

Executive Summary**Domestic Coffee Market Summary**

Higher prices witnessed in Karnataka physical market, as on 11th February 2016 supported by a slow and steady new demand. However, new Arabica beans demand is very poor during this week. Robusta coffee beans harvesting is finished in the most of growing areas of India. Sunny weather is favorable for Robusta harvesting pace.. Arabica coffee bean harvesting is finished for 2014/15 season. Farmers are increasing their coffee planted area slowly but every year. Traders are holding old stocks at higher prices.

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.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 11th February 2016 is registered higher by 23.29% at 26373 metric tons compared to 21390 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee, which is recorded higher by 4.43% at 2331 metric tons in this year during 1st January 2016 to 11th February 2016 from preceding year instant coffee volume i.e.2232 metric tons. Total provisional exports of Arabica parchment, Robusta Parchment and Robusta Cherry is placed higher by 34.61% to 6471, 35.79% to 14650 metric tons respectively against last year exports volume of 4807 metric tons, 10788 metric tons respectively in the corresponding period of time. However, Arabica cherry is placed lower at 1533 metric tonnes with a decline of 28.09%.

Recommendation:

Weekly Call - : Market participants are advised to go long above 8350 levels for a target of 8512 and 8858 with a stop loss at 8075 on closing basis.

International Coffee Market Summary

Coffee exports of the World went up by 1.3% to 9.3 million bags 60kg bags in December 2016 as compared to previous year record during the same period of time. This brings exports for the first quarter of coffee year 2015/16 (October to December) to 26.9 million bags, up 2.6% compared to the same period last year. Shipments of Arabica coffee were up by 11% to 17.6 million, with the biggest increase found in Colombian Milds, as Colombia shipped 3.5 million bags of coffee, its highest volume for the quarter since 2001/02. Other Milds were also up by 11.7% and Brazilian Naturals by 9.6%. On the other hand, exports of Robusta are estimated lower by 10.1% compared to last year, with exports from the two largest origins, Vietnam and Indonesia, estimated down by 11% and 23.4% respectively. However, exports from Vietnam have started to pick up, with the 2 million bags estimated in December the highest monthly volume since March 2015.

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.

Domestic Coffee Planted Area :-

Below table shows Coffee Planted Area details of India:-

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

Source: The Coffee Board Of India

Domestic Coffee Exports And Imports details:-

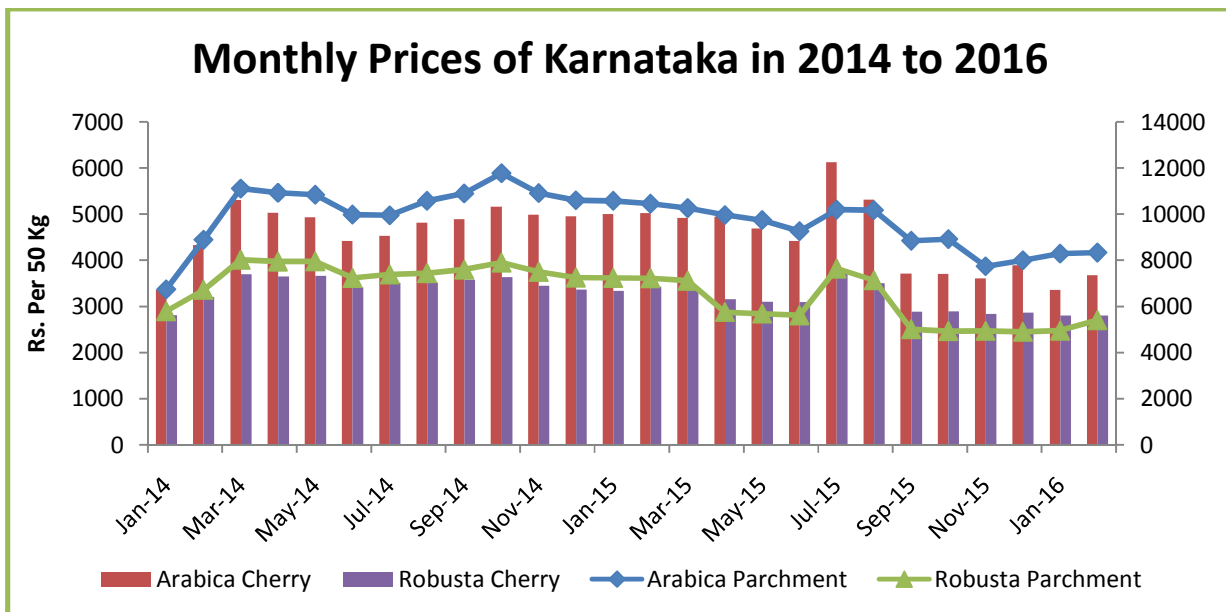
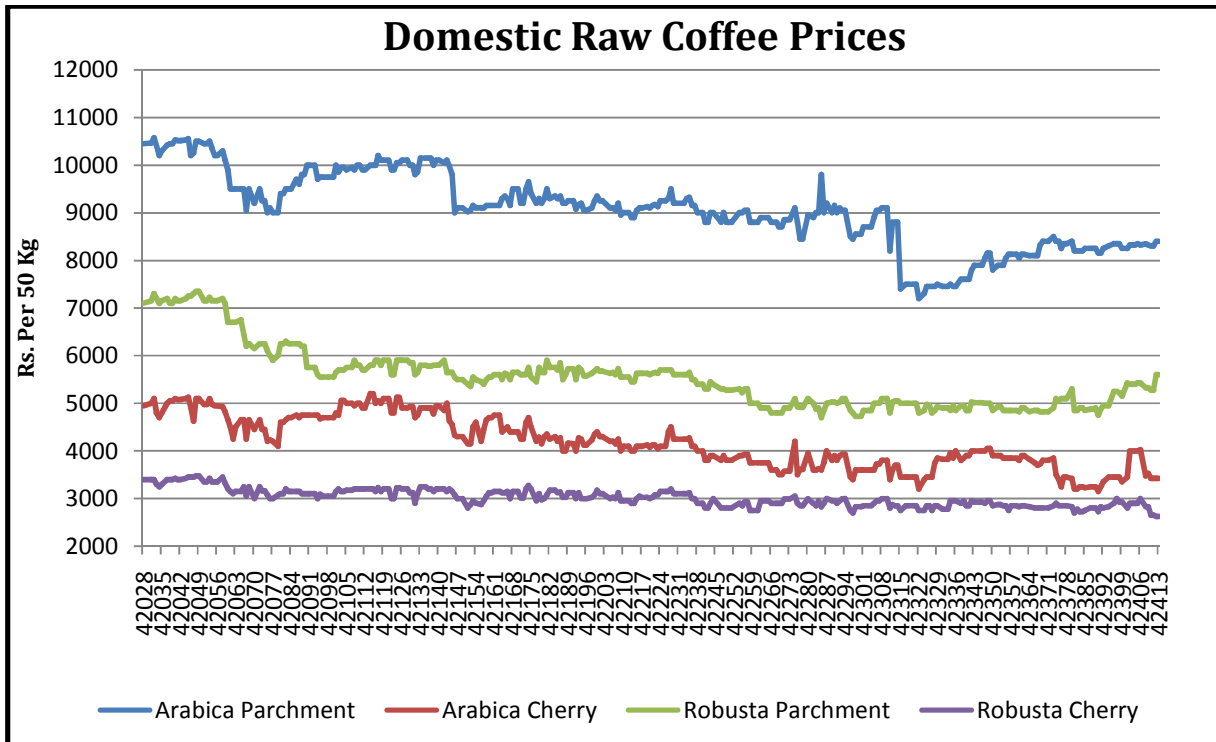
Below table shows Coffee Exports details of India:-

FROM 1st January 2016 TO February 11,2016 Quantity in (GBE)								
	AR.PMT	AR.CHY	ROB.PMT	ROB.CHY	R.SEEDS	R &G	INSTANT	TOTAL
1. INDIAN COFFEE	6470.700	1532.700	1366.840	14650.270	5.510	16.890	2330.560	26373.470
2. CORRESPONDING PERIOD OF PREVIOUS YEAR	4806.590	2132.280	1403.100	10787.900	3.890	23.500	2232.260	21389.520
3. RE-Exports	0.000	0.000	0.000	0.000	0.000	4.840	9063.770	9068.610
4. CORRESPONDING PERIOD OF PREVIOUS YEAR	0.000	0.000	0.000	0.000	5.750	10.210	7815.860	7831.820
5. TOTAL (1+3)	6470.700	1532.700	1366.840	14650.270	5.510	21.730	11394.330	35442.080
6. TOTAL (2+4)	4806.590	2132.280	1403.100	10787.900	9.640	33.710	10048.120	29221.340

Source: The Coffee Board Of India

COUNTRY WISE EXPORT OF COFFEE DURING (01/01/2016 to 11/02/2016)					
[BOTH INDIAN AND RE-EXPORTED COFFEE]					
[PROVISIONAL AND BASED ON EXPORT PERMITS]					
NAME OF THE COUNTRY	ARABICA	ROBUSTA	INSTANT (GBE)	ROASTED (GBE)	TOTAL
ITALY	756.000	6976.320	45.500	4.841	7782.661
RUSSIAN FEDERATION	78.000	365.800	3228.339	0.000	3672.139
GERMANY	1435.400	1094.300	263.900	0.000	2793.600
JORDAN	1896.000	579.000	0.000	0.000	2475.000
TURKEY	20.100	111.300	2317.640	0.000	2449.040
BELGIUM	797.700	168.600	46.410	0.000	1012.710
KUWAIT	720.300	265.040	0.468	0.000	985.808
POLAND	0.000	79.200	744.224	0.000	823.424
MALAYSIA	2.400	0.600	799.466	0.000	802.466
SLOVENIA	0.000	754.000	0.000	0.000	754.000
OTHERS	2297.505	5622.946	3948.387	22.395	11891.233
TOTAL	8003.405	16017.106	11394.334	27.236	35442.081

Source: The Coffee Board Of India (Units in Tonnes)

Coffee Prices Of Auction Market & State Wise Market


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

Domestic Raw Coffee Prices (Karnataka):-

Variety	13.02.2016	06.02.2016	Change
Arabica Parchment	8400	8350	75
Arabica Cherry	3425	4000	-600
Robusta Parchment	5600	5425	175
Robusta Cherry	2625	2900	-375

* 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 48.74 in this week against 47.73, 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	8400	8512	8858

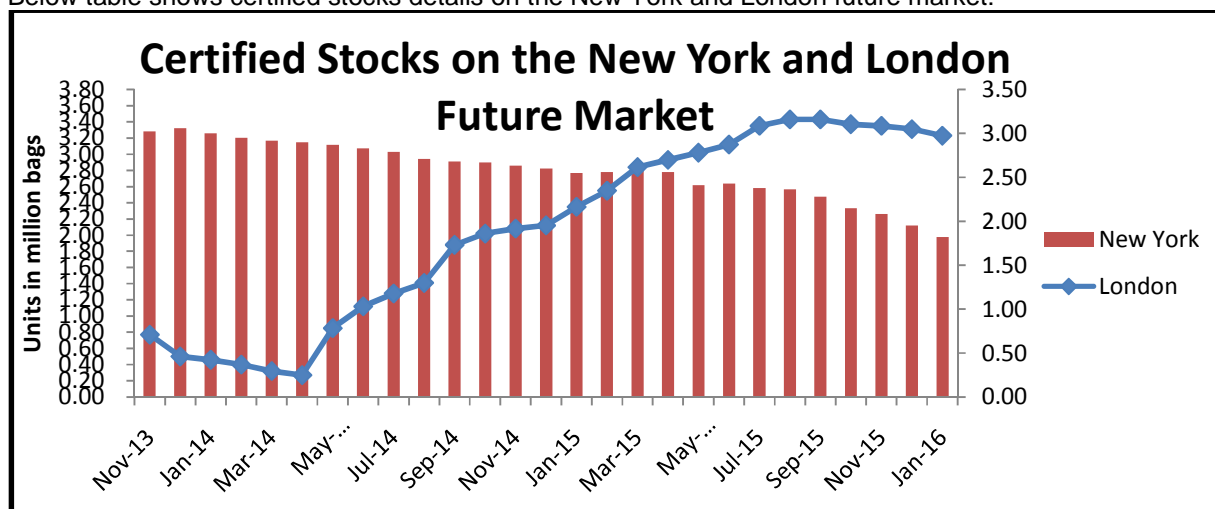
Units in Rs./50 kg.

International Market Updates

ICE coffee future prices closed at 114.75 cents/lb down by 7% against 123.20 cents/lb during this weekend. As per RTRS, ICE certified stocks went down by 14647 to 1571106 bags as on 11th Feb 2016 against 1585753 bags as on Feb 10, 2016. The coffee market went down to a two-year low in January 2016, primarily driven by falling Robusta prices. Coffee prices declined further in January, with the monthly average of the ICO composite indicator down by 3.3% to 110.89 cents, its lowest level since January 2014. The daily price dropped to a minimum of 106.74 cents on the 20th January, which is the lowest daily level since the 2nd January 2014. This dip coincided with a broader rout in commodity prices, led by the collapse in oil prices. Coffee prices recovered slightly towards the end of the month, but remain at very low levels.

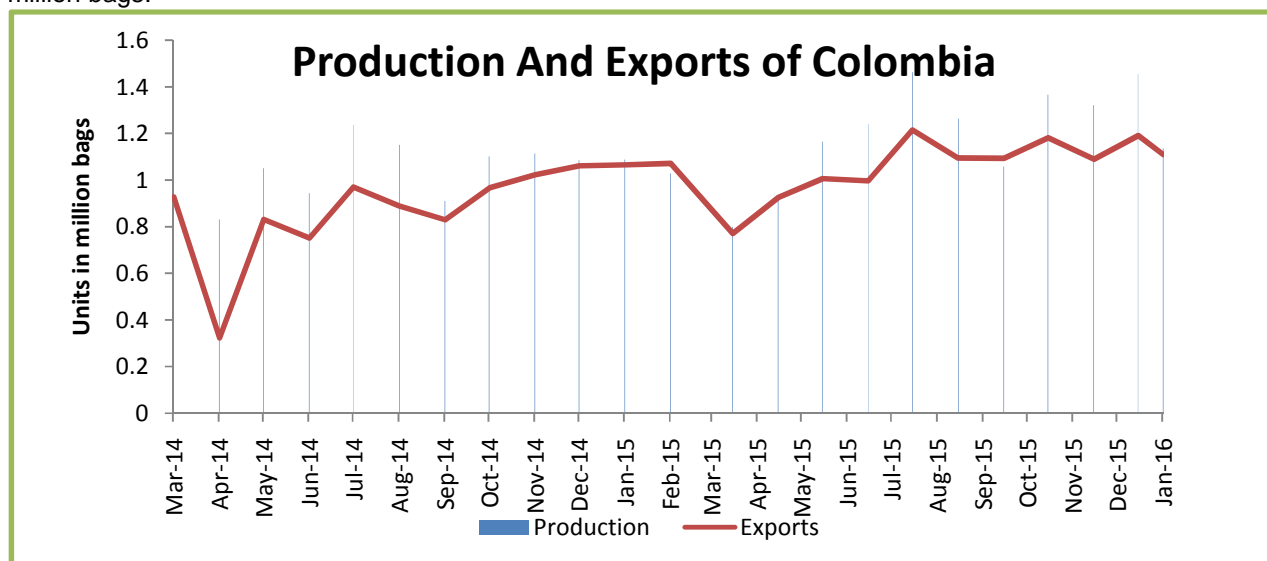
As per ICO, certified stocks on New York future market significantly slumped by 6.66% to 3.23 million bags in January 2016 from 3.31 million bags in December 2015. While, monthly stocks on London future market decreased by 2.41% to 1.82 million bags as compared to 1.95 million bags in December 2015.

Below table shows certified stocks details on the New York and London future market:-



Source: ICO

Colombia:- According to Reuter, Colombia produced 1.14 million 60-kg bags of washed Arabica coffee during January 2016, up 4 percent from the same month last year. Twelve-month production through January was 12.76 million bags, an increase of 16 percent over the previous year. While Exports were up 5 percent last month to 1.1 million bags.



Source: Reuters

Coffee Exports Details Of The World:-

Monthly Export Statistics - December 2015 (In thousands 60 kg bags)						
	December 2014	December 2015	% change	October - December 2014- 15	October - December 2014- 15	% change
TOTAL	9 184	9 307	13.0%	26 207	26 895	2.6%
Arabicas	5 283	5 980	13.2%	15 842	17 578	11.0%
Colombian Milds	1 164	1 303	11.9%	3 328	3 782	13.6%
Other Milds	1 217	1 500	23.3%	3 566	3 984	11.7%
Brazilian Naturals	2 902	3 177	95.0%	8 949	9 812	96.0%
Robustas	3 900	3 327	-14.7%	10 365	9 317	-10.1%
Brazil	3 216	3 189	-0.8%	9 715	10 203	50.0%
Vietnam	2 150	2 000	-70.0%	5 504	4 900	-11.0%
Colombia	1 056	1 191	12.8%	3 045	3 476	14.1%
Indonesia	639	325	-49.1%	1 743	1 335	-23.4%
India	360	409	13.8%	945	1 093	15.6%
Honduras	287	321	11.8%	413	431	42.0%
Uganda	225	342	52.3%	674	815	20.8%
Mexico	177	180	17.0%	404	420	40.0%
Ethiopia	160	201	25.6%	573	686	19.7%
Côte d'Ivoire	140	140	0.0%	349	406	16.4%
Peru	129	310	14.1%	928	1 252	34.9%
Guatemala	104	115	10.5%	201	325	61.9%
Ecuador	87	95	95.0%	288	250	-13.2%
Tanzania	64	83	28.6%	165	217	31.7%
Kenya	58	52	-10.4%	184	147	-20.0%
Nicaragua	52	65	25.0%	191	140	-26.6%
Costa Rica	49	60	22.2%	106	120	13.4%
Papua New Guinea	43	59	39.1%	183	168	-80.0%
El Salvador	40	16	-58.8%	47	28	-41.0%
Rwanda	30	30	0.0%	106	95	-10.1%
Burundi	23	30	31.0%	115	109	-51.0%
Others	22	26	18.6%	78	90	14.7%
Cameroon	12	18	51.3%	57	49	-14.3%
Madagascar	12	12	0.3%	32	42	32.4%

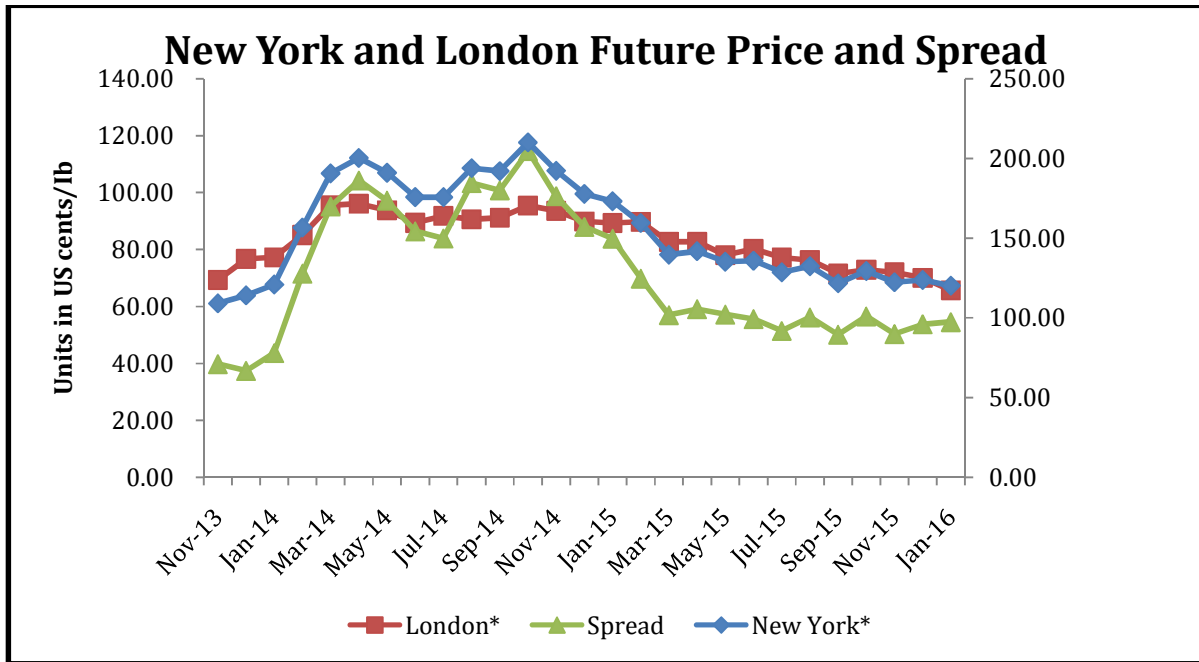
Source: ICO

International Coffee Price Trend:-

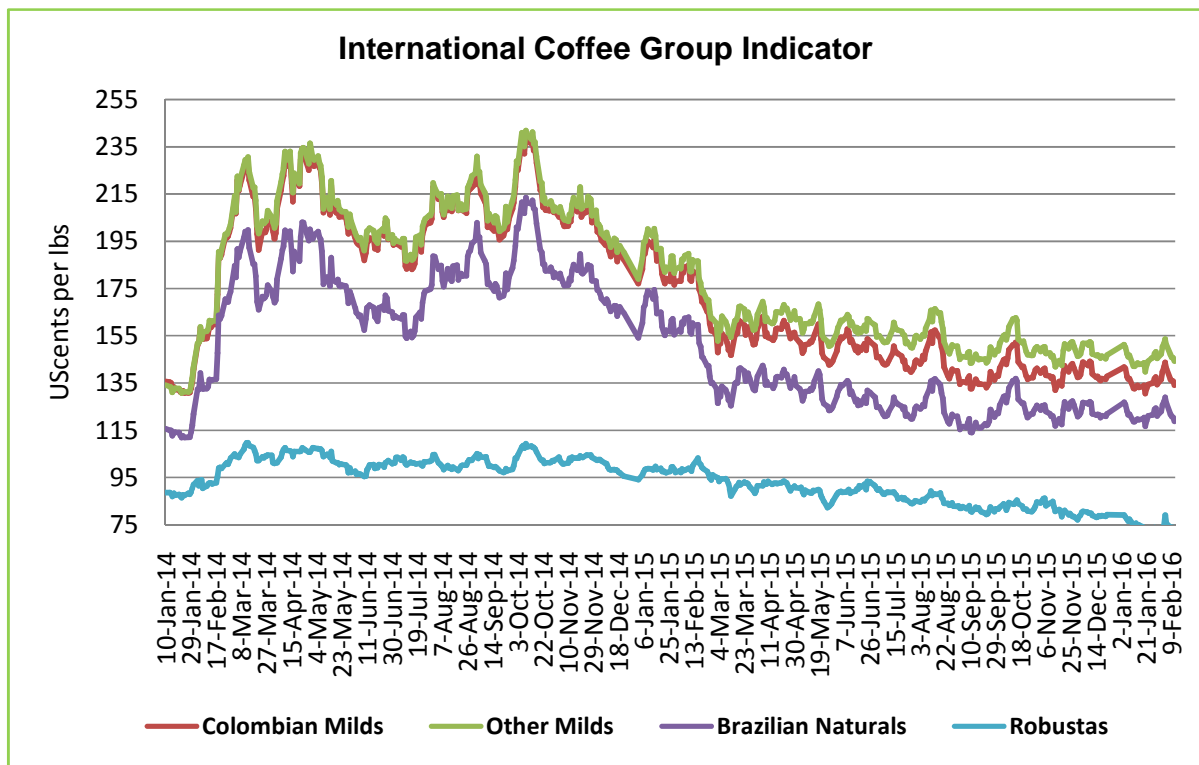
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	11.02.2016	04.02.2016	11.01.2016	11.02.2015
ICO Composite Indicator	109.35	117.65	109.33	153.71
Colombian Milds				
US	135	144.25	132.50	188.75
Europe	132.90	143.04	133.05	198.48
Group Indicator	134.04	143.69	132.75	193.22
Other Milds				
US	146.19	155.44	143.44	197.69
Europe	142.94	152.22	141.31	197.48
Group Indicator	144.27	153.54	142.18	197.56
Brazilian Naturals				
US	105	115.25	103.50	157.75
Europe	123.60	133.68	123.98	177.33
Group Indicator	118.76	128.89	118.65	172.44
Robusta				
US	80.75	83.25	82.17	102.17
Europe	71.82	78.36	73.54	97.96
Group Indicator	73.34	79.19	75.01	98.63

US cents/lb

International Coffee Indicators Charts:-


Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(11-February-2016)	Week Ago(04-February-2016)	Month Ago(11-January-2016)	Weekly Change (%)
16-Mar	114.75	116.35	114.45	-7
16-May	116.85	118.50	116.80	-7
16-Jul	118.80	120.25	118.80	-6

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(04-February-2016)	Week Ago(28-January-2016)	Month Ago(11-January-2016)	Weekly Change (%)
16-Mar	1392	1435	1444	-3
16-May	1420	1462	1473	-3
16-Jul	1450	1488	1502	-2

USD/T

International Coffee Prices

	04.02.2016	28.02.2016	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 (9/02/2016)	Average Prices In	Prices This Auction In (02/02/2016)
Arabica AA	106-591	296.57	71-507
Arabica AB	71-340	240.27	64-360
Arabica C	52-245	188.68	77-224
Arabica PB	104-399	251.44	70-360
Arabica T	49-151	87.96	41-132
Arabica TT	138-248	209.14	130-231

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 117.66 against 118.50 in the market.
- Higher volume and lower prices indicates further short build up phase of the market.
- RSI is also down at 39.19 compared to 48.29 of last week momentum indicating 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
101.10	109.10	115.55	128.10	138.15

Technical Analysis Of Coffee Future Market (March'2016 Contract At LIFFE Future Market)


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

- Candlestick chart shows slight downward momentum in the market on selling interests.
- Relatively, 14-days EMI is moving up at 1419 against last week records i.e.1415, indicating further steady to strong tone in the market.
- On the other hand, RSI is significantly higher at 39.19 in neutral region against 30.79 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	1368	1419	1490	1541

Disclaimer

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