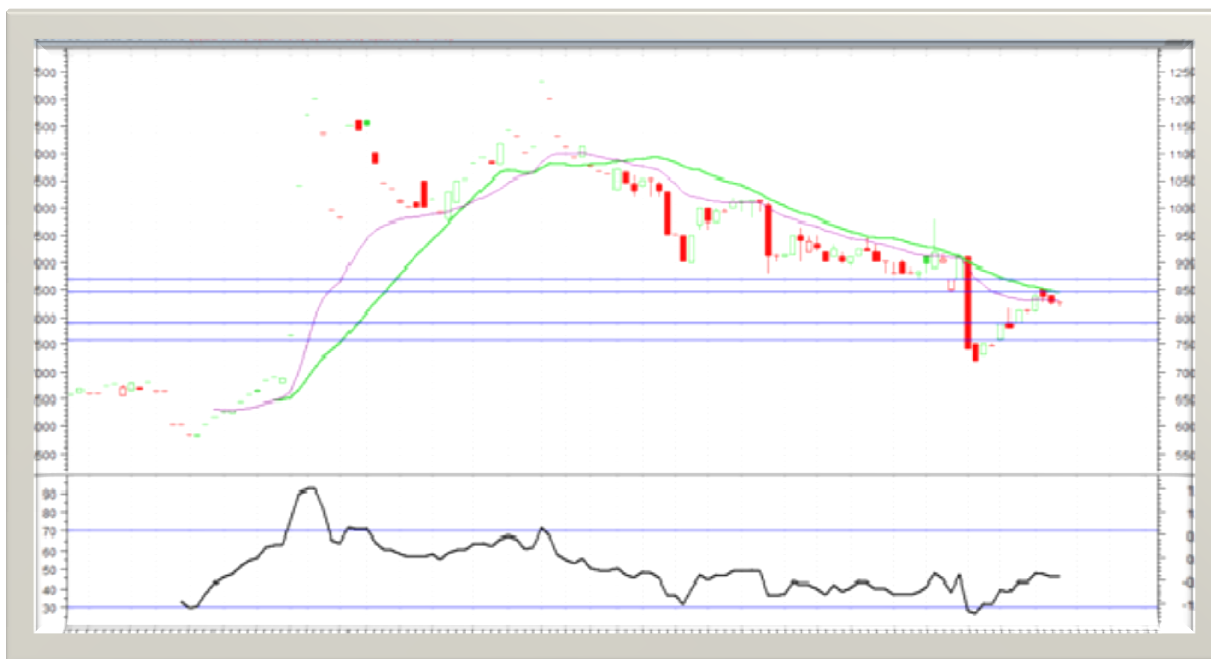
Variety	23.01.2016	16.01.2016	Change
Arabica Parchment	8250	8250	Unchanged
Arabica Cherry	3350	3225	125
Robusta Parchment	4950	4850	100
Robusta Cherry	2800	2750	50

* Values in Rs. per 50 Kg

ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	07.01.2016	17.12.2015	Change	07.01.2016	17.12.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	--			-
AA	---	244	--	--	--	-
PB	163	---	-4	150	142.5	7.5
A	----	----	--	163	---	-
AB	---	----	--	143	----	-
B	185	---	--	---	----	-
C	---		-5.8	---	---	-
BBB	---	105	-0.26	---	---	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	-	--	--	-
A	---	---	-	---	---	-
PB	---	116	-	113.76	112.5	1.26
AA	---	---	-	117	121	-4
AB	---	---	-	113	114.26	-1.26
B	---	---	-	----	---	
C	---	107	-	107	108.5	1.5
BBB	---	---	-	104	105	-1

Values in Rs. per kg

Technical Analysis(Domestic Arabica Parchment Coffee At Karnataka Market)


Outlook -Prices show steady momentum during the week. We expect prices to trade steady to downzone in next week.

- Technical chart shows unchanged momentum of the market.
- RSI is also moving remain same in neutral region at 45.74 in this week. Hinting further steady to downward momentum in the next week.
- Along with this, 18 days exponential moving average also supports downtrend of the market.
- We expect further downtrend in the market in coming days.

Strategy: Market participants are advised to go short for the short period of time.

Arabica Parchment (Karnataka Spot Market Price)

Support and Resistance				
S2	S1	PCP	R1	R2
7583.33	7893.22	8250	8476.16	8694.77

Units in Rs./50 kg.

International Market Updates

ICE coffee future prices closed at 114.40 cents/lb down by 1.29% against 115.90 cents/lb during this weekend. As per RTRS, ICE certified stocks declined by 10936 to 1624203 bags as on January 22, 2016 against 1635139 bags of previous day record.

Below table shows ICE certified Arabica stocks details:-

COUNTRIES	ANTWERP	BARCELONA	HAMBURG/BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Burundi	60496	0	41163	0	0	0	2137	103796
Colombia	111869	0	50244	8752	41528	825	201449	414667
Coasta Rica	250	0	0	0	0	0	0	250
El Salvador	425	0	25	0	0	0	1895	2345
Guatemala	1472	0	200	25	0	2200	6024	9921
Honduras	306349	0	15285	5983	6500	0	50171	384288
India	25176	0	1994	0	0	0	0	27170
Mexico	170548	0	2936	11502	0	0	49414	234400
Nicaragua	41899	0	0	550	0	550	3410	46409
Peru	142800	0	54043	2848	0	25	76278	275994
Rwanda	56995	0	14888	0	0	0	296	72179
Tanzania	70	0	227	0	0	0	578	875
Uganda	22196	295	29138	0	0	0	280	51909
Total in Bags	940545	295	210143	29660	48028	3600	391932	1624203

Source: Reuters

Brazil:- According to Cecafe, Brazil shipped a record 33.33 million bags of green coffee in 2015 higher from 32.94 million bags in 2014. Its December exports were 2.89 million bags, down from 3.23 million bags in November. Brazil's coffee exports could fall somewhat around mid-year due to an expected decline in stocks but overall exports in 2016 could be similar to 2015 if there is a strong harvest as expected for the season 2016/17.

Uganda:- As per UCDA, Uganda coffee exports rose by 52.3% to 342,429 60 kg bags of coffee in December 2015 higher from 224,803 bags exported in the December 2014. Earnings from the crop, which is Uganda's largest commodity export and single largest source of foreign exchange, also rose last month to \$35.8 million, up from \$29.8 million a year earlier.

Vietnam:- As per the government estimate, Vietnam exported total 152,000 tonnes (2.5 million 60-kg bags) of coffee last December 2015 up 58.6% from the November month 2015 i.e. 1.34 million bags. Traders had forecast December's coffee exports at between 100,000 and 120,000 tonnes, while the government estimated them at 130,000 tonnes.

Coffee Production Estimates Of The World:-

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
Conab	20th Jan 2016	43.2	49.1-51.9	11.4-12.1	37.7-39.9	-	-	-	-
CNC	14th Jan 2016	-	48-50	-	-	-	-	-	-
Intelligent Coffee Insights	13th Jan 2016	-		18.1	-	-	-	-	-
IBGE	12th Jan 2016	43.8	49.7	11.4	38.3	-	-	-	-
Marex Spectrum	Jan 8th 2016	49.5	57.5-58	15.7-16.2	41.8	144.8	148.3	-4.7	-3.4
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	-	-	-	145.9	-5	-4.8
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	-	-	-	-

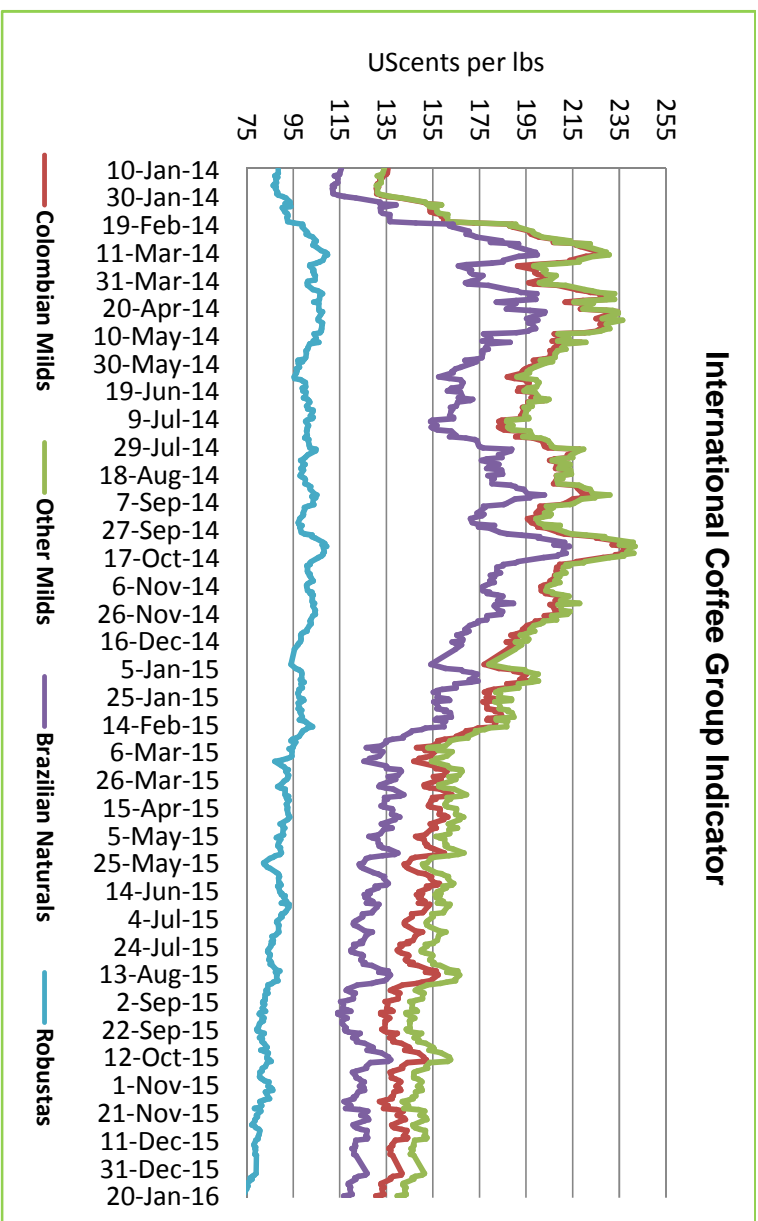
Source: Reuters

International Coffee Price Trend:-
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

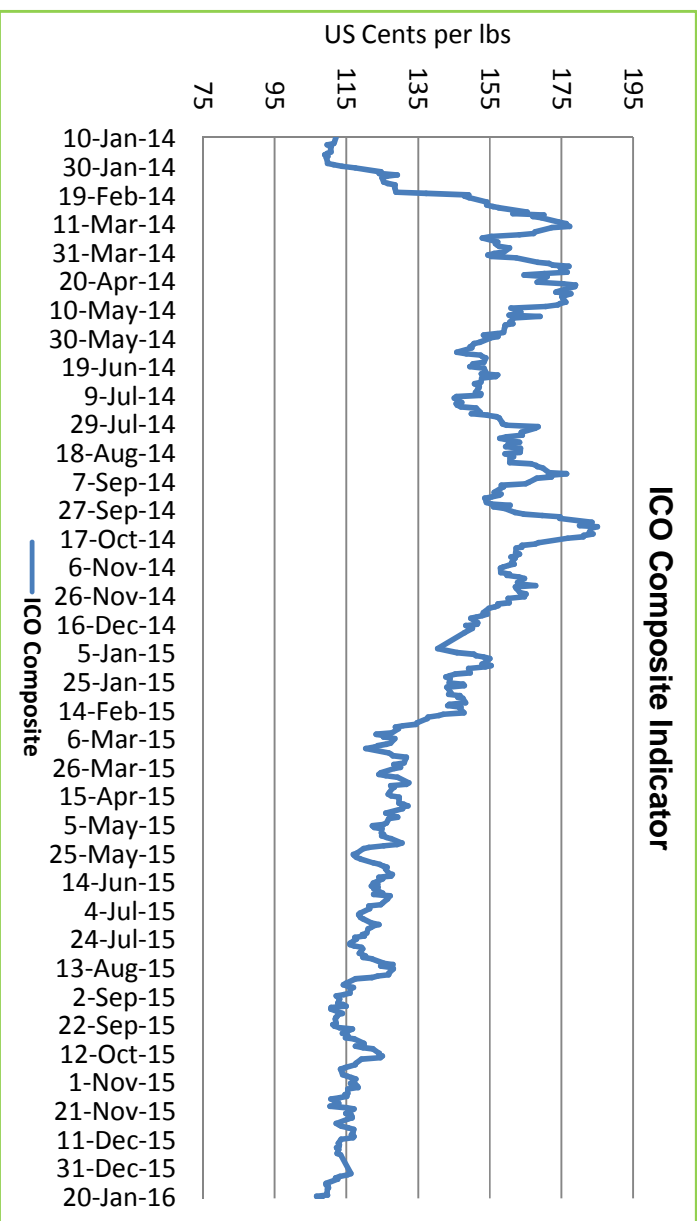
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	21.01.2016	14.01.2016	21.12.2015	21.01.2015
ICO Composite Indicator	108.22	110.01	112.47	143.83
Colombian Milds				
US	132.50	134	137	175.25
Europe	132.76	133.89	136.48	182.94
Group Indicator	132.62	133.95	136.64	178.79
Other Milds				
US	143.94	144.94	147.44	182.94
Europe	141.51	142.49	144.60	183.63
Group Indicator	142.51	143.49	145.34	183.37
Brazilian Naturals				
US	103.50	105	107	142.25
Europe	124.29	124.83	125.94	161.73
Group Indicator	118.88	119.67	120.95	156.67
Robusta				
US	79.25	82.25	86.08	101.92
Europe	70.13	73.40	77.15	96.87
Group Indicator	71.68	74.90	78.63	97.68

US cents/lb

International Coffee Indicators Charts:-



Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(21-January-2016)	Week Ago(14-January-2016)	Month Ago(21-December-2015)	Weekly Change (%)
16-Mar	114.40	115.90	117.50	0.09
16-May	116.60	118.15	119.75	0.08
16-Jul	118.65	120.20	121.85	-0.04

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(21-January-2016)	Week Ago(14-January-2016)	Month Ago(14-December-2015)	Weekly Change (%)
16-Jan	1327	1391	1482	-5
16-Mar	1370	1438	1508	-5
16-May	1401	1467	1534	-4

USD/T

International Coffee Prices

	21.01.2016	14.01.2016	21.12.2015	21.01.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	30600	32350	33150	39500
Vietnam FOB (2-5 pct)* (Saigon port)	1490	1502	1555	1930
Indonesian FOB (4-80 defects)** (Lampung Port)	1610	1570	1610	1940

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

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (19/01/2016)	Average Prices In	Prices This Auction In (12/01/2016)
Arabica AA	72-375	265.75	126-400
Arabica AB	52-309	225.1	126-339
Arabica C	62-256	169.82	100-217
Arabica PB	70-348	217.2	111-347
Arabica T	49-136	90.66	46-134
Arabica TT	118-216	157.64	54-238

Units-50 kg bags

Technical Analysis Of Coffee Future Market (Mar'2016 Contract At ICE Future Market)(Units in USC/lb)


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

- Candlestick chart depicts downtrend in the market.
- 14 days EMI hints slight down momentum at 118.29 against 119.21 in the market.
- Lower volume and prices indicates further weak tone in the market.
- RSI is also down at 44.19 compared to 43.22 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
100.54	107.29	116	125.67	135.03

Technical Analysis Of Coffee Future Market (Jan'2016 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 1428 against last week records i.e.1458, indicating further steady to weak tone in the market.
- On the other hand, RSI is slight down at 44.19 in neutral region against 43.22 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
1300	1320	1352	1394	1440

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