

Executive Summary**Domestic Coffee Market Summary**

Domestic coffee prices declined in Karnataka physical market, as on 20th February 2016 supported by a slow and steady new demand. Demand for old grades of both varieties is good in domestic market. Even, internationally seasoned roasters prefer old grades due to harshness of new crop in taste. Therefore, new crop is lower by 20-30 dollars against old crop. Robusta and Arabica coffee beans harvesting is finished in the most of growing areas of India. As per traders, total estimated crop size of Robusta i.e. 245 lakh tonnes is likely to touch of this season supported by good picking up. However, estimated Arabica crop i.e. 110.300 lakh tonnes may be short by 15000-20000 lakh tonne. Farmers are increasing their coffee plantation area slowly but every year. As of now, Weather is sunny and bright in India. Southern part of India is expected to get blossom showers in this week. On completion of harvesting beans during December and January, Gleanings, Pruning, Swabbing process has been finished and further rains are awaited for maturing and flowering stage. Then, spray of pesticides, weeding, mulching, digging of water storage will be started.

As per DGCIS latest report, India received around Rs.366.08 crore as the total coffee exports revenue which is 54.43 million in USD in January 2016. This is higher by 19.14 % in Rs. and 10.23% in USD respectively as against Rs.307.26 crore and USD 49.38 million respectively in the corresponding month of previous year. It stood at Rs.4061.88 crore and the value in USD at 626.67 million since April-2015 to January 2016 up by 6.12% in Rs. however down by 0.53% in USD as against the last year revenue i.e. Rs.3827.45 crore and in USD 630.03 million in corresponding period of time.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 18th February 2016 is registered higher by 46.85% at 8196 metric tons compared to 5581 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee, which is recorded lower by 2.11% at 2682 metric tons in this year during 1st January 2016 to 18th February 2016 from preceding year instant coffee volume i.e.2740 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 46.85% at 8196, 30.74% at 17507 metric tons respectively against exports volume of 5581 metric tons, 13390 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 1764 metric tonnes with a decline of 27.55% and Robusta parchment at 1661 metric tonnes with a decline of 4.54%.

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

According to estimates gathered by Reuters, coffee crop size of Brazil is forecasted between 54 million bags and 55 million bags 60-kg bags in 2016/17 season. Estimate is due to good husbandry combined with plentiful rains and is based on five crop tours in top grower Brazil since trees flowered in November. On the other hand, other sources like Wolthers estimates Brazil coffee production of Robusta coffee crop at 14 million bags and 40 million and 41 million bags of Arabica in 2016/17 which is higher than the estimate of 2015/16 season crop size i.e. 45.6 million bags including 11.2 million bags of Robusta and 34.4 million bags of Arabica. 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.

As per ICO report, coffee consumption of the World in 2014 was revised higher by 0.3% to 150.2 million 60-kg bags followed by higher consumption in exporting countries mainly in Asia. The revision means global consumption by an average 2.5 percent annually between 2011 and 2014. ICO forecasted total coffee global output for the season 2015/16 at 143.4 million bags with an increase of 1.4% against last year record.

Domestic Coffee Exports of India :-

Below table shows Specialty and Value Added Coffee of India:-

Export of Specialty and Value Added Coffees : Quantity												
(Calendar years 2005 to 2015) (In MT)												
Grade		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Specialty Coffees												
Mysore Nuggets EB		828.0	1207.0	1087.4	1146.3	598.6	1024.6	885.4	1573.7	1857.1	1870.4	1418.1
Monsooned Malabar AA		2180.1	2462.2	3425.1	3587.5	3711.1	3550.7	3301.7	3043.7	3768.4	4692.6	4255
Monsooned Malabar PB		-	-	-	-	-	-	-	-	-	-	-
Monsooned Malabar C		-	-	-	-	-	-	-	-	-	-	-
Monsooned Malabar BBB		-	-	-	-	-	-	-	-	-	-	-
Monsooned Arabica AA		-	-	-	-	-	-	-	-	-	-	-
Monsooned Robusta AA		1204.6	1601.3	1082.3	1070.2	1249.6	1345.8	1185.4	1393.2	799.9	845.0	564.6
Monsooned Ar. Tr		8.7	72.0	27.0	13.3	54.0	115.5	203.0	145.0	200.0	172.0	72
Monsooned Rob. Tr		-	60.0	15.0				12	13.2	33.6	-	23.5
Monsooned Basanally		288.6	227.0	414.9	560.5	166.9	376.5	437.0	306.5	372.0	373.5	190.7
Monsooned Arb. BB		-	-	-	-	-	-	-	-	-	-	-
Monsooned Rob. BB		-	-	-	-	-	-	-	-	-	-	-
Monsooned Rob. C		-	-	-	-	-	-	-	-	-	-	-
Monsooned Rob Bulk		-	-	-	-	-	-	-	-	-	-	-
Monsooned Arb. Blacks		-	-	-	-	-	-	-	-	-	-	-
Robusta Kapi Royale		4258.6	3827.3	3789.3	4182.7	3605.3	8223.6	8060.7	5940.9	7431.6	4407.7	7203.5
Others		-	-	-	-	-	-	-	-	-	-	-
	Sub Total	8768.6	9456.8	9841.0	10560.5	9385.5	14636.7	14085.2	12416.2	14462.6	12361.2	13727.4
Value Added coffees												
Instant		54315.2	54830.5	64857.2	56547.7	56188.0	75401.3	83383.3	89235.6	83088.8	100984.0	84978.2
Ground		50.7	98.3	361.0	175.0	167.7	152.0	196.5	169.4	169.0	298.3	566.7
Roasted seeds		19.7	83.1	54.2	82.2	95.3	100.2	69.6	35.7	52.0	55.5	157.5
	Sub Total	54385.6	55011.9	65272.4	56804.9	56451.0	75653.5	83649.4	89440.7	83309.8	101337.8	85702.4
	Grand Total	63154.2	64468.7	75113.4	67365.4	65836.5	90290.2	97734.6	101856.9	97772.4	113699.0	99429.8

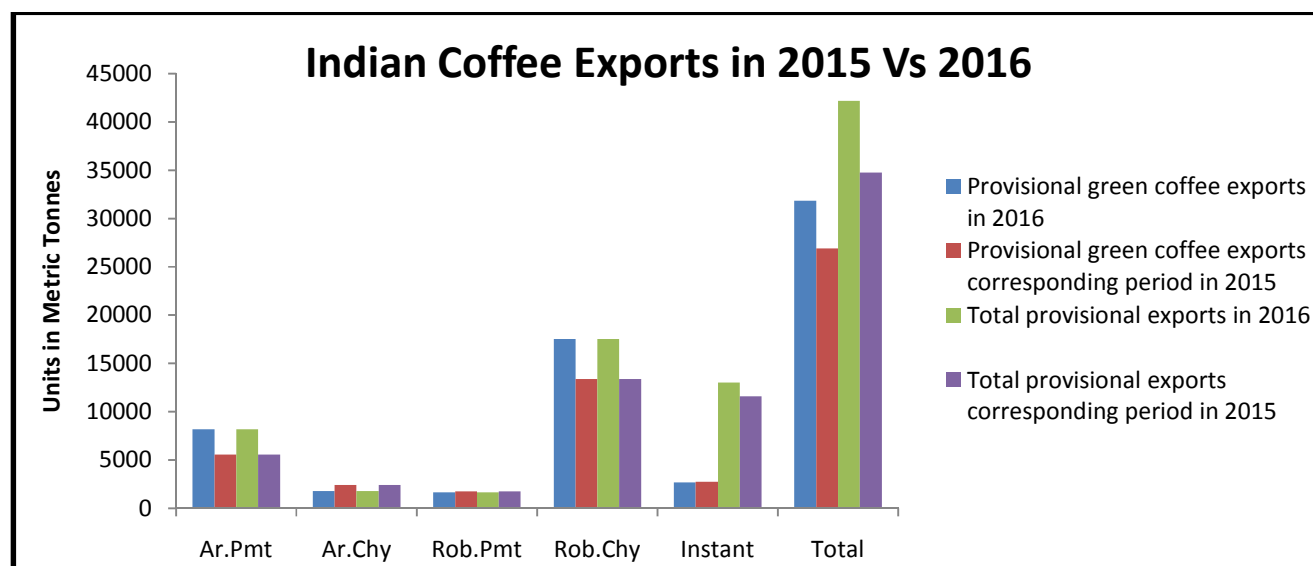
Source: The Coffee Board Of India

Domestic Coffee Exports And Imports details:-

Below table shows Coffee Exports details of India:-

Export update: From 01st January 2016 to 18th 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)	8196	1764	1661	17507	6	34	2682	31850
2	Provisional exports corresponding period last year	5581	2435	1740	13390	4	25	2740	26916
3	Provisional re-exports	0	0	0	0	0	5	10362	10357
4	Provisional re-exports corresponding period last year	0	0	0	0	6	10	8848	8864
5	Total provisional exports (1+3)	8196	1764	1661	17507	6	39	13034	42207
6	Total provisional exports corresponding period last year (2+4)	5581	2435	1740	13390	10	35	11588	34779

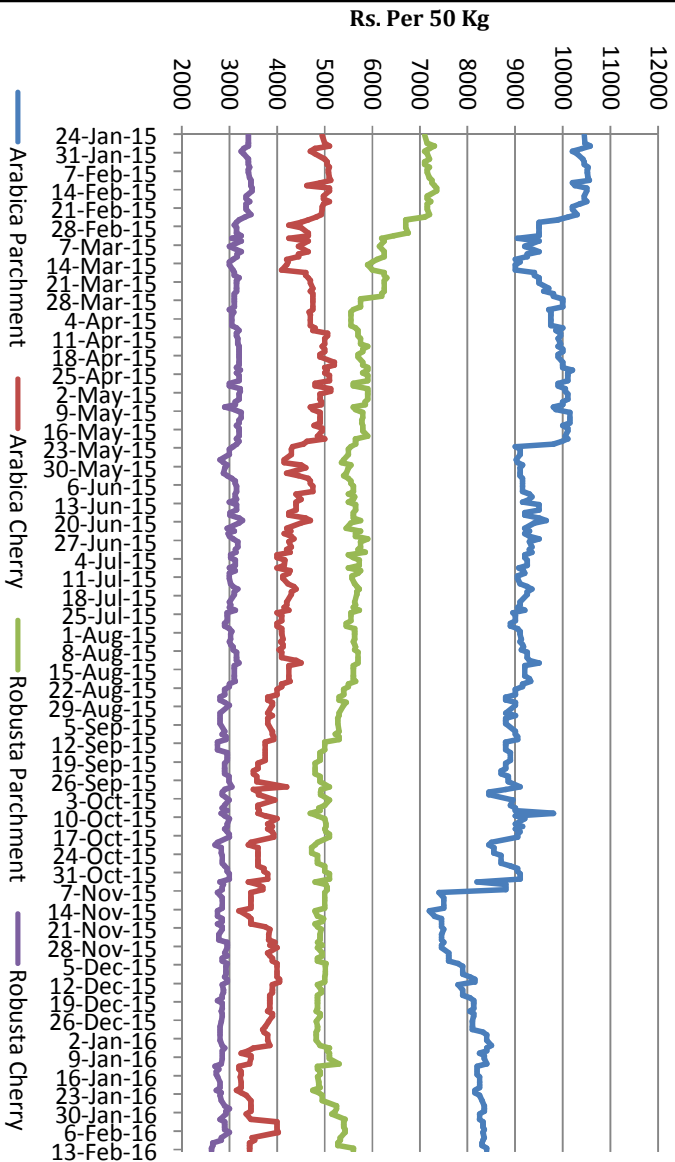
Source: The Coffee Board Of India



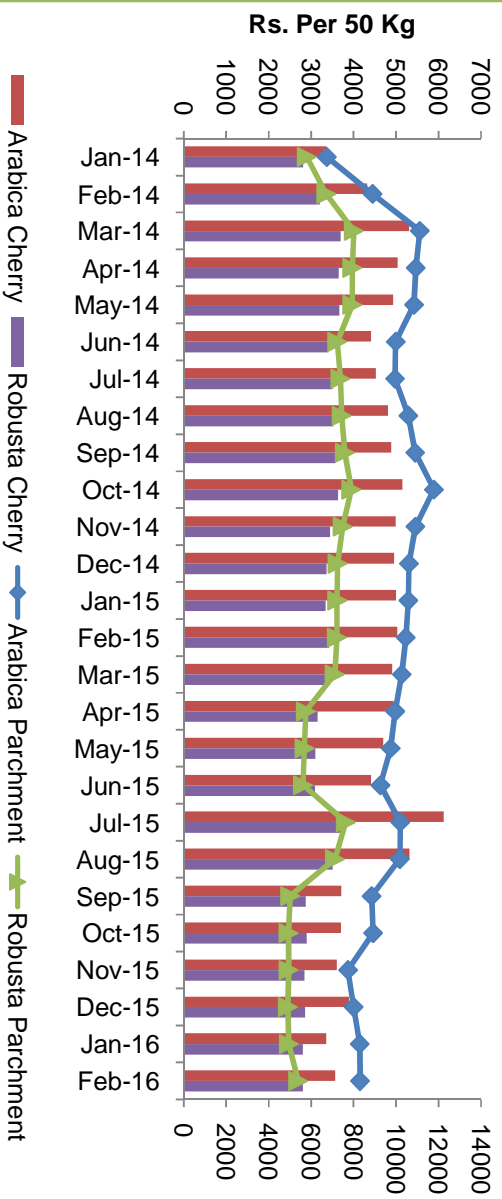
Source: The Coffee Board Of India

Coffee Prices Of Auction Market & State Wise Market

Domestic Raw Coffee Prices



Monthly Prices of Karnataka in 2014 to16



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

Domestic Raw Coffee Prices (Karnataka):-

Variety	20.02.2016	13.02.2016	Change
Arabica Parchment	8200	8400	-200
Arabica Cherry	3225	3425	-200
Robusta Parchment	5300	5600	-300
Robusta Cherry	2800	2625	175

* Values in Rs. per 50 Kg

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

Grade	11.02.2016	04.02.2016	Change	11.02.2016	04.02.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	218.5	216.9	1.6			-
AA	161	218.5	1.94	--	216.9	-
PB	--	159.06	--	123	161	38
A	--	214	--		195	-
AB	--	---	--		--	-
B	--	166.10	--		173	-
C	--	131	--		136	-
BBB	---	105	---		138.5	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	120	---	-		--	-
A	---	---	-		---	-
PB	---	111	-	113	---	-
AA	--	124	-	119	---	-
AB	118	---	-	---	---	-
B	---	---	-	---	---	-
C	---	---	-	---	---	-
BBB	---	---	-	---	---	-

Values in Rs. per kg

Technical Analysis(Domestic Arabica Parchment Coffee At Karnataka Market)


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

- Technical chart shows upside momentum of the market.
- RSI is also moving up in neutral region at 44.99 in this week against 48.74, hinting further downside momentum in the next week.
- Along with this, 18 days exponential moving down also supports steady to downside momentum 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
7802	8075	8200	8512	8858

Units in Rs./50 kg.

International Market Updates

ICE coffee future prices closed at 114.15 cents/lb down by 1.02% against 113 cents/lb during this weekend. As per RTRS, ICE certified stocks went down by 1074 to 1564154 bags as on 19th Feb 2016 against 1565228 bags as on Feb 18, 2016.

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.

As per the Green Coffee Association (GCA), U.S. green coffee stocks fell by 907 bags to 5.8 million 60-kg bags by the end of January 2016.

Below table shows U.S Green Coffee Stocks details :-

Ports	Total Exchange& Non-Exchange	Change From Last Date
New York	1656594	-42000
New Orleans	597,005	-58361
Jacksonville	379000	-12000
Miami	137665	12069
Houston	486,628	-3253
Laredo	36597	-2247
San Francisco	854739	-28675
Norfolk	453272	11392
Philadelphia	5058	-97
Seattle/Tacoma	299467	8080
Los Angeles/ Long Beach	156466	8942
Baltimore	587327	56446
South Carolina	185488	48797
Total USA	5835306	-907

Source: ICO

Vietnam:- In view of traders, Vietnamese Robusta coffee beans have eased slightly even though domestic supply was tight, while Indonesian coffee premiums increased on the weakening rupiah. Coffee growers in Vietnam have been holding on to stocks, expecting higher prices. Traders are expecting prices to rise as Central Highlands coffee belt could face drought in coming months which will affect Robusta production.

As per RTSR, Vietnam coffee exports in January 2016 went up by 11.5% from Dec 2015 to 170,000 tonnes due to rise in demand.

Others:- 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 last year. 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.

Coffee Production Details Of The World:- Total Production By All Exporting Countries

Production in thousands 60 kg bags	2012	2013	2014	2015	% Change 2014-15
TOTAL	147 953	146 615	141 376	143 371	14.0%
Arabicas	88 471	87 001	84 397	84 309	-0.1%
Colombian Milds	11 523	13 488	14 549	14 853	21.0%
Other Milds	29 017	26 822	25 896	27 244	52.0%
Brazilian Naturals	47 930	46 690	43 953	42 211	-40.0%
Robustas	59 482	59 614	56 978	59 062	37.0%
Africa	16 668	16 271	16 085	17 074	61.0%
Burundi	406	163	248	200	-19.2%
Cameroon	366	413	533	570	69.0%
Congo, DR	334	347	335	335	0.0%
Côte d'Ivoire	2 072	2 107	1 750	1 800	29.0%
Ethiopia	6 233	6 527	6 625	6 400	-34.0%
Guinea	233	158	160	160	0.0%
Kenya	875	838	742	833	12.3%
Madagascar	500	588	518	520	0.4%
Rwanda	259	254	258	250	-31.0%
Tanzania	1 109	809	728	800	99.0%
Togo	78	135	184	200	87.0%
Uganda	3 914	3 633	3 744	4 755	27.0%
Others	289	298	259	251	-33.0%
Asia & Oceania	45 681	46 527	44 623	46 589	44.0%
India	5 303	5 075	5 450	5 833	70.0%
Indonesia	13 048	11 449	10 365	11 000	61.0%
Laos	542	544	522	520	-0.3%
Papua New Guinea	717	828	798	800	0.3%
Philippines	177	186	193	200	35.0%
Thailand	608	638	497	500	0.5%
Vietnam	25 000	27 500	26 500	27 500	38.0%
Yemen	190	191	158	120	-23.9%
Others	96	116	141	116	-17.7%
Mexico & Central America	18 481	16 585	17 390	18 462	62.0%
Costa Rica	1 571	1 444	1 408	1 492	60.0%
Cuba	88	107	101	100	-14.0%
Dominican Republic	488	425	392	400	20.0%
El Salvador	1 235	537	680	762	12.0%
Guatemala	3 743	3 159	3 288	3 400	34.0%
Haiti	350	345	344	350	18.0%
Honduras	4 537	4 568	5 400	5 750	65.0%
Mexico	4 327	3 916	3 600	3 900	83.0%
Nicaragua	1 991	1 941	2 050	2 175	61.0%
Panama	116	110	95	100	55.0%
Others	35	32	33	33	0.4%
South America	67 122	67 233	63 278	61 246	-32.0%
Bolivia	115	128	106	90	-15.4%
Brazil	50 826	49 152	45 639	43 235	-53.0%
Colombia	9 927	12 124	13 333	13 500	13.0%
Ecuador	828	666	644	700	87.0%
Peru	4 453	4 338	2 883	3 200	11.0%
Venezuela	952	805	651	500	-23.2%
Others	21	21	21	21	18.0%

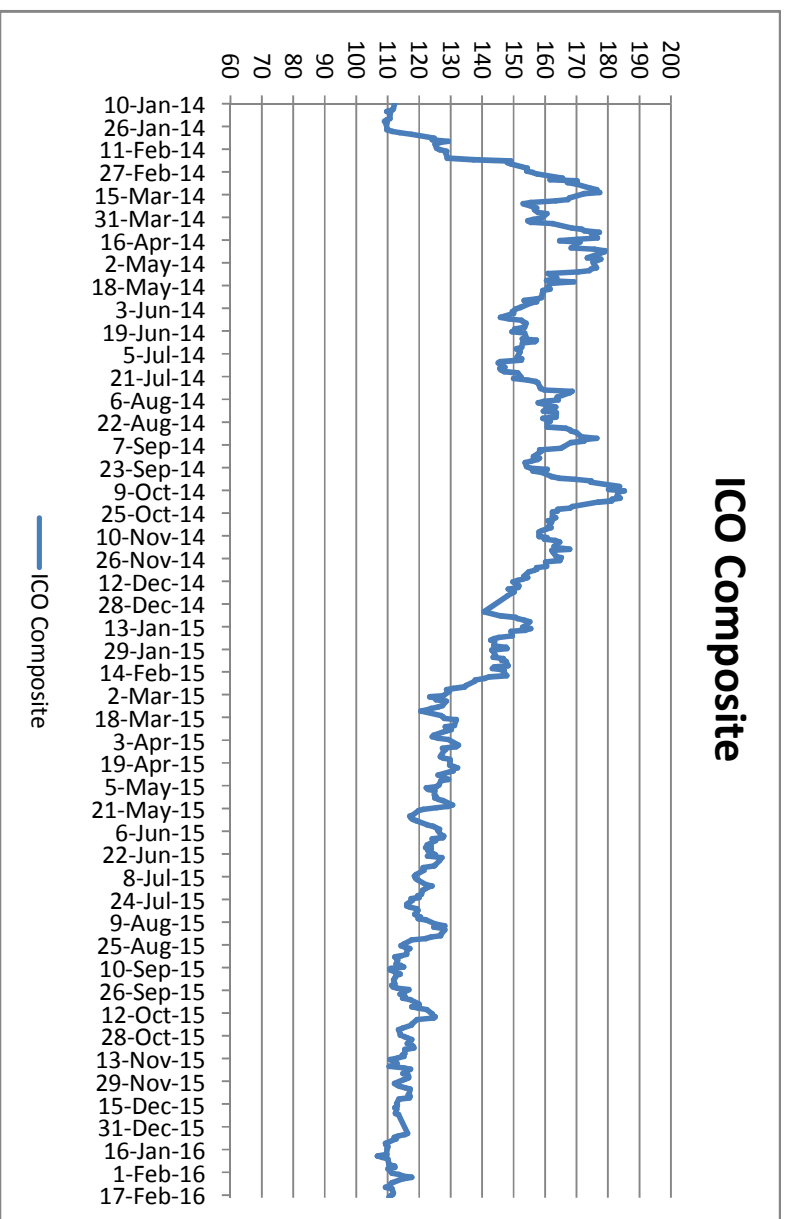
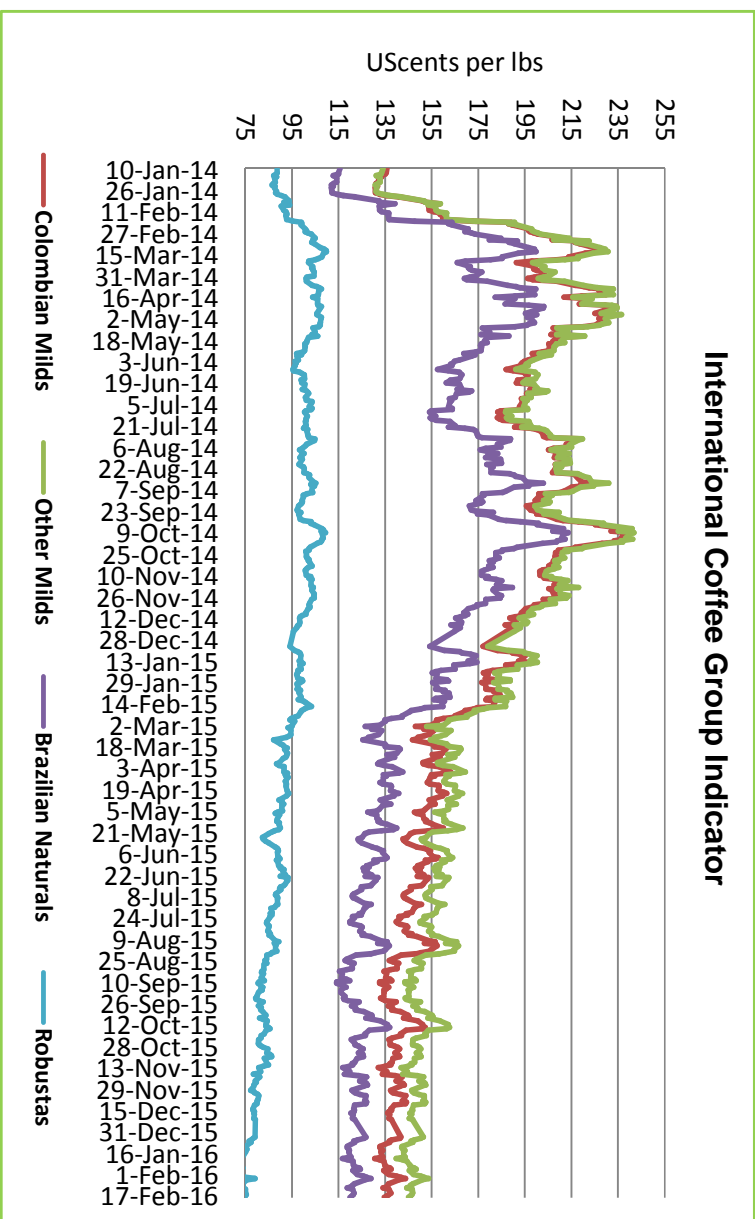
International Coffee Price Trend:-

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

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	18.02.2016	11.02.2016	18.01.2016	18.02.2015
ICO Composite Indicator	110.44	109.35	112.89	140.82
Colombian Milds				
US	135	135	137	171
Europe	134.17	132.90	136.71	175.11
Group Indicator	134.62	134.04	136.86	172.89
Other Milds				
US	146.69	146.19	147.44	179.19
Europe	143.99	142.94	145.62	175.93
Group Indicator	145.10	144.27	146.37	177.17
Brazilian Naturals				
US	106	105	107	142
Europe	124.82	123.60	126.33	153.16
Group Indicator	119.92	118.76	121.23	150.25
Robusta				
US	81.75	80.75	86.08	105.92
Europe	73.22	71.82	77.34	99.40
Group Indicator	74.67	73.34	78.83	100.44

US cents/lb

International Coffee Indicators Charts:-



International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(18-February-2016)	Week Ago(11-February-2016)	Month Ago(18-January-2016)	Weekly Change (%)
16-Mar	114.15	113	115.65	1.02
16-May	116.10	115	117.90	0.96
16-Jul	118	116.95	119.95	0.90

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(18-February-2016)	Week Ago(11-January-2016)	Month Ago(11-January-2016)	Weekly Change (%)
16-Mar	1402	1382	1412	1
16-May	1428	1408	1443	1
16-Jul	1454	1437	1471	1

USD/T

International Coffee Prices

	18.02.2016	11.02.2016	18.01.2016	18.02.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	31150	-	31700	40100
Vietnam FOB (2-5 pct)* (Saigon port)	1482.50	-	1557.50	1840
Indonesian FOB (4-80 defects)** (Lampung Port)	1630	1610	1560	2030

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

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (16/02/2016)	Average Prices In	Prices This Auction In (09/02/2016)
Arabica AA	81-556	279.57	106-591
Arabica AB	71-361	238.37	71-340
Arabica C	50-252	180.09	52-245
Arabica PB	70-502	246.77	104-399
Arabica T	21-143	79.18	49-151
Arabica TT	120-228	191.28	138-248

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 117.11 against 117.66 in the market.
- Lower volume and prices indicates further short build up phase of the market.
- RSI is also down at 44.60 compared to 39.19 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	115.75	126.07	136.99

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 downside in next week.

- Candlestick chart shows downward momentum in the market on selling interests.
- Relatively, 14-days EMI is moving down at 1407 against last week records i.e.1419, indicating further steady to weak tone in the market.
- On the other hand, RSI is lower at 36.60 in neutral region against 39.19 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
1280	1320	1384	1461	1525

Disclaimer

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