

Executive Summary

Domestic Coffee Market Summary

Domestic coffee prices increased in Karnataka physical market, as on 12th February 2016 supported by improved demand. US roasters are not active whereas only European roasters are active for Indian coffee beans. Buyers are still active for Old crop beans rather than 2015-16 harvested crop beans. Most of the Robusta coffee areas like Coorg, Hassan, and Chikmangalur have been irrigated artificially. Arabica coffee plants are in the flowering stages for the crop season 2016-17 further awaiting rains. Weather remains warm and need rains as continuous dry weather condition can harm flowers of the trees.

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 2016 to 9th March 2016 is registered higher by 24.66% at 52260 metric tons compared to 41920 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee. Instant Coffee export is recorded higher by 9.69% at 4151 metric tons this year between 1st January 2016 to 9th March 2016 from preceding year volume of 3784 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 31.77% at 11757, 41.69% at 29832 metric tons respectively against exports volume of 8922 metric tons, 21053 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 2621 metric tonnes with a decline of 17.70% and Robusta parchment at 3847 metric tonnes with a decline of 21.92%.

Recommendation:

Weekly Call - : Market participants are advised to go long above 8450 levels for a target of 8668 and 8858 with a stop loss at 8075 on closing basis.

International Coffee Market Summary

As per Rabobank, Brazil is likely to produce 51.8 million bags coffee beans, at for the season 2016/17 which is 2.6% higher, followed by 39.2 million bags of Arabica output in 2016/17, up 6.5 million year on year. However, this is 3.9 million lower than estimated Robusta crop which is expected to stand at 12.6 million bags because of the impact of prolonged dry weather in the main growing areas. Other forecasters keep Arabica coffee output in the range of 37.7 million -42.5 million bags for 2016/17 while Robusta crop size is forecasted in the range of 11.3 million-18.1 million bags. Rabobank revised its Brazil 2015/16 coffee crop output to 49.2 million from 48.4 million bags. Most of the sources keep Brazil's crop output widely in the range of 48 million to 62 million bags. Coffee forecasts in Brazil have been closely watched, since a severe drought in early 2014 was followed by dry conditions in 2015, hurting crop development in different regions. In view of an exporter and trader, Exportadora, Brazil may produce 55.5 million bags of coffee in 2016/17 with an increase of 11% against 50 million bags of estimated output in 2015/16. Rabobank currently forecasts Arabica prices averaging 127 cents a pound in the April-to-June quarter, showing a small decline to 122 cents a pound by year end.

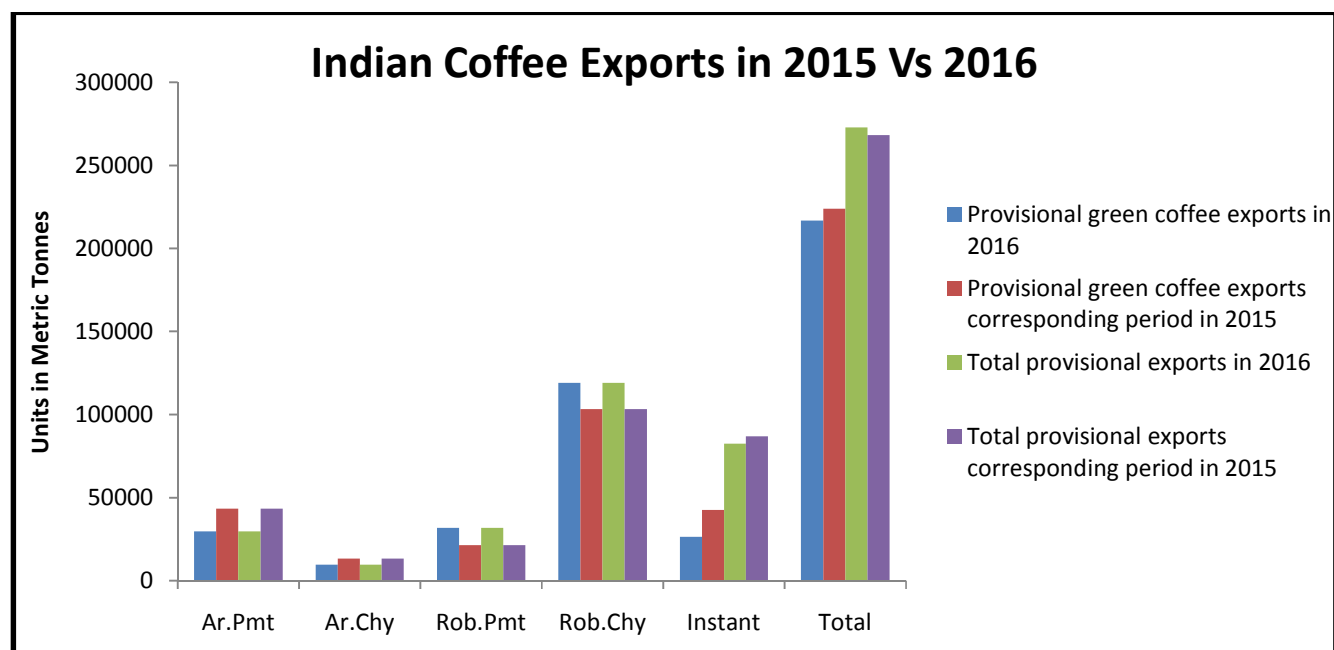
As per ICO report, world's coffee consumption is estimated higher at 152.1 million bags in the calendar year 2015 compared to 150.3 million in 2014, but a slightly more modest increase than in recent years. The average annual growth rate over the last four years remains at a healthy 2%. Demand in the world's largest consumer, the European Union, has stagnated slightly at an estimated 42 million bags, averaging growth of 0.8% per year since 2012, but the USA continues to show an increased appetite for coffee, increasing by an average rate of 3.2% to an estimated 24.4 million bags. Japan is also expanding its coffee demand, averaging 2.4% growth to 7.6 million bags. As a result, total consumption in all importing countries is estimated at 104.9 million bags.

Domestic Coffee Exports of India :-

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

Export update: From 01 st January 2016 to 09th March 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)	11757	2621	3847	29832	10	43	4151	52260
2	Provisional exports corresponding period last year	8922	3185	4927	21053	6	43	3784	41920
3	Provisional re-exports	0	0	0	0	0	5	15319	15323
4	Provisional re-exports corresponding period last year	0	0	0	0	7	17	12999	13023
5	Total provisional exports (1+3)	11757	2621	3847	29832	10	48	19470	67584
6	Total provisional exports corresponding period last year (2+4)	8922	3185	4927	21053	13	60	16782	54942

Source: The Coffee Board Of India

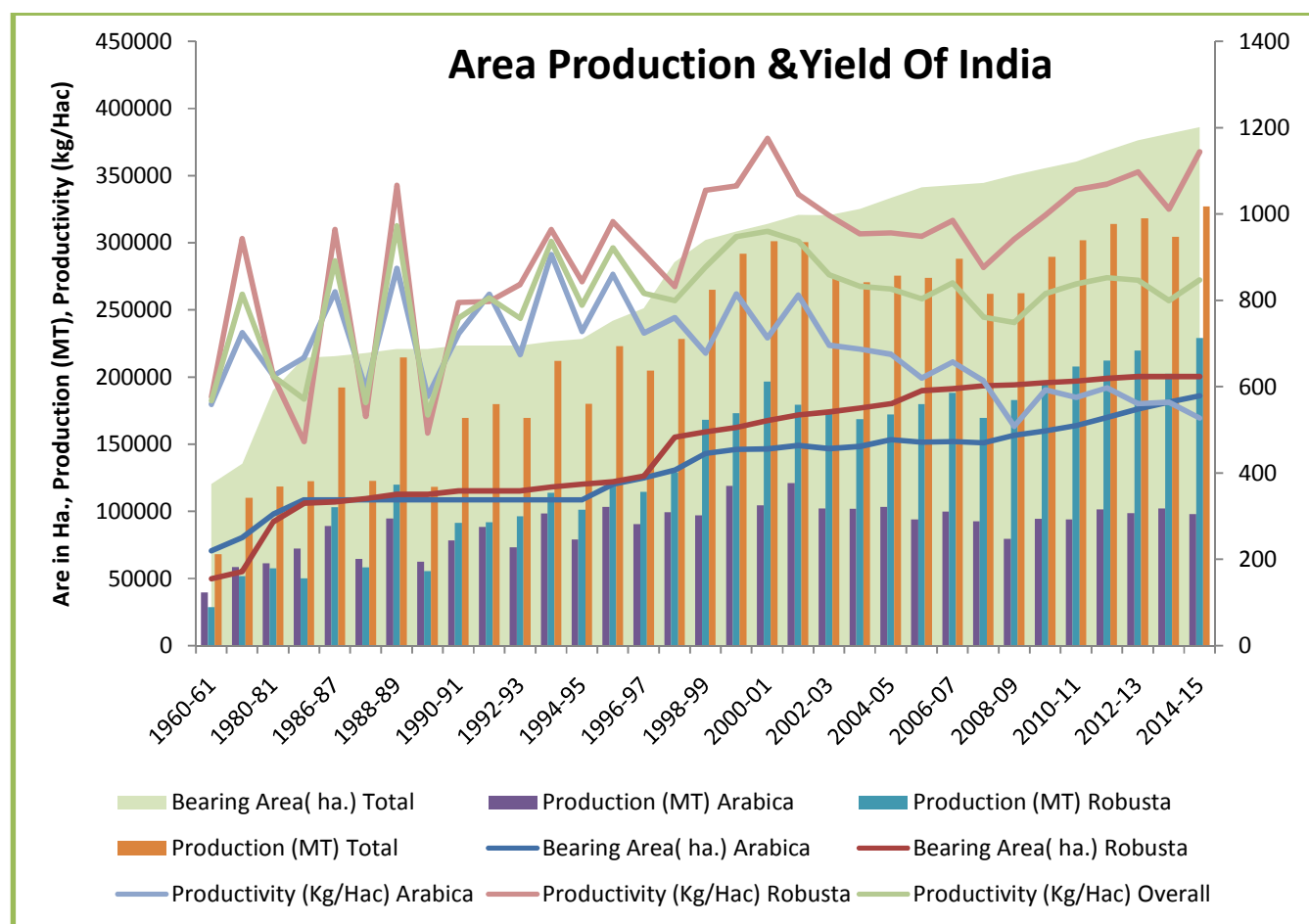


Source: The Coffee Board Of India

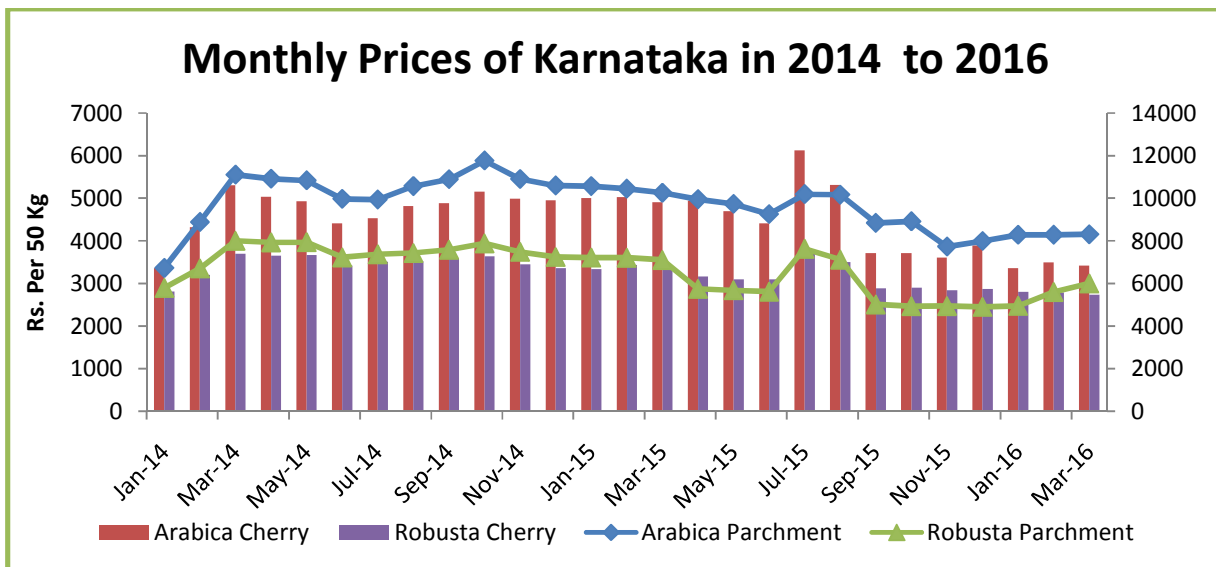
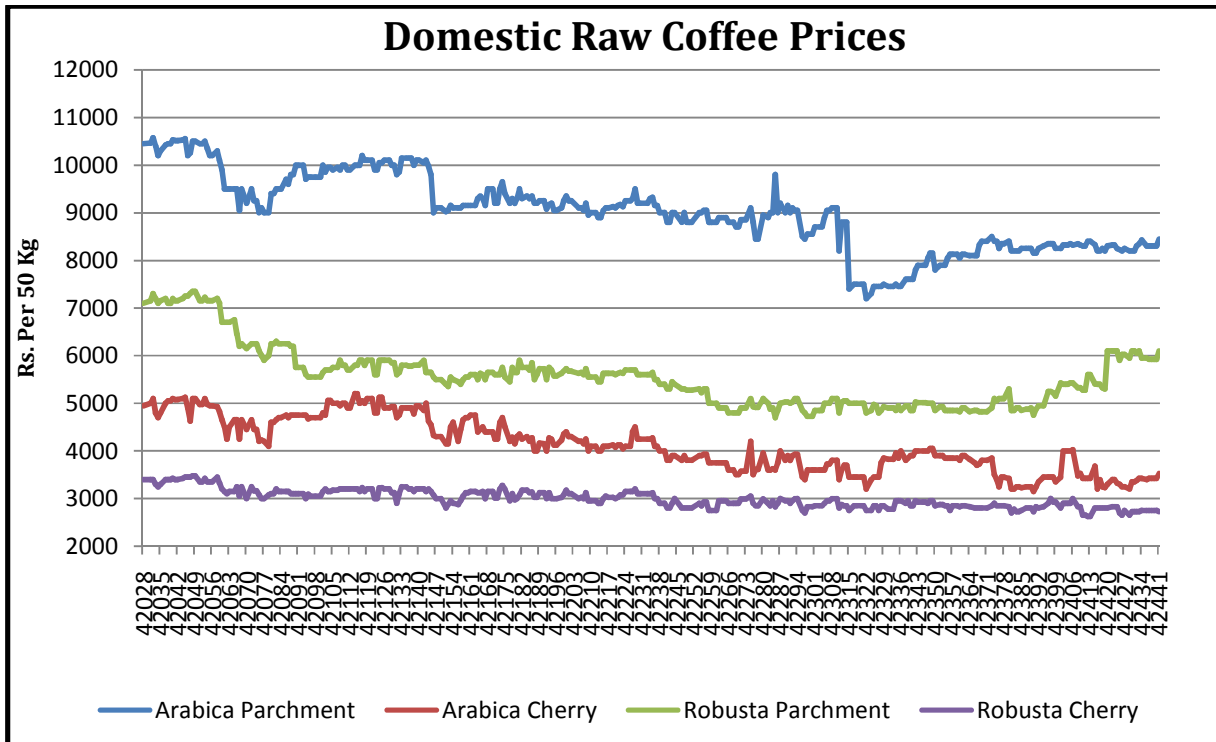
Domestic Coffee Crop Situation:-

According to the recent release data by the Coffee Board Of India, India covered 1.28% higher coffee crop area of 386195 hectares in 2014/15 followed by 2.67% Arabica coffee area of 185978 hectares and 0.02% higher Robusta coffee area of 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, productivity of Arabica is recorded down by 6.56% to 527 kg/hac against 654 kg/hac in last year.

Below table shows Area Production and Yield of India:-



Source: The Coffee Board Of India

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch


Domestic Raw Coffee Prices (Karnataka):-

Variety	12.03.2016	05.03.2016	Change
Arabica Parchment	8450	8425	25
Arabica Cherry	3525	3425	100
Robusta Parchment	6100	5950	150
Robusta Cherry	2725	2750	-25

* Values in Rs. per 50 Kg

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

Grade	03.03.2016	25.02.2016	Change	03.03.2016	25.02.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	264.56	-	--	--		-
AA	--	-	--	--	--	-
PB	185		--	--	--	
A	--		--	--	-	-
AB	--		--	--	-	-
B	180	180	--	--	-	-
C	--	--	--	--	-	-
BBB	111	108		--	-	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	-	--	--	-
A	--	--	-	--	--	-
PB	145	--	-	--	--	-
AA	153	--	-	--	--	-
AB	151	--	-	---	---	-
B	--	--	-	---	---	-
C	--	--	-	---	---	-
BBB	--	---	-	---	---	-

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 steady to upside momentum in next week.

- Technical chart shows upside momentum of the market.
- RSI is also moving up in neutral region at 50.47 in this week against 49.93, hinting further upside momentum in the next week.
- Along with this, 18 days exponential moving steady and supports steady 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	8450	8668	8858

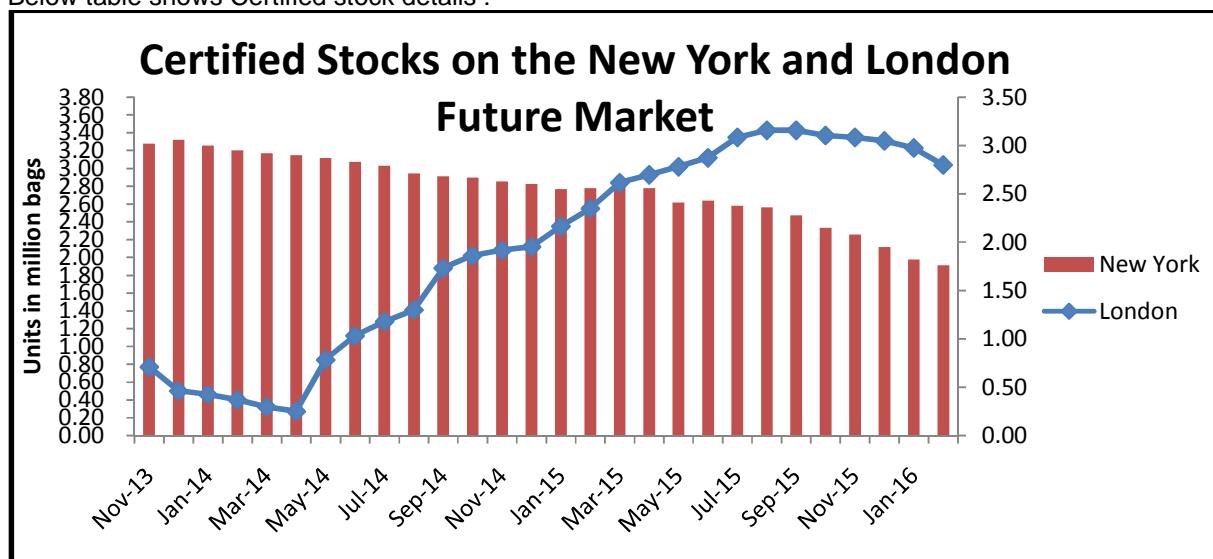
Units in Rs./50 kg.

International Market Updates

ICE coffee future prices closed at 120.85 cents/lb up by 4.54% against 115.60 cents/lb during this weekend. As per RTRS, ICE certified stocks went down by 20128 to 1471736 bags as on 11th March 2016 against 1491864 bags as on 2nd March, 2016. Overall stable monthly price momentum is seen in the market but prices remain at very low levels. The monthly average of the ICO composite indicator settled 0.8% higher in February on 111.75 cents/lb, but daily prices finished the month on a weak note on 110.07 cents. The three Arabica group indicators all averaged higher compared to last month, but Robusta fell for the fourth consecutive month to their lowest level since May 2010.

As per recent report of ICO, certified stock on the Newyork and London future market declined by 3.29% to 1.76 million bags and 5.88% to 3.04 million bags respectively in February 2016 against 1.82 million bags and 3.23 million bags respectively in last month.

Below table shows Certified stock details :-



Source:- ICO

Indonesia:- As per a coffee Industry Association, Indonesia's coffee bean production is likely to be higher 27% at 700,000 tonnes in 2016 from 550,000 tonnes in 2015. It is also higher than its last given estimates i.e. 600,000 tonnes. According to the government data, Robusta coffee exports fell by 55.68% to 9896.08 tonnes in February 2016 compared to 8418.8 tonnes in January 2016. Indonesia exported total 18314.88 tonnes of Robusta in 2016 so far. It shipped 47.91% in February 2016 compared to the volume of 18999 tonnes in February 2015.

Brazil:- As per the Coffee Exporters Association Cecafe, Brazil shipped higher by 1% to 2.5 million bags of green coffee in February against the same month a year ago. Arabica accounted for 2.43 million 60-kg bags of last month's exports, 9 percent higher from a year ago, while Robusta beans accounted for 67,592 bags down 73 percent from a year ago.

Vietnam:- In view of traders, Vietnam shipped around 150000-160000 (2.5-2.67) million 60 kg bags of the coffee in February 2016 against 120,000 tonnes as estimated earlier. Exports volume is expected to rise in March 2016. As per forecaster, the El Nino weather phenomenon is expected to delay the arrival of the rainy season in Vietnam's Central Highlands coffee belt by 10-15 days this year. El Nino is evolving strongly now and all our modules show the rainy season will start late in the Central Highlands this year. This may rise cost of watering tress while dryness can shrink yield and size of coffee cherry.

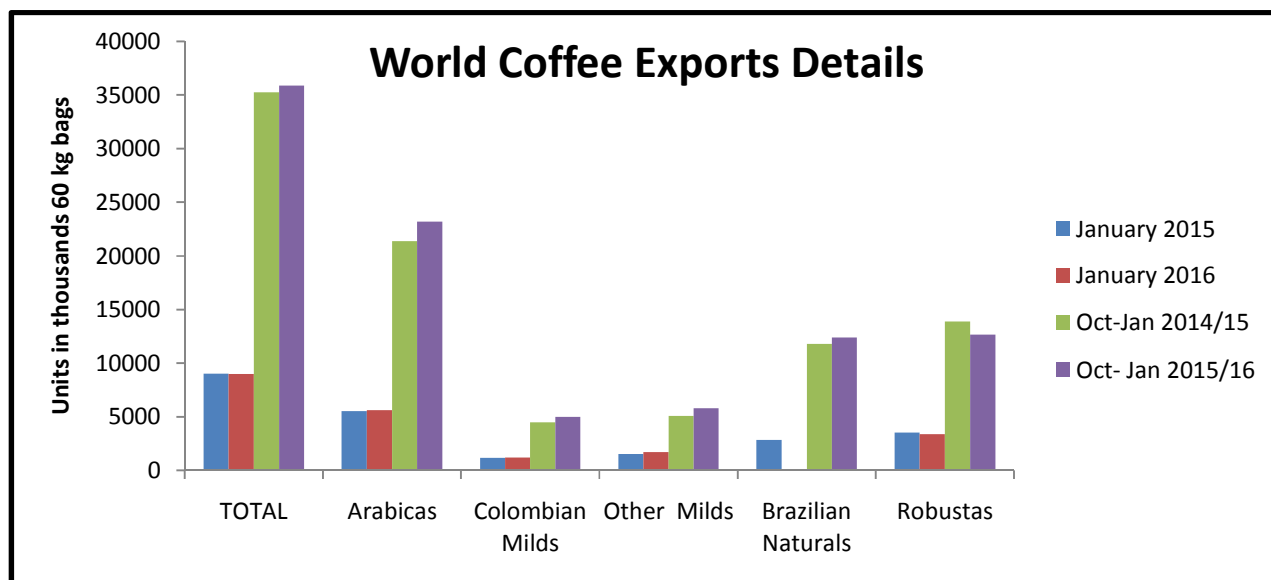
Coffee Exports Details Of The World:-

According to ICO report, world's coffee exports in January 2016 went down by 0.8% to 9.04 million bags as compared to January 2015 exports value i.e. 8.96 million bags. While, total exports for the first four months of the coffee year (October to January in 2015/16) are slightly up 1.7% on 35.9 million bags against 35.25. Exports from Brazil have started to slowdown, with January shipments down by 10.2% at 2.74 million bags compared to last year record volume of 3.05 million bags due to thin stockpiles, although this is still a significant volume of coffee. While, Vietnam's coffee exports are placed up by 10.1% at 2.25 million bags against 2.04 million bags in January 2015. Colombia continues to export higher volumes i.e. 1.09 million bags in January 2016 with an increase of 38% from 1.05 million bags during corresponding period of last year, with production levels for the first third of the crop year already on 5.3 million bags.

Below table shows monthly coffee exports of the World:-

Monthly export statistics - January 2016 in Thousands 60 kg bags						
	January 2015	January 2016	% change	October - January		% change
				2014/15	2015/16	
TOTAL	9 041	8 964	-0.8%	35 251	35 865	17.0%
Arabicas	5 526	5 603	14.0%	21 368	23 189	85.0%
Colombian Milds	1 149	1 199	43.0%	4 477	4 986	11.4%
Other Milds	1 527	1 706	11.7%	5 093	5 809	14.1%
Brazilian Naturals	2 850	2 699	-53.0%	11 798	12 394	50.0%
Robustas	3 514	3 361	-44.0%	13 882	12 676	-87.0%

Source: ICO



Source: Reuters

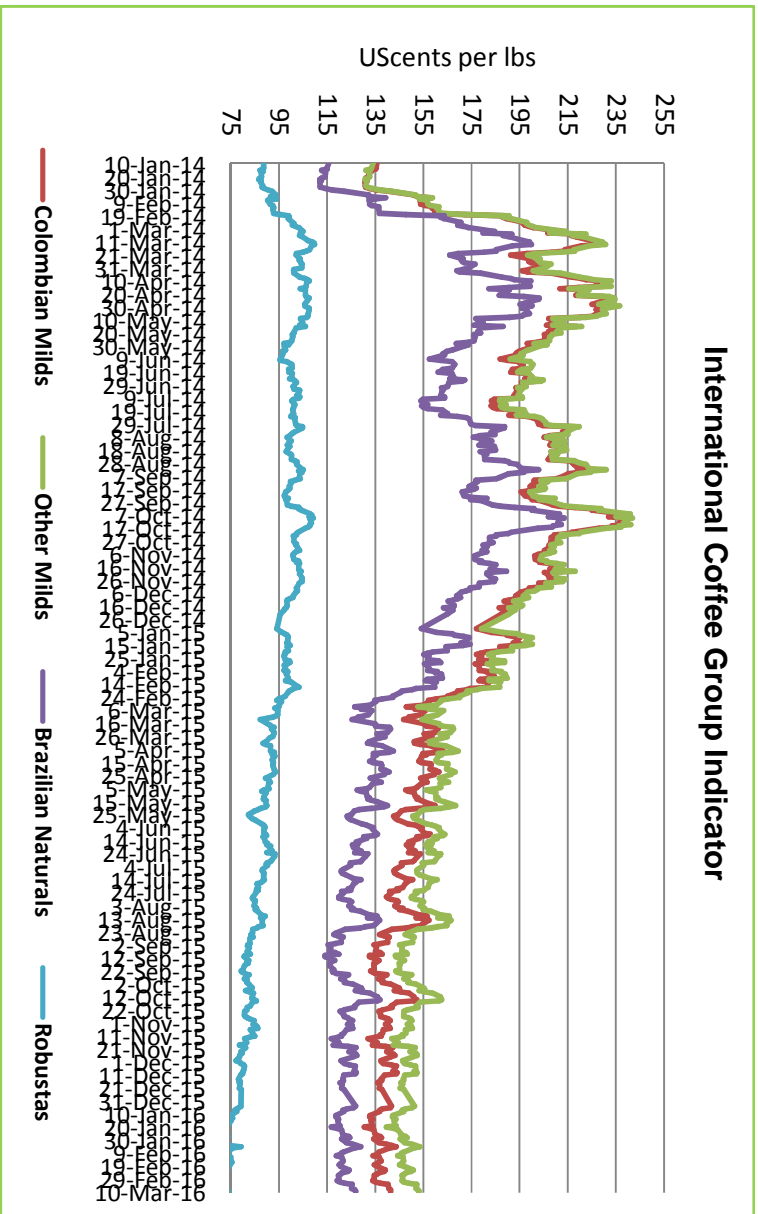
International Coffee Price Trend:-

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

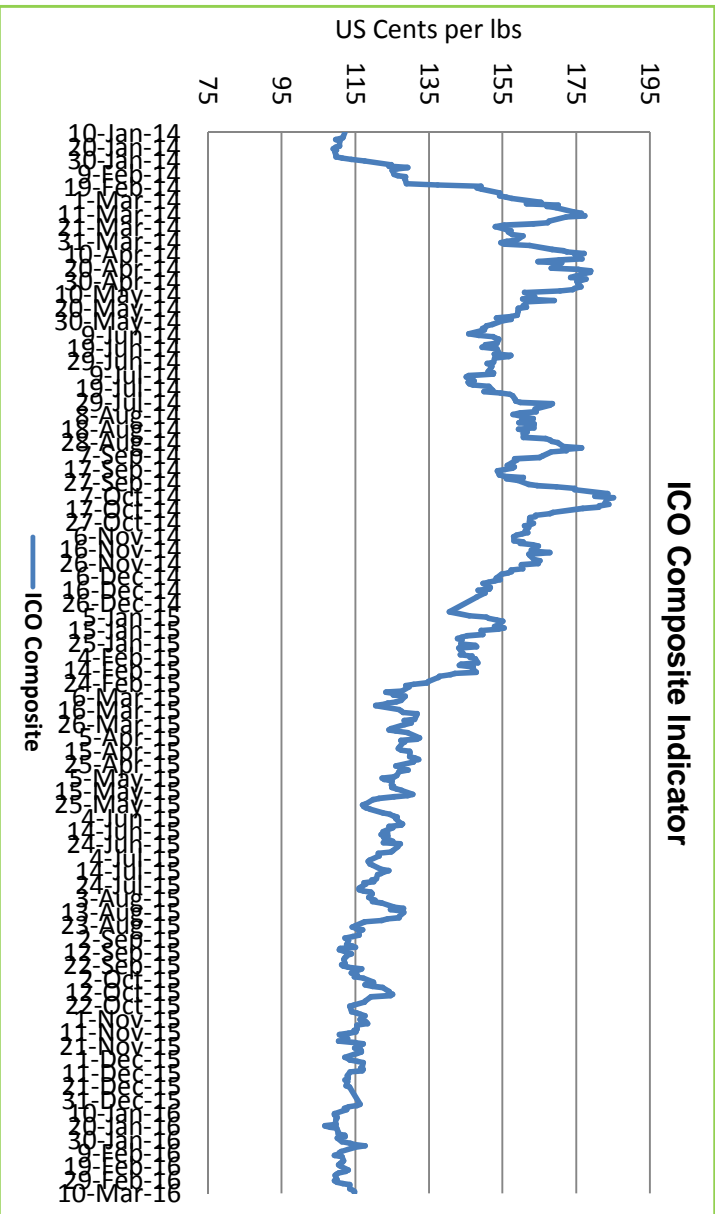
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	10.03.2016	03.03.2016	10.02.2016	10.03.2015
ICO Composite Indicator	114.80	111.64	126.10	174.23
Colombian Milds				
US	141.25	137.75	150	227.50
Europe	141.46	136.63	154.06	221.61
Group Indicator	141.35	137.24	141.87	224.79
Other Milds				
US	152.94	148.69	158.44	228
Europe	153.33	149.27	159.67	226.53
Group Indicator	153.17	149.03	159.20	227.09
Brazilian Naturals				
US	113.25	107.75	125	188.50
Europe	131.65	127.46	132.40	199.39
Group Indicator	126.86	122.34	130.48	196.56
Robusta				
US	82.17	80.58	99.92	113.83
Europe	72.31	71.22	92.56	105.85
Group Indicator	73.99	72.81	93.81	107.12

US cents/lb

International Coffee Indicators Charts:-



Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(10-March-2016)	Week Ago(03-March-2016)	Month Ago(03-February-2016)	Weekly Change (%)
16-Mar	120.85	115.60	121.55	4.54
16-May	122.35	117.85	123.50	3.82
16-Jul	124.25	119.60	125.20	3.89

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(10-March-2016)	Week Ago(03-March-2016)	Month Ago(03-February-2016)	Weekly Change (%)
16-Mar	1393	1366	1392	2
16-May	1420	1394	1420	2
16-Jul	1449	1424	1450	2

USD/T

International Coffee Prices

	10.03.2016	03.03.2016	10.02.2016	10.03.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	31250	30750	30950	38850
Vietnam FOB (2-5 pct)* (Saigon port)	1450	1450	1445	1920
Indonesian FOB (4-80 defects)** (Lampung Port)	1610	1570	1610	1590

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

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (08/03/2016)	Average Prices In	Prices This Auction In (01/03/2016)
Arabica AA	115-380	261.59	74-466
Arabica AB	89-375	237.24	67-314
Arabica C	61-257	189.31	60-239
Arabica PB	126-351	239.79	81-320
Arabica T	59-131	108.54	48-126
Arabica TT	52-301	168.36	70-226

Units-\$/50 kg bags

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


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

- Candlestick chart depicts downtrend in the market.
- 14 days EMI hints at a slight upward momentum at 118.94 against 116.75 in the market.
- Lower volume and high prices indicates further short covering phase of the market.
- However, RSI is up at 53.23 compared to 48.26 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
90.50	110	124.40	132.59	150.14

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



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

- Candlestick chart shows upward momentum in the market on buying interests.
- Relatively 14-days EMA is moving higher at 1385 against last week records i.e.1378, indicating further steady to higher tone in the market.
- On the other hand, RSI is higher at 41.76 in neutral region against 37.28 of last week hinting a further upward momentum of the market in upcoming week.

Strategy: Market participants are advised to buy in the short period of time.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
1350	1400	1402	1461	1549

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