

Executive Summary

Domestic Coffee Market Summary

Steady tone featured in Karnataka physical market, as on 6th February 2016. However, roasters and traders are not very active in the market. New Arabica beans demand is very poor during this week. 80% of Robusta coffee beans harvesting is finished as of now. Sunny weather is favorable for Robusta harvesting pace. As of now, traders are holding around 10% old stock around. Arabica coffee bean harvesting is finished for 2014/15 season. Farmers are increasing their coffee planted area slowly but every year.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 2nd February 2016 is registered higher by 30.66% at 17901 metric tons compared to 13700 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee, which is recorded higher by 5% at 1659 metric tons in this year during 1st January 2016 to 2nd February 2016 from preceding year instant coffee volume i.e. 1580 metric tons. Total provisional exports of Arabica parchment, Robusta Parchment and Robusta Cherry is placed higher by 38.15% to 4533, 40.41% to 1070, 44.08% to 9567 metric tons respectively against last year exports volume of 3281 metric tons, 762 metric tons, 6646 metric tonnes respectively in the corresponding period of time due to lower demand. However, Arabica cherry is placed lower at 1046 metric tonnes with a decline of 25.81%.

Recommendation:

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

International Coffee Market Summary

As per Traders, coffee exports of Vietnam may decline to 90,000-100,000 tonnes (1.5 million to 1.67 million 60-kg bags) due to a long holiday. The shipment volume will drop as all markets in Vietnam are closed between Feb. 6 and 14 to mark the Lunar New Year festival, known as Tet.

While, Honduras, Central America's biggest producer exported higher coffee beans with 1.9% to 535628 60 kg bags in January 2016 compared to 525670 bags in the year earlier period. During the first four months of the current 2015/2016 season, Honduras shipped 958,678 bags, up 2.1 percent compared with the same four-month period during the previous 2014/2015 season. Honduras is likely to ship about 5.52 million bags during the 2015/2016 harvest with an increase of 10 percent compared to shipments during the previous cycle.

As per sources, Brazil's crop supply agency Conab plans to hold an auction for the sale of nearly 200,500 bags of green Arabica coffee held in government warehouses in the main growing belt.

According to Terra Forte, Brazil is likely to produce 54.17 million 60 kg bags in 2016/17 from the crop that will begin harvest in the coming months, higher by 14.6% from the 47.28 million bags last season. The forecast in the mid-range of estimates gathered by Reuters so far, with several other estimates ranging widely from 48 million to 62 million bags.

As per Brazil's Trade Ministry, Brazil shipped total 2485113 60 kg bags in January 2016 lower by 17% against 2976727 60 kg bags in December 2015. Below table shows Brazil's Coffee Exports details:-

Brazil's Coffee Exports Details					
Commodity	Jan-16	Dec-16	Jan-15	% change Last month	% change Last year
Coffee	2,485,113	2,976,727	2,724,754	-17	-9

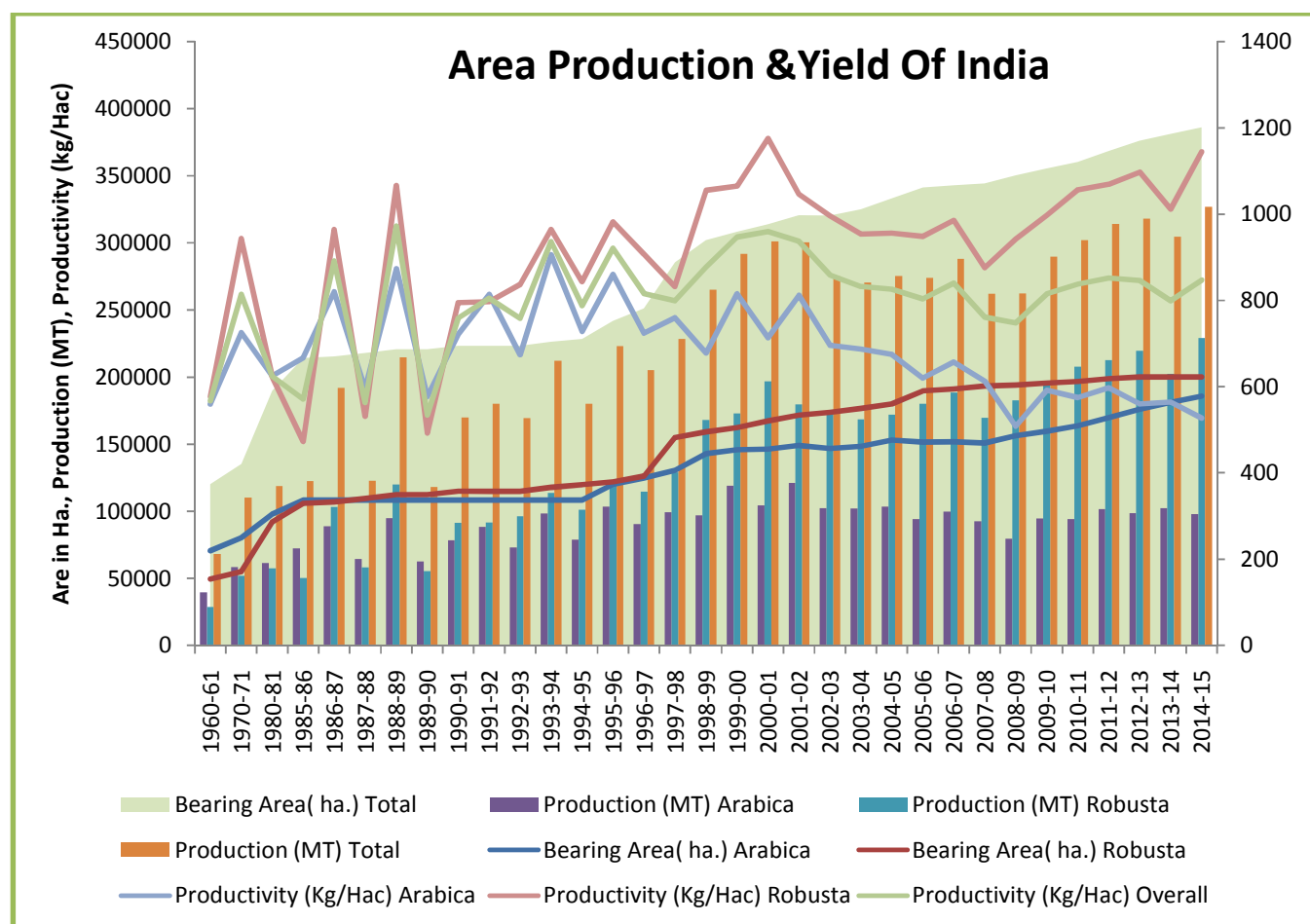
Source: Reuters

Domestic Exports And Imports Scenario :-

According to the recent release data by the Coffee Board Of India, India covered higher coffee crop area by 1.28% to 386195 hectares in 2014/15 followed by Arabica coffee area by 2.67% to 185978 hectares and Robusta coffee area by 0.02% to 200217 against previous year record i.e. 181129 hac. and 200175 hac. respectively. On the other hand, total coffee production of India is placed 7.38% up at 327000 MT for 2014/15 against 304500 MT in 2013/14 followed by Arabica coffee production i.e. 98000 MT and Robusta coffee production i.e. 229000 MT.

Total productivity is estimated higher by 6% to 847 kg/hac for 2014/15 against 799 kg/hac of last season followed by Robusta coffee yield i.e. 1144 kg/hac against 1011 kg/ hac in 2013/14. However, Arabica's productivity is recorded down by 6.56% to 527 kg/hac against 654 kg/hac in last year.

Below table shows Area Production and Yield details of India:-

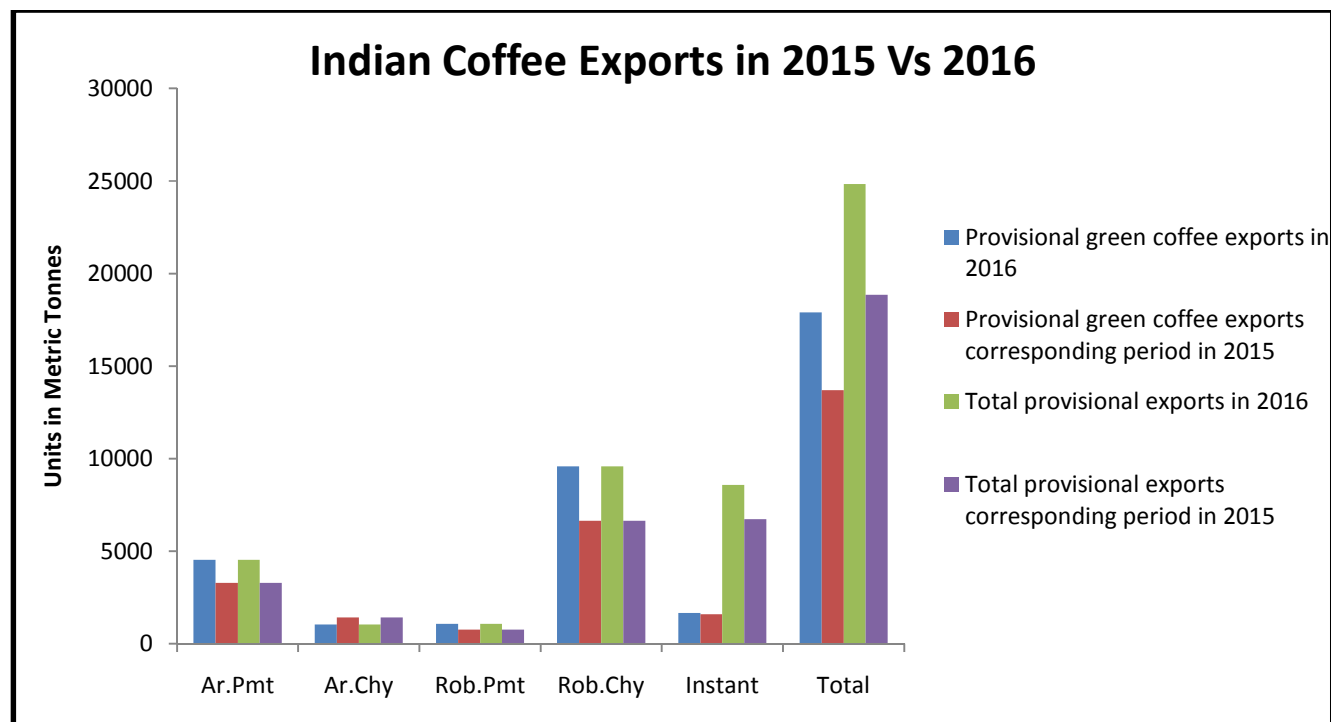


Source: The Coffee Board Of India

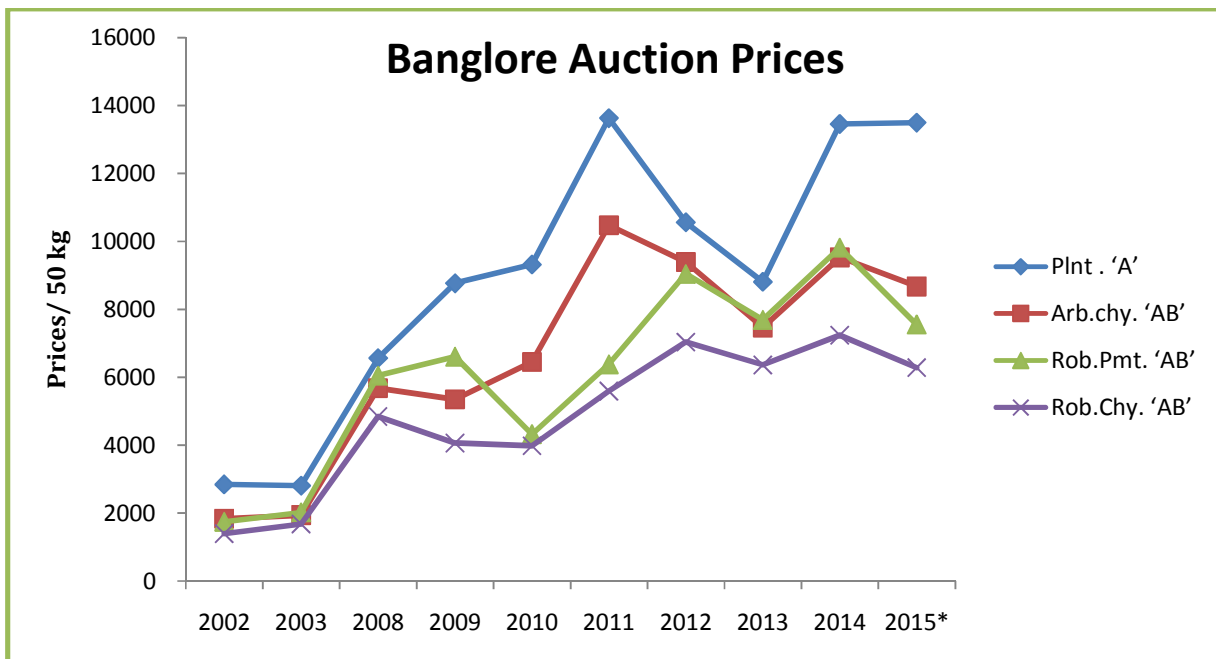
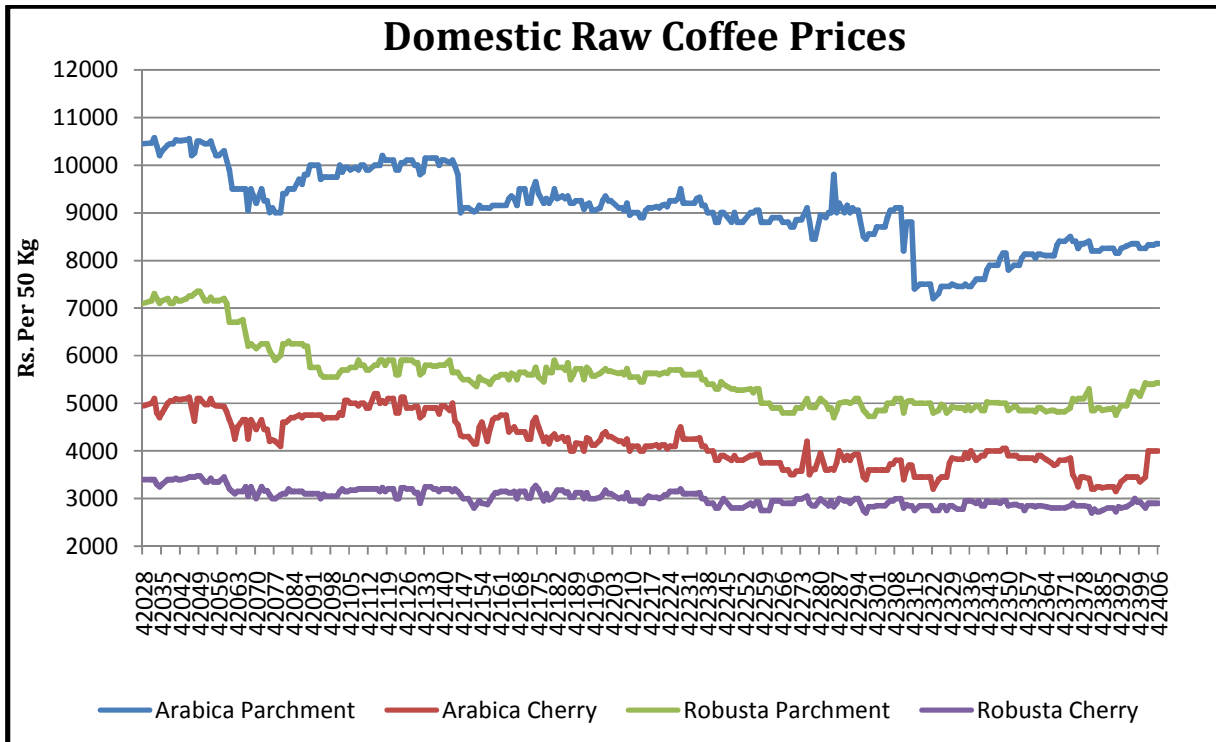
Domestic Coffee Exports And Imports details:-

Export update: From 01st January 2016 to 2nd February 2016 (in metric tonnes)									
	INDIAN COFFEE	Ar. Pmt	Ar.Chy	Rob.Pmt	Rob.Chy	Roasted seeds	R & G	Instant	Total
1	Provisional exports (Indian coffee)	4533	1046	1070	9576	1	16	1659	17901
2	Provisional exports corresponding period last year	3281	1410	762	6646	4	17	1580	13700
3	Provisional re-exports	0	0	0	0	0	5	6920	6925
4	Provisional re-exports corresponding period last year	0	0	0	0	1	5	5157	5162
5	Total provisional exports (1+3)	4533	1046	1070	9576	1	20	8579	24825
6	Total provisional exports corresponding period last year (2+4)	3281	1410	762	6646	4	22	6737	18862

Source: The Coffee Board Of India



Source: The Coffee Board Of India

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch (2015* includes prices up to Nov 2015)


Domestic Raw Coffee Prices (Karnataka):-

Variety	06.01.2016	30.01.2016	Change
Arabica Parchment	8350	8250	100
Arabica Cherry	4000	3350	650
Robusta Parchment	5425	4950	275
Robusta Cherry	2900	2800	-25

* Values in Rs. per 50 Kg

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

Grade	05.02.2016	29.01.2016	Change	05.02.2016	29.01.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--			-
AA	--	266	--	--	--	-
PB	--	--	--	--	--	-
A	--	--	--	195	190	5
AB	--	257.5	--	--	--	-
B	--	213	--	173		-
C	--	--	--	136		-
BBB	---	---	---	138.5	132	6.5
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	-	--		-
A	---	---	-	141.46		
PB	---	158	-	--	140	
AA	189.5	---	-	--	148	-
AB	---	---	-	136	141.5	-5.5
B	---	---	-	--	-	-
C	---	---	-	--	133.5	-
BBB	---	---	-	127	128	-1

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 upside momentum in next week.

- Technical chart shows upside momentum of the market.
- RSI is also moving up in neutral region at 47.73 in this week against 45.74, hinting further upside momentum in the next week.
- Along with this, 18 days exponential moving average also supports steady to upside momentum 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
7802	8075	8350	8512	8858

Units in Rs./50 kg.

International Market Updates

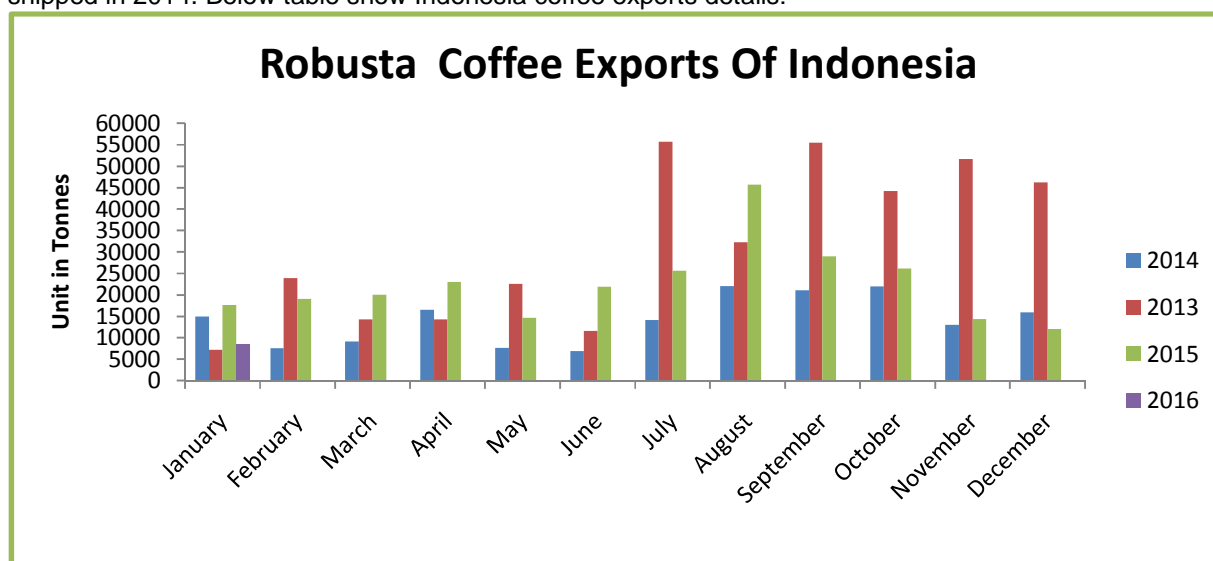
ICE coffee future prices closed at 123.20 cents/lb up by 3.40% against 119.15 cents/lb during this weekend. As per RTRS, ICE certified stocks went up by 1059 to 1591604 bags as on 4th Feb 2016 against 1590545 bags as on Feb 03, 2016.

Below table, shows certified Stocks details on the exchange:-

COUNTRIES	ANTWERP	BARCELONA	HAMBURG/BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Burundi	57519	0	45629	0	0	0	2137	105285
Colombia	106869	0	50244	8752	41528	825	199540	407758
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	301018	0	14760	5234	6250	0	54648	372383
India	25176	0	1994	0	0	0	0	27170
Mexico	165643	0	2936	8155	0	0	49864	223983
Nicaragua	41824	0	0	550	0	550	3450	45834
Peru	140329	0	53568	2848	0	25	77525	271723
Rwanda	56995	0	15173	0	0	0	296	72168
Tanzania	70	0	227	0	0	0	578	875
Uganda	22196	295	29138	0	0	0	280	51909
Total in Bags	919786	295	213894	25564	47778	3600	396237	1591604

Source: Reuters

Indonesia:- According to the government data, Robusta coffee exports fell by 30% to 8418.8 tonnes in January 2016 as compared to 12046.3 tonnes of December 2015. Indonesia exported total 17653.3 tonnes of Robusta in January 2016. Indonesia's full-year exports for 2015 to 269,113.18 tonnes, up 22 percent from 221,242.55 tonnes shipped in 2014. Below table show Indonesia coffee exports details:-



Source: Reuters

Coffee Production Estimates Of The World:-

Below are estimates for Brazil's 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
Terra Forte	3rd Feb 2016	47.28	54.17						
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	-	-	-	-

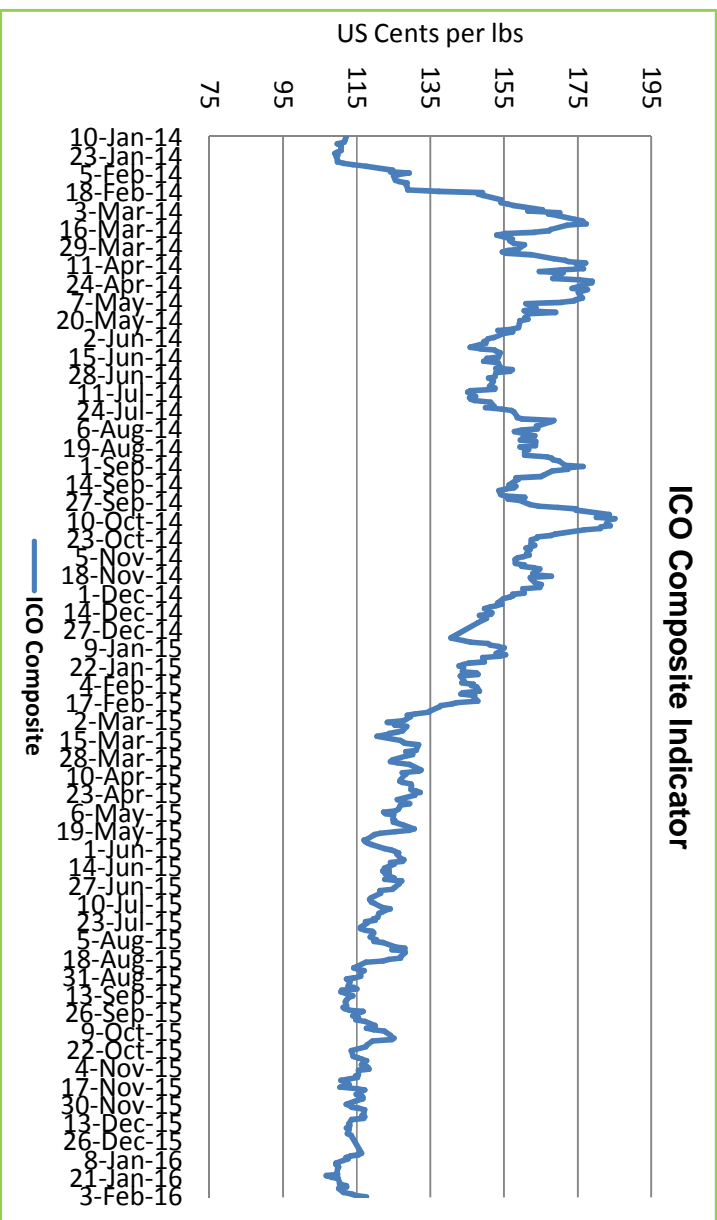
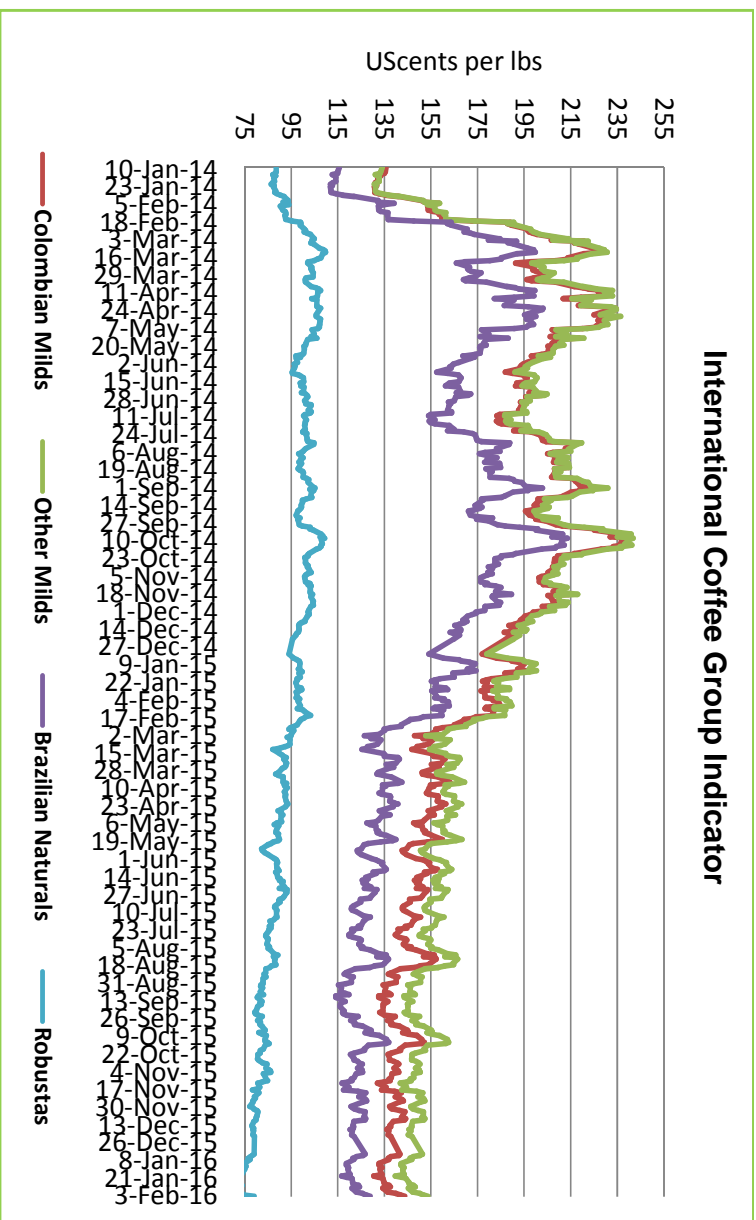
Source: ICO

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	04.02.2016	28.01.2016	04.01.2016	04.02.2015
ICO Composite Indicator	117.65	112.27	116.30	124.19
Colombian Milds				
US	144.25	137.25	141	153.25
Europe	143.04	137.97	142.64	151.26
Group Indicator	143.69	137.56	141.75	152.33
Other Milds				
US	155.44	149.44	152.44	155.5
Europe	152.22	147.41	150.46	150.17
Group Indicator	153.54	148.25	151.27	152.20
Brazilian Naturals				
US	115.25	110.25	112	124.25
Europe	133.68	129.29	131.98	135
Group Indicator	128.89	124.34	126.78	132.2
Robusta				
US	83.25	80.50	86.58	96.33
Europe	78.36	71.81	77.67	90.66
Group Indicator	79.19	73.29	79.19	91.57

US cents/lb

International Coffee Indicators Charts:-



International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(04-February-2016)	Week Ago(28-January-2016)	Month Ago(4-January-2016)	Weekly Change (%)
16-Mar	116.35	114.40	119.15	3.40
16-May	118.50	116.60	121.40	3.17
16-Jul	120.25	118.65	123.45	3.17

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(04-February-2016)	Week Ago(28-January-2016)	Month Ago(4-January-2015)	Weekly Change (%)
16-Mar	1435	1402	1528	2.35
16-May	1462	1432	1556	2.09
16-Jul	1488	1460	1583	1.91

USD/T

International Coffee Prices

	04.02.2016	28.01.2016	04.01.2016	04.01.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	30750	31150	33550	19600
Vietnam FOB (2-5 pct)* (Saigon port)	1445	1480	1557.50	1840
Indonesian FOB (4-80 defects)** (Lampung Port)	1615	1610	1640	1840

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

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (02/02/2016)	Average Prices In	Prices This Auction In (26/01/2016)
Arabica AA	71-507	278.32	112-566
Arabica AB	64-360	225.67	112-365
Arabica C	77-224	166.14	88-236
Arabica PB	70-360	229.36	100-406
Arabica T	41-132	68.6	47-153
Arabica TT	130-231	181.37	32-229

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 up momentum at 118.50 against 118.29 in the market.
- Lower volume and higher prices indicates further short covering phase of the market.
- RSI is also down at 48.29 compared to 44.19 of last week momentum indicating 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
109.10	111.33	120.40	128.10	138.15

Technical Analysis Of Coffee Future Market (Jan'2016 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 1415 against last week records i.e.1428, indicating further steady to weak tone in the market.
- On the other hand, RSI is slight down at 30.79 in neutral region against 30.71 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
1250	1315	1427	1493	1544

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