

## **Executive Summary**

### **Domestic Coffee Market Summary**

Steady tone were witnessed in Karnataka physical market, as on 31st January 2016, on stagnant supply and demand. Roasters and traders are not much active in the market. Weather is sunny which is supporting Robusta harvesting pace. 50% of Robusta Coffee beans harvesting is finished as of now. Weather is sunny and supporting to Robusta harvesting pace. Traders are holding old stocks at higher prices. As of now traders are holding old stock around 15%. Arabica coffee bean harvesting is finished for 2014/15 season. Weather is bright and sunny but cold at night. Packed products prices have not come down as still Rs. 280-450, holding good for 1 kg. powder.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 25th January 2016 is registered significantly down by 35.17% at 3132 metric tons as compared to 2317 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded higher by 1.58% to 6466 metric tons in this year during 1st January 2016 to 25th January 2016 from preceding year instant coffee volume i.e. 4588 metric tons. Total provisional exports of Arabica parchment, Robusta Parchment is placed higher by 35.17% to 3132, 83.47% to 855 metric tons respectively against last year exports volume i.e. 2317 metric tons, 913 metric tons respectively in the same period of time due to lower demand. However, Arabica cherry is placed lower at 608 metric tonnes with a decline of 33.40%.

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.

### **Recommendation:**

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

### **International Coffee Market Summary**

In view of the government, Vietnam is likely to ship higher by 12.7% to 155,000 tonnes (2.58 million 60 kg bags) from a year earlier. The shipment brought to 492,600 tonnes the country's coffee exports in the 2015/2016 season, up 13.9 percent from the previous season. Traders had forecast coffee exports in January at between 130,000-140,000 tonnes. The coffee crop year lasts between October and September in the world's largest Robusta producer. As per Agriculture Ministry, Vietnam may export total 149000 tonnes of coffee in January 2016 with an increase of 8% Vietnam's Robusta coffee sales have picked up on stable premiums while domestic prices hit multi-month lows last week. Coffee growers in the world's top Robusta producing nation ended harvesting early this month and their ample stocks contributed to pulling futures prices down to multi-year lows. The current prices compared with production costs of 33,000-35,000 dong per kg. Following Vietnam's lower exports in the season ended in September 2015, many believed the country held a record 350,000-500,000 tonnes in its carryover stocks.

Coffee exports of the World declined to 17.2 million 60-kg bags in October and November, the first two months of the 2015/16 crop year, down 0.8 percent from the first two months of last year. In November 2015 alone, however, they rose to 8.51 million bags, up 2.3 percent from November 2014. In the 12 months ending in November 2015, Robusta exports went down by 7.3% to 41.33 million bags from the year-ago. While Arabica coffee exports were slightly down at 69.03 million bags, compared to 69.2 million bags. Coffee exports of Brazil increased by 6.9% to 3.37 million bags in November 2015 against last year record during the same period of time. Colombia exported 1.1 million bags with a rise of 9% against November 2014.

**Domestic Exports And Imports Scenario :-**

Below table shows coffee Planted area details of India :-

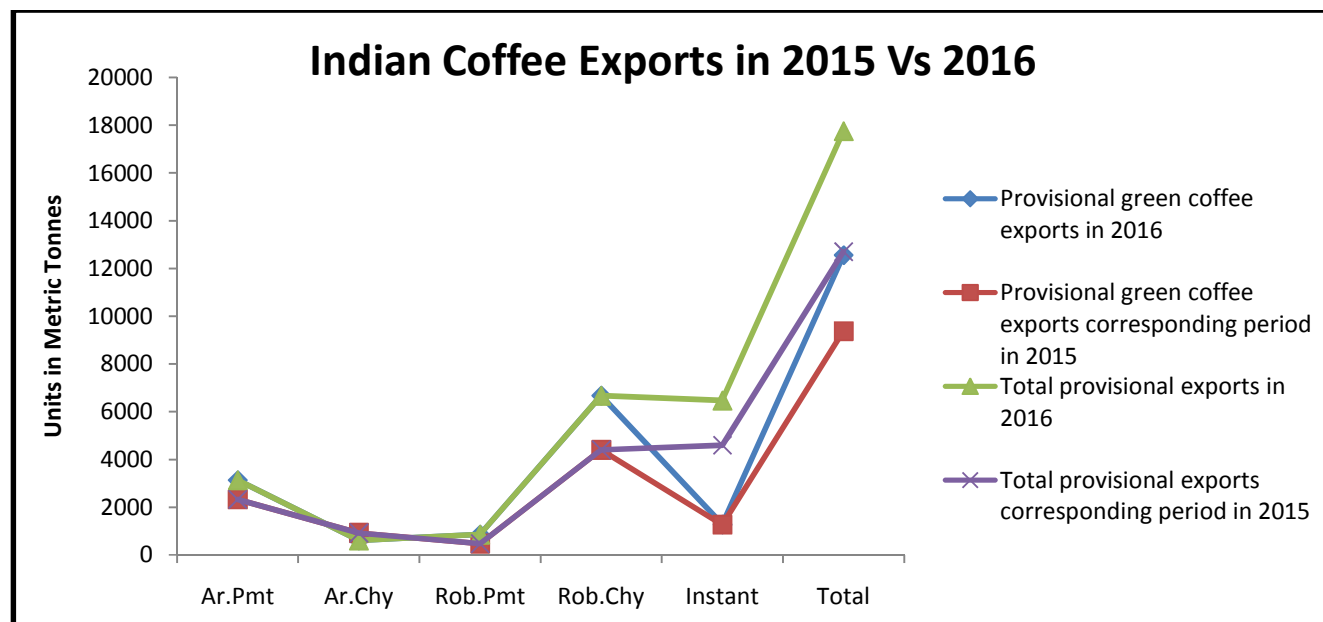
<b>Planted Area of Coffee in Major States/Districts (Zones) of India ( In Hectares)</b>							
Sl.	State/District	2014-15			2013-14		
No.		Arabica	Robusta	Total	Arabica	Robusta	Total
<b>Karnataka</b>							
1	Chikmagalur	56913	31974	88886	56900	31968	88868
2	Kodagu	27969	76953	104922	27963	76927	104890
3	Hassan	24150	12475	36625	24140	12435	36575
	<b>Sub total</b>	<b>109032</b>	<b>121402</b>	<b>230434</b>	<b>109003</b>	<b>121330</b>	<b>230333</b>
<b>Kerala</b>							
1	Wyanad	0	67396	67396	0	67364	<b>67364</b>
2	Travancore	2094	11007	13102	2090	10970	<b>13060</b>
3	Nelliampathies	2109	2850	4959	2085	2850	<b>4935</b>
	<b>Sub total</b>	<b>4203</b>	<b>81253</b>	<b>85456</b>	<b>4175</b>	<b>81184</b>	<b>85359</b>
<b>Tamilnadu</b>							
1	Pulneys	10949	949	11898	10946	949	<b>11895</b>
2	Nilgiris	3615	4183	7798	3610	4175	<b>7785</b>
3	Shevroys (Salem)	9019	143	9162	8913	143	9056
4	Anamalais (Coimbatore)	2475	338	2813	2470	338	<b>2808</b>
	<b>Sub Total</b>	<b>26058</b>	<b>5613</b>	<b>31671</b>	<b>25939</b>	<b>5605</b>	<b>31544</b>
	<b>Total for Traditional Areas</b>	<b>139293</b>	<b>208268</b>	<b>347561</b>	<b>139117</b>	<b>208119</b>	<b>347236</b>
<b>Non Traditional Areas</b>							
1	Andhra Pradesh	64689	267	64956	61075	268	<b>61343</b>
2	Odisha	4140		4140	4066	0	<b>4066</b>
	<b>Sub Total</b>	<b>68828</b>	<b>267</b>	<b>69096</b>	<b>65141</b>	<b>268</b>	<b>65409</b>
1	North Eastern Region	5340	1273	6613	5127	1203	<b>6330</b>
	<b>Grand Total</b>	<b>213462</b>	<b>209808</b>	<b>423270</b>	<b>209385</b>	<b>209590</b>	<b>418975</b>

Source: The Coffee Board Of India

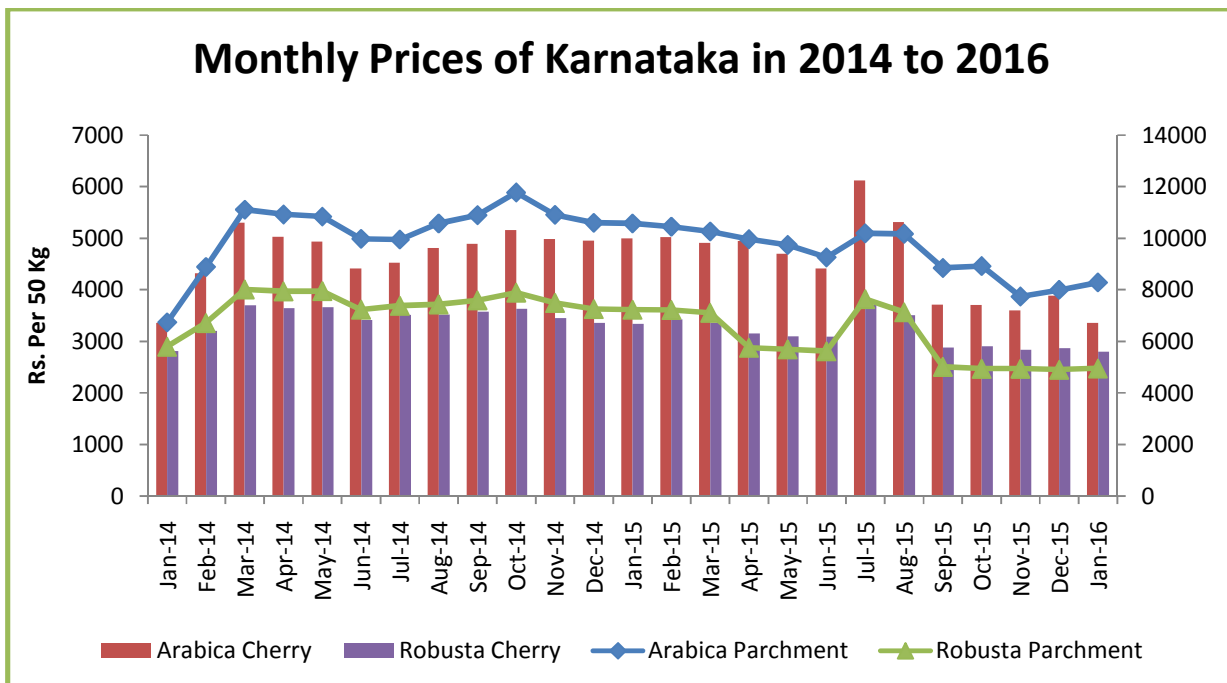
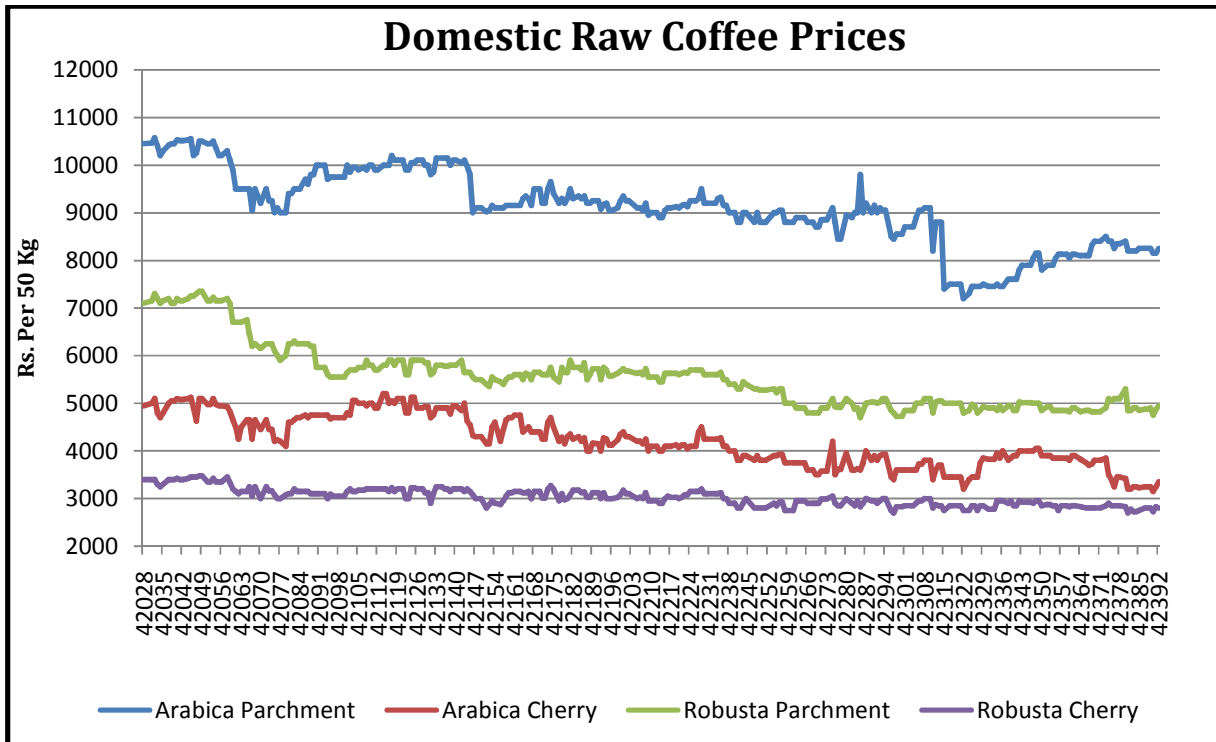
**Domestic Coffee Exports And Imports details:-**

<b>Export update: From 01<sup>st</sup> January 2016 to 25th January 2016 (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)	3132	608	855	6672	1	11	1278	12557
2	Provisional exports corresponding period last year	2317	913	466	4399	2	13	1258	9368
3	Provisional re-exports	0	0	0	0	0	5	5188	5193
4	Provisional re-exports corresponding period last year	0	0	0	0	1	5	3331	3336
5	<b>Total provisional exports (1+3)</b>	<b>3132</b>	<b>608</b>	<b>855</b>	<b>6672</b>	<b>1</b>	<b>16</b>	<b>6466</b>	<b>17750</b>
6	<b>Total provisional exports corresponding period last year (2+4)</b>	<b>2317</b>	<b>913</b>	<b>466</b>	<b>4399</b>	<b>3</b>	<b>18</b>	<b>4588</b>	<b>12704</b>

Source: The Coffee Board Of India



Source: The Coffee Board Of India

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


Source: Agriwatch




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

Variety	30.01.2016	23.01.2016	Change
Arabica Parchment	8250	8250	Unchanged
Arabica Cherry	3350	3350	Unchanged
Robusta Parchment	5150	4950	200
Robusta Cherry	2925	2800	125

\* Values in Rs. per 50 Kg

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

Grade	21.01.2016	07.12.2015	Change	21.01.2016	07.12.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	--			-
AA	225	226.3	-1.3	--	--	-
PB	181.5	181	0.5	---	150	-
A	229.5	226.66	2.84	--	163	-
AB	---	---	--	--	143	-
B	182	181.5	0.5	---	---	-
C	140.4	142	-1.6	---	---	-
BBB	---	---	---	---	---	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	-	--	--	-
A	---	---	-	---	---	-
PB	---	---	-	---	113.76	-
AA	---	---	-	---	117	-
AB	---	---	-	---	113	-
B	---	---	-	---	---	-
C	---	---	-	---	107	-
BBB	---	---	-	---	104	-

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)**

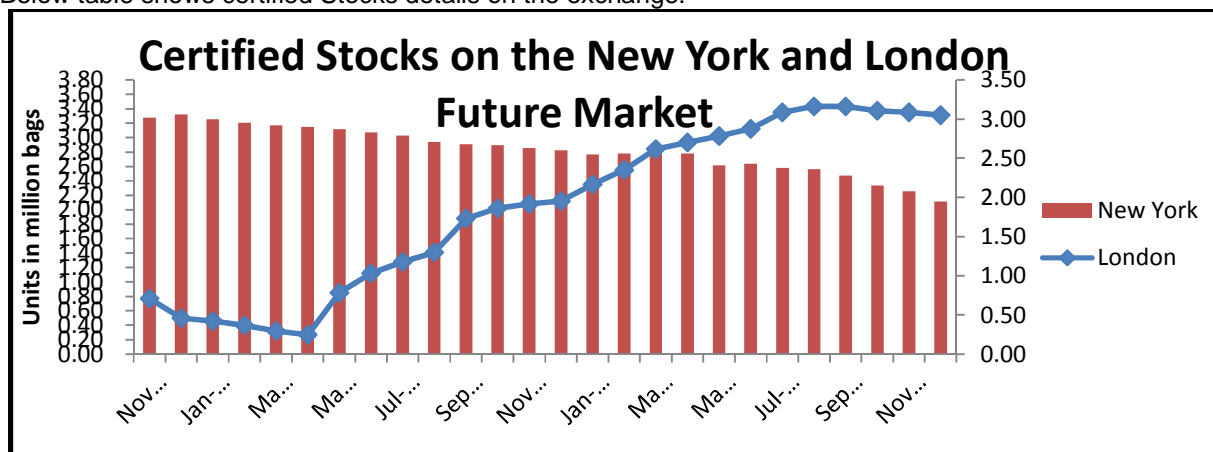
Support and Resistance				
S2	S1	PCP	R1	R2
7583.33	7893.22	8250	8476.16	8694.77

Units in Rs./50 kg.

### International Market Updates

ICE coffee future prices closed at 116.35 cents/lb down by 1.70% against 116 cents/lb during this weekend. As per ICO, certified stocks on London exchange is registered down at 3.31 million bags in December 2015 against 3.35 million bags as in November 2015.

Below table shows certified Stocks details on the exchange:-

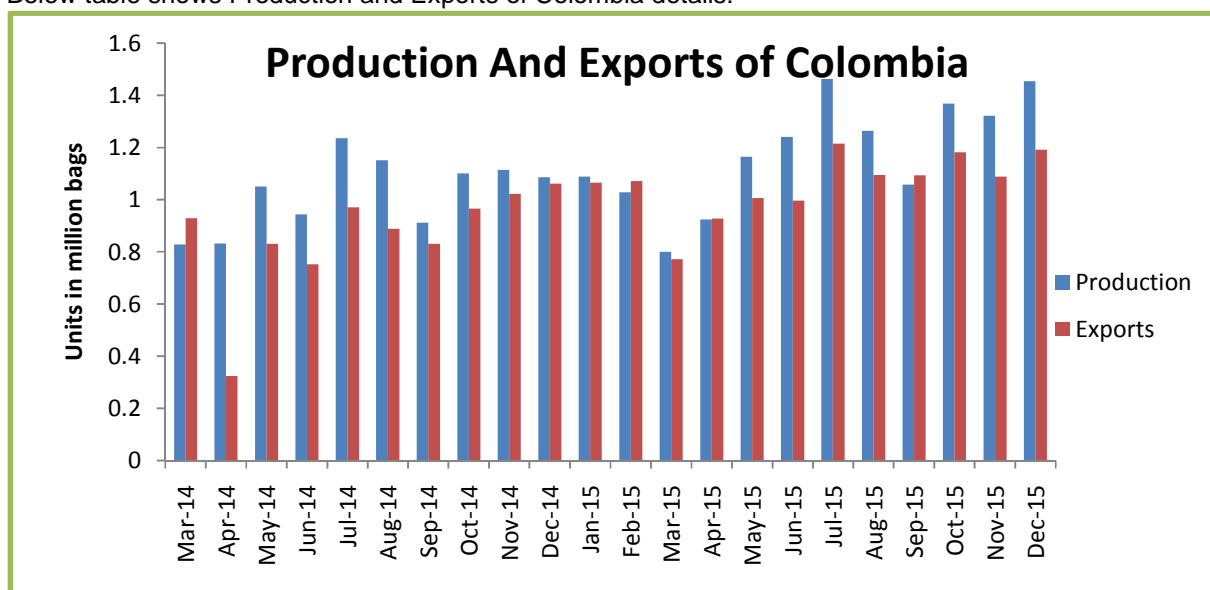


Source: ICO

**Brazil:-** As per sources, Brazil is likely to produce between 57.5 million bags to 58 million 60-kg bags with an increase of 8 million bags in 2015/16 season which could help create a small global surplus. This is at the high end of 2016-17 forecast gathered by Reuters so far, with four other estimates ranging widely from 50 million to 62 million bags.

**Colombia:-** According to the National Coffee Growers Federation, coffee output of Colombia is at 14.17 million 60-kg bags of washed Arabica coffee in 2015 up by 17% and the highest in 23 years on account of drought condition caused by El Nino Weather phenomenon. Coffee export is also placed up by 16 percent at 12.7 million bags last year. Production rose 34 percent in December compared to a year earlier to 1.45 million bags, and exports were up 13 percent at 1.19 million bags.

Below table shows Production and Exports of Colombia details:-

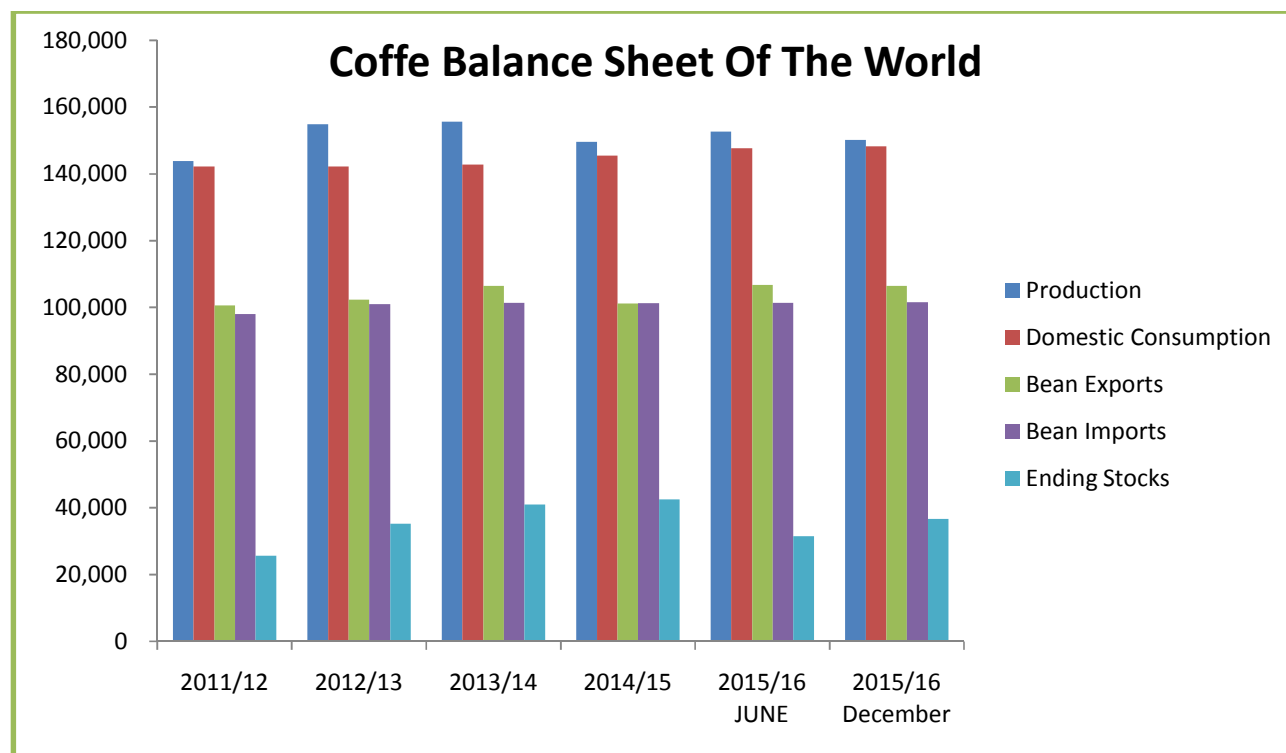


Source: Reuters

### 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:

<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: ICO

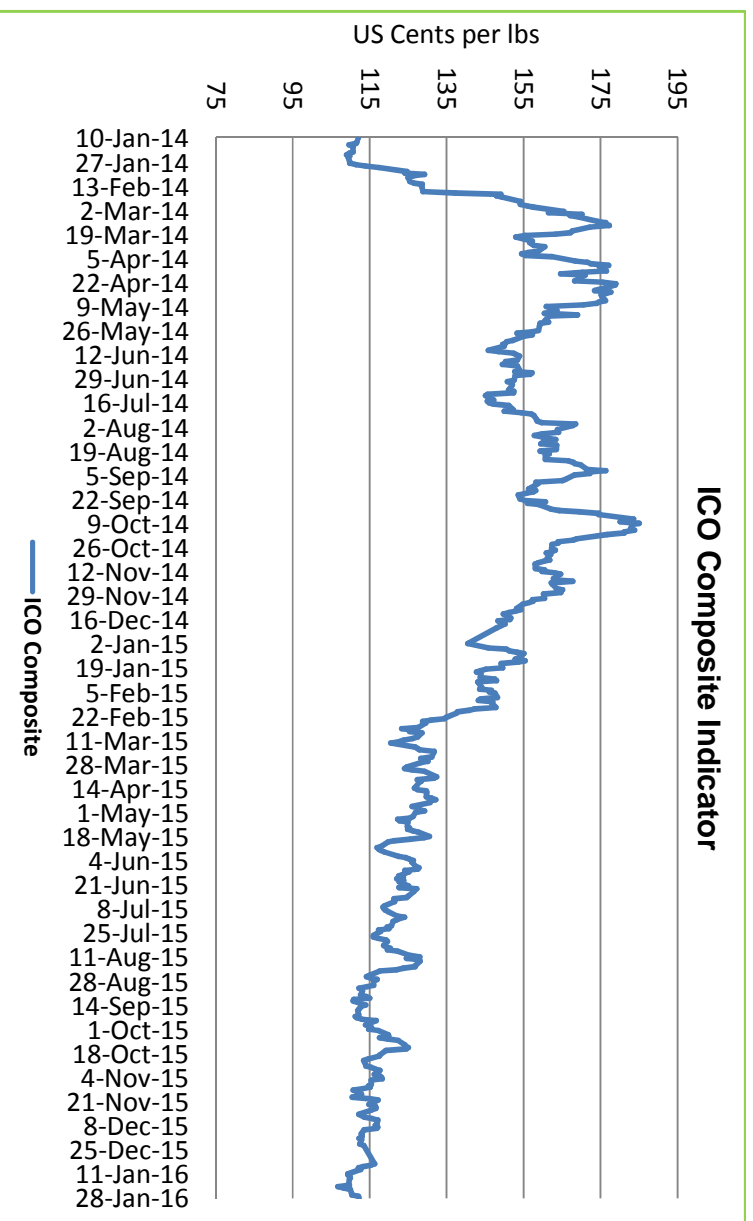
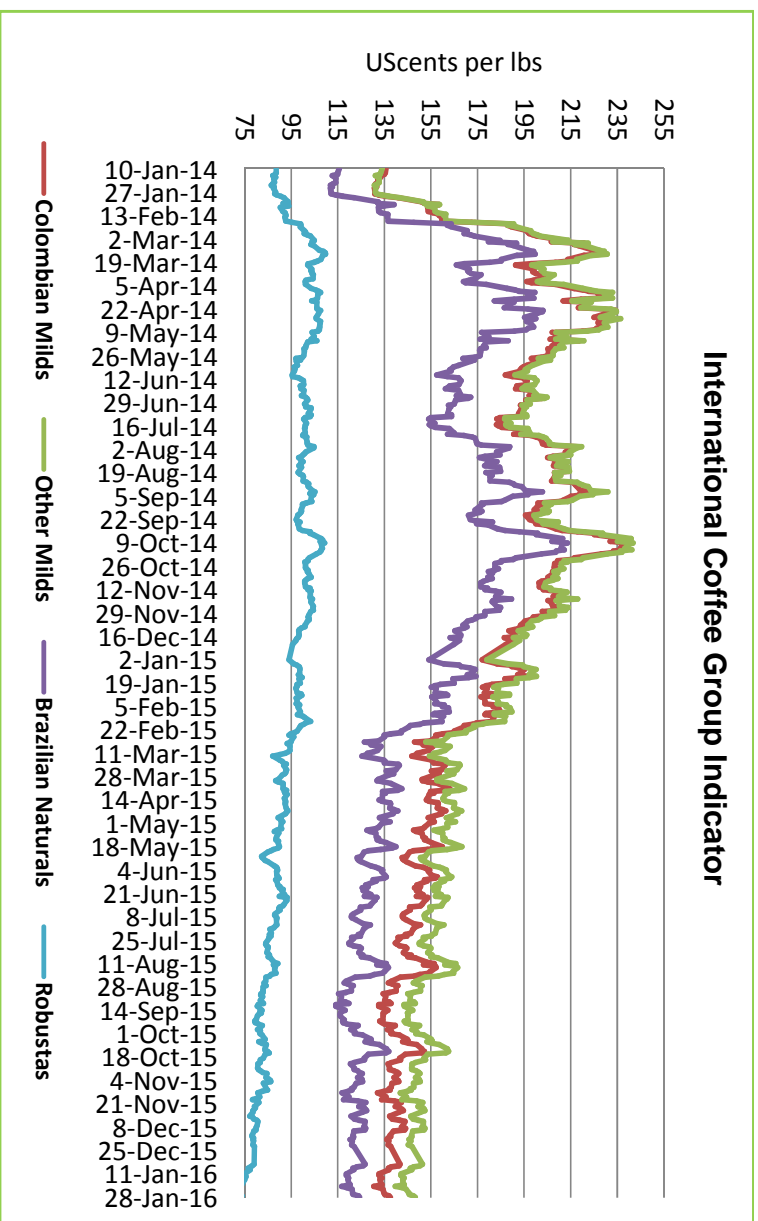
International Coffee Price Trend:-

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

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	28.01.2016	21.01.2016	28.12.2015	28.01.2015
<b>ICO Composite Indicator</b>	112.27	108.22	112.47	143.83
<b>Colombian Milds</b>				
US	137.25	132.50	137	175.25
Europe	137.97	132.76	136.48	182.94
Group Indicator	137.56	132.62	136.64	178.79
<b>Other Milds</b>				
US	149.44	143.94	147.44	182.94
Europe	147.41	141.51	144.60	183.63
Group Indicator	148.25	142.51	145.34	183.37
<b>Brazilian Naturals</b>				
US	110.25	103.50	107	142.25
Europe	129.29	124.29	125.94	161.73
Group Indicator	124.34	118.88	120.95	156.67
<b>Robusta</b>				
US	80.50	79.25	86.08	101.92
Europe	71.81	70.13	77.15	96.87
Group Indicator	73.29	71.68	78.63	97.68

US cents/lb

### International Coffee Indicators Charts:-



**International Future Market Prices :-**

ICE Arabica Coffee Futures Prices				
Contract Months	Today(28-January-2016)	Week Ago(21-January-2016)	Month Ago(28-December-2015)	Weekly Change (%)
16-Mar	116.35	114.40	119.15	1.70
16-May	118.50	116.60	121.40	1.63
16-Jul	120.25	118.65	123.45	1.35

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(28-January-2016)	Week Ago(21-January-2016)	Month Ago(28-December-2015)	Weekly Change (%)
16-Jan	1368	1327	1485	3
16-Mar	1382	1370	1525	1
16-May	1414	1401	1552	1

USD/T

**International Coffee Prices**

	21.01.2016	21.01.2016	21.12.2015	21.01.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	31150	30600	33150	39500
Vietnam FOB (2-5 pct)* (Saigon port)	1480	1490	1555	1930
Indonesian FOB (4-80 defects)** (Lampung Port)	1610	1610	1610	1940

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

**Weekly Auction Prices Of Kenya**

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (26/01/2016)	Average Prices In	Prices Last Auction In (19/01/2016)
Arabica AA	112-566	314.37	72-375
Arabica AB	112-365	246.78	52-309
Arabica C	88-236	179.71	62-256
Arabica PB	100-406	249.87	70-348
Arabica T	47-153	91.44	49-136
Arabica TT	32-229	160.48	118-216

**Units-\$/50 kg bags**

**Technical Analysis Of Coffee Future Market (Mar'2016 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 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	116.35	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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