

**Executive Summary****Domestic Coffee Market Summary**

Domestic coffee prices slumped in Karnataka physical market, as on 19th March 2016 on sluggish demand. Domestic beans demand is very low as of now. Indian traders and farmers hold remaining 10% old stocks in hand. Coffee trees are standing on flowering stage. Most of the Robusta coffee plants are irrigated artificially. However, Arabica trees need rainfall. If the existing dry weather continues, it may harm flowers of Robusta trees and productivity maybe affected for the next season. During March month, volatile domestic prices indicate price rise in the first week of this month and lowering in the second week. Overall differences in the domestic coffee prices ranged between Rs. 50 to 100 /60 kg bag in raw form, but we saw good improvement of around Rs 500 only with Robusta parchment price momentum.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 16th March 2016 is registered higher by 31.01% at 57737 metric tons compared to 47216 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee. Instant Coffee export between 1st January 2016 to 16th March 2016 this year, is recorded higher by 15.79% at 4590 metric tons from preceding year volume of 3964 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 31.01% at 12580, 35.64% at 33436 metric tons respectively against exports volume of 9602 metric tons, 24650 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 2723 metric tonnes with a decline of 22.02% and Robusta parchment at 4354 metric tonnes with a decline of 20.21%.

**Recommendation:**

Weekly Call - : Market participants are advised to stay away due to volatility in the market.

**International Coffee Market Summary**

As per Vietnam's custom data, Vietnam shipped lower coffee exports by 30.1% to 119,000 tonnes (1.98 million 60 kg bags) in February 2016. While, total coffee exports volume during Oct 2015 to February 2016 (the first five months) is registered 20.2% high at 634,300 tonnes of the season 2015/16. Traders had forecast coffee exports in the holiday-shortened February at 90,000-100,000 tonnes, while the government estimated the monthly shipment at 120,000 tonnes. Due to dry weather condition and higher global prices, domestic coffee sale of Vietnam surged while exporters have not rushed to sell to foreign buyers. As per sources, the dry season has entered its peak in Vietnam's Central Highlands coffee belt, affecting nearly a fifth of the coffee farms and rainy season is expected to begin after 10 to 15 days.

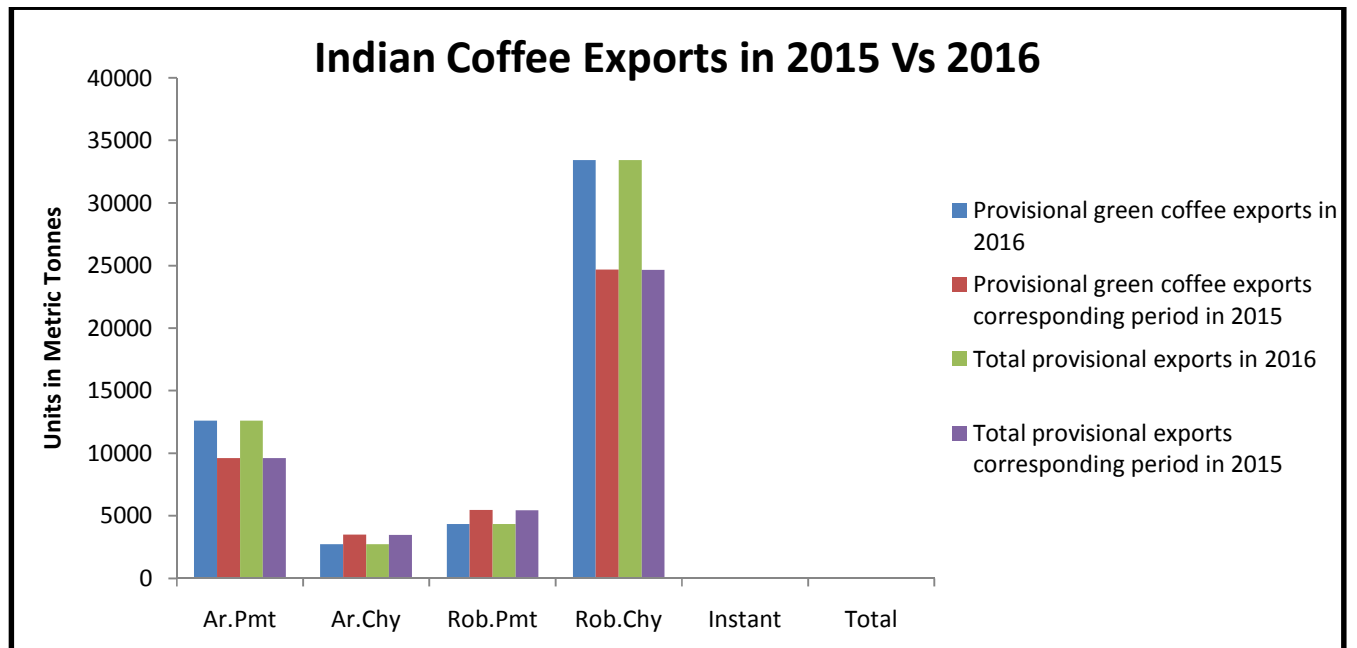
According to ICO report, world's coffee exports in January 2016 went down by 0.8% to 9.04 million bags as compared to January 2015 exports value i.e. 8.96 million bags. While, total exports for the first four months of the coffee year (October to January in 2015/16) are slightly up 1.7% on 35.9 million 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. 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.

### Domestic Coffee Exports of India -:

Below table shows coffee exports details of India-

Export update: From 01 <sup>st</sup> January 2016 to 15th 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)	12580	2723	4354	33436	10	44	4590	57737
2	Provisional exports corresponding period last year	9602	3492	5457	24650	6	44	3964	47216
3	Provisional re-exports	0	0	0	0	0	5	16704	16709
4	Provisional re-exports corresponding period last year	0	0	0	0	18	22	13708	13748
5	Total provisional exports (1+3)	12580	2723	4354	33436	10	49	21294	74446
6	Total provisional exports corresponding period last year (2+4)	9602	3492	5457	24650	25	66	17672	60964

Source: The Coffee Board Of India



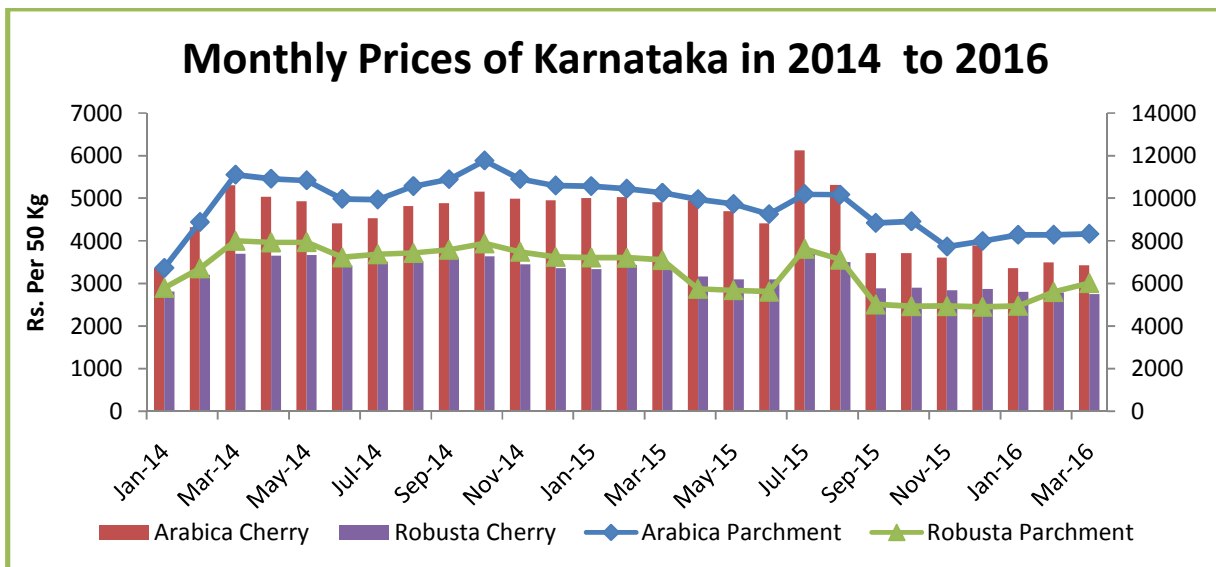
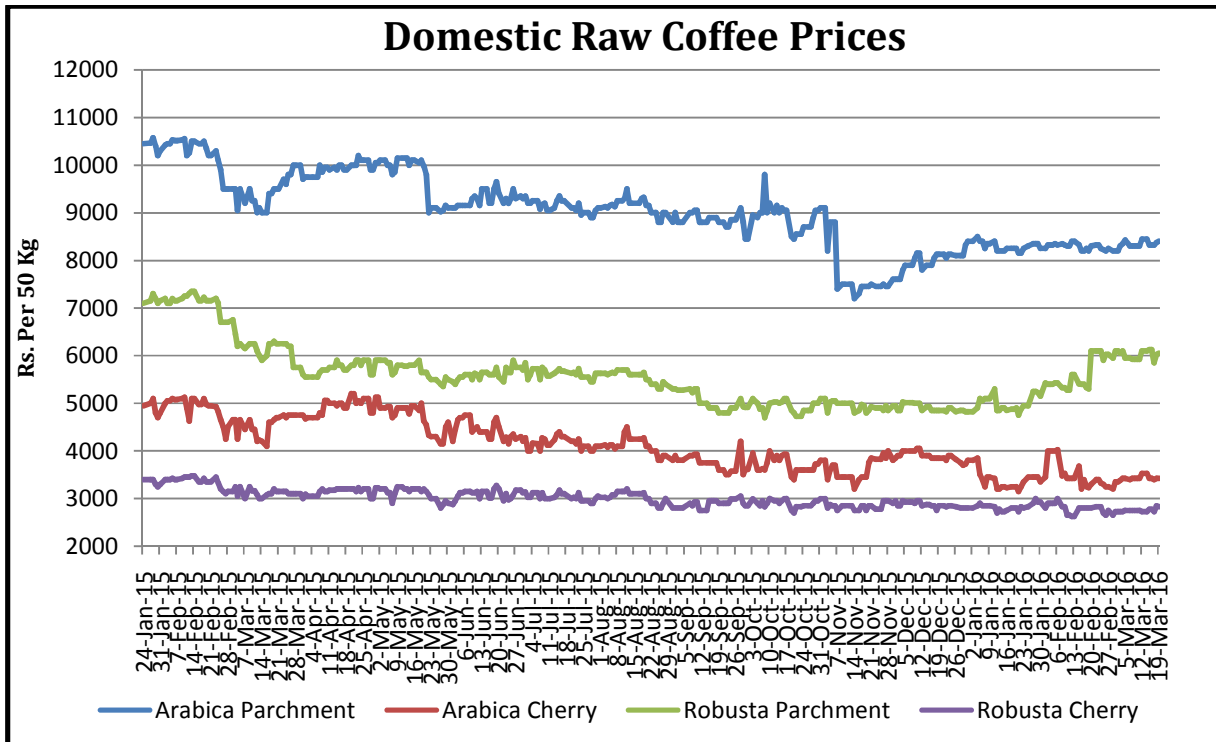
Source: The Coffee Board Of India

**Domestic Coffee Crop Situation:-**

Below table depicts Post Monsoon and Final Coffee Crop Estimates:-

State/District	Post Monsoon Forecast 2015-16			Final Estimate 2014-15		
	Arabica	Robusta	Total	Arabica	Robusta	Total
<b>Karnataka</b>						
Chikmagalur	42,425	41,385	<b>83,810</b>	38,200	40,880	<b>79,080</b>
Kodagu	21,085	116,620	<b>137,705</b>	18,030	104,090	<b>122,120</b>
Hassan	18,950	12,875	<b>31,825</b>	18,525	13,505	<b>32,030</b>
<b>Sub total</b>	<b>82,460</b>	<b>170,880</b>	<b>253,340</b>	<b>74,755</b>	<b>158,475</b>	<b>233,230</b>
<b>Kerala</b>						
Wayanad	0	57,370	<b>57,370</b>	0	56,675	<b>56,675</b>
Travancore	1,000	7,380	<b>8,380</b>	880	7,370	<b>8,250</b>
Nelliampathies	1,200	1,700	<b>2,900</b>	1,175	1,600	<b>2,775</b>
<b>Sub total</b>	<b>2,200</b>	<b>66,450</b>	<b>68,650</b>	<b>2,055</b>	<b>65,645</b>	<b>67,700</b>
<b>Tamil Nadu</b>						
Pulneys	7,135	345	<b>7,480</b>	7,300	325	<b>7,625</b>
Nilgiris	1,475	3,825	<b>5,300</b>	1,550	3,850	<b>5,400</b>
Shevroys (Salem)	3,475	70	<b>3,545</b>	3,400	50	<b>3,450</b>
Anamalais (Coimbatore)	1,300	500	<b>1,800</b>	900	500	<b>1,400</b>
<b>Sub total</b>	<b>13,385</b>	<b>4,740</b>	<b>18,125</b>	<b>13,150</b>	<b>4,725</b>	<b>17,875</b>
<b>Non Traditional Areas</b>						
Andhra Pradesh	9,050	50	<b>9,100</b>	7,370	55	<b>7,425</b>
Orissa	600	0	<b>600</b>	550	0	<b>550</b>
<b>Sub Total</b>	<b>9,650</b>	<b>50</b>	<b>9,700</b>	<b>7,920</b>	<b>55</b>	<b>7,975</b>
North Eastern Region	105	80	<b>185</b>	120	100	<b>220</b>
<b>Grand Total (India)</b>	<b>107,800</b>	<b>242,200</b>	<b>350,000</b>	<b>98,000</b>	<b>229,000</b>	<b>327,000</b>

Source: The Coffee Board Of India

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


Source: Agriwatch

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

Variety	19.03.2016	12.03.2016	Change
Arabica Parchment	8400	8450	-50
Arabica Cherry	3425	3525	-100
Robusta Parchment	6050	6100	-50
Robusta Cherry	2825	2725	100

\* Values in Rs. per 50 Kg

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

Grade	10.03.2016	03.03.2016	Change	10.03.2016	03.03.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	264.56	--	--	--	-
AA	--	--	--	--	--	-
PB	190.50	185	5.5	--	--	--
A	--	--	--	--	-	-
AB	--	--	--	--	-	-
B	181	180	1	--	-	-
C	148	--	--	--	-	-
BBB	--	111	--	--	-	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	-	--	--	-
A	--	--	-	--	--	-
PB	145	145	Unchanged	--	--	-
AA	153	153	Unchanged	--	--	-
AB	151	151		---	---	-
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 downside momentum in next week.

- Technical chart shows downside momentum of the market.
- RSI is also moving down in neutral region at 49.32 in this week against 50.47, hinting further downside momentum in the next week.
- Along with this, 18 days exponential moving steady and supports steady to down momentum of the market.
- We expect further downtrend in the market in coming days.

**Strategy:** Market participants are advised to stay away for the short period of time.

**Arabica Parchment (Karnataka Spot Market Price)**

Support and Resistance				
S2	S1	PCP	R1	R2
7802	8075	8400	8672	8974

Units in Rs./50 kg.

### International Market Updates

ICE coffee future prices closed at 127.40 cents/lb significantly higher by 5.64% in this week against 120.60 cents/lb of the last week. As per RTRS, ICE certified stocks went down by 5817 to 1,445,818 bags as on 17th March 2016 against 1,454,683 bags as on 16th March, 2016. As per the Green Coffee Association, U.S. green coffee went up by 33981 bags to 5.9 million 60 kg bags by the end of February 2016.

Below table shows the details of U.S. green coffee:-

Ports	Total Exchange& Non-Exchange	Change From Last Date
New York	1691820	35226
New Orleans	650,625	53620
Jacksonville	363000	-16000
Miami	137822	157
Houston	454,403	-32226
Laredo	33670	-2927
San Francisco	794628	-60111
Norfolk	468807	15535
Philadelphia	9518	4460
Seattle/Tacoma	283018	-16449
Los Angeles/ Long Beach	153088	-3378
Baltimore	641872	54545
South Carolina	187071	1529
Total USA	5869288	33981

Source: Reuters

**Indonesia:-** As per sources, Indonesia may face dryer than normal weather in several fire and haze- prone regions in western and central area in March and April 2016 on account of smoldering fires, often set deliberately to clear land for palm oil plantations on Sumatra and Borneo islands.

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.

### **World Scenario:-**

**1)** As per the Nairobi Coffee Exchange the highest price of Kenya's benchmark grade AA coffee declined at this week's auction from the previous sale. The East African country produces high-quality coffee, which is in huge demand from roasters worldwide, and used to blend with beans from other countries.

**2)** As per ICO, world coffee consumption is registered at 152.10 million bags in 2015 higher from 150.3 million in 2014. The average annual growth rate over the last four years remains at a healthy 2%. Demand in 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 also continues to expand, 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. Consumption growth in Brazil has slowed to an average of 0.5%, but remains high on 20.5 million bags. Much of the recent growth has come from Asia, with Indonesia, the Philippines, India and Thailand all growing at between 4.5 and 9%. Hence, total consumption in exporting countries is estimated at 47.3 million bags, at an average annual growth rate of 2.3% over the last four years.

**Coffee Production Details Of The World:-**

Below table shows monthly coffee Production of the World:-

	2011/12	2012/13	2013/14	2014/15	2015/16 JUNE	2015/16 December
<b>Production</b>						
Brazil	49,200	57,600	57,200	54,300	52,400	49,400
Vietnam	26,000	26,500	29,833	27,400	28,600	29,300
Colombia	7,655	9,927	12,075	13,300	13,000	13,400
Indonesia	8,300	10,500	9,500	8,800	11,000	10,605
Ethiopia	6,320	6,500	6,345	6,475	6,500	6,500
India	5,230	5,303	5,075	5,440	5,200	5,300
Honduras	5,600	4,725	4,400	5,000	5,900	5,900
Uganda	3,075	3,600	3,850	3,550	3,800	3,800
Guatemala	4,410	4,010	3,515	3,365	3,215	3,315
Mexico	4,300	4,650	3,950	3,300	3,300	3,400
Peru	5,200	4,300	4,250	2,900	3,500	3,000
Nicaragua	2,100	1,925	2,000	2,100	2,150	2,200
Malaysia	1,450	1,400	1,500	1,750	1,800	1,800
Costa Rica	1,775	1,675	1,450	1,400	1,350	1,350
Cote d'Ivoire	1,600	1,750	1,675	1,400	1,325	1,325
Thailand	850	850	850	900	900	900
Papua New Guinea	1,400	825	855	810	850	850
Tanzania	565	1,180	800	800	1,250	900
Kenya	750	660	850	780	900	840
El Salvador	1,200	1,250	550	700	700	700
Other	6,902	5,803	5,148	5,065	5,011	5,337
<b>Total</b>	143,882	154,933	155,671	149,535	152,651	150,122

Source: ICO

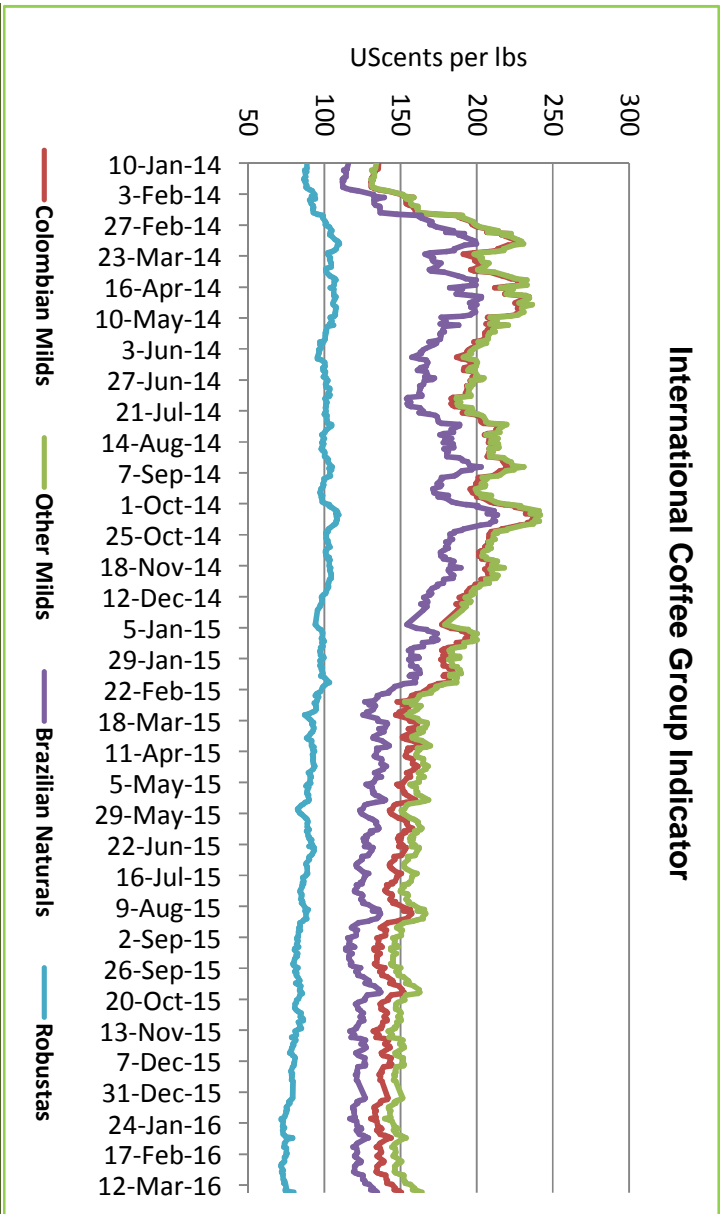


**International Coffee Price Trend:-**
**Germany Market – Hamburg and Bremen, France Market – (Le Havre and Marseilles) \* Values**

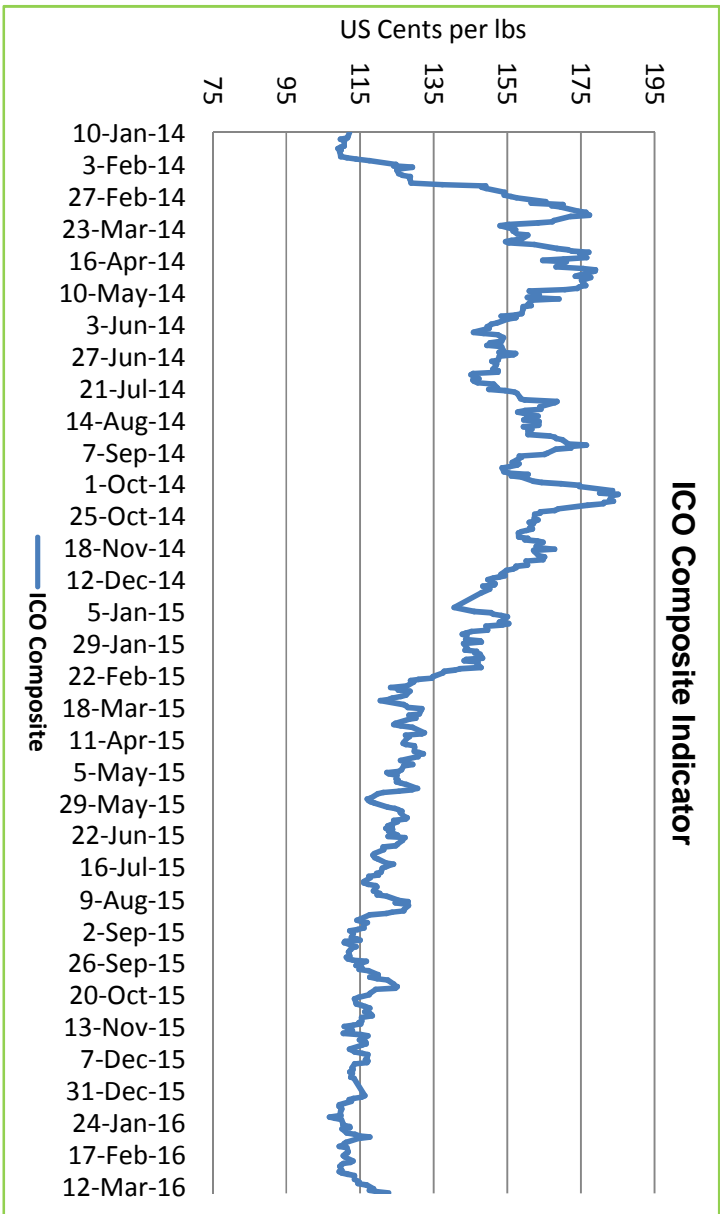
	<b>As on</b>	<b>Week Ago</b>	<b>Month Ago</b>	<b>Year Ago</b>
<b>International Coffee Prices</b>	<b>17.03.2016</b>	<b>10.03.2016</b>	<b>17.02.2016</b>	<b>17.03.2015</b>
<b>ICO Composite Indicator</b>	122.77	114.80	110.98	127.53
<b>Colombian Milds</b>				
US	151.50	141.25	136.50	153.25
Europe	149.47	141.46	134.82	158.54
Group Indicator	150.57	141.35	135.73	155.68
<b>Other Milds</b>				
US	163.94	152.94	147.69	161.19
Europe	163.99	153.33	144.52	161.86
Group Indicator	163.97	153.17	145.82	161.60
<b>Brazilian Naturals</b>				
US	123.50	113.25	106.50	130.25
Europe	138.67	131.65	125.48	137.05
Group Indicator	134.73	126.86	120.54	135.28
<b>Robusta</b>				
US	83.92	82.17	82.50	96.75
Europe	79.15	72.31	73.31	90.02
Group Indicator	79.96	73.99	74.87	91.10

**US cents/lb**

## International Coffee Indicators Charts:-



Source: ICO



Source: ICO

**International Future Market Prices :-**

ICE Arabica Coffee Futures Prices				
Contract Months	Today(17-March-2016)	Week Ago(10-March-2016)	Month Ago(10-February-2016)	Weekly Change (%)
16-Mar	127.40	120.85	116.85	5.64
16-May	129.05	122.35	118.80	5.65
16-Jul	130.75	124.25	120.65	5.40

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(17-March-2016)	Week Ago(10-March-2016)	Month Ago(17-February-2016)	Weekly Change (%)
16-Mar	1395	1393	1442	1
16-May	1406	1420	1468	0
16-Jul	1435	1449	1488	0

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 (15/03/2016)	Average Prices In	Prices This Auction In (08/03/2016)
Arabica AA	64-362	264.24	115-380
Arabica AB	65-334	235.94	89-375
Arabica C	54-260	191.6	61-257
Arabica PB	86-343	235.54	126-351
Arabica T	40-139	74.25	59-131
Arabica TT	41-233	166.85	52-301

**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 uptrend in the market.
- 14 days EMI hints at a slight upward momentum at 123.20 against 118.94 in the market.
- Lower volume and high prices indicates further short covering phase of the market.
- However, RSI is up at 61.19 compared to 53.23 of last week momentum indicating higher 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
112.38	118.94	133.85	139.39	155.99

### 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 EMI is moving higher at 1403 against last week records i.e.1385, indicating further steady to higher tone in the market.
- On the other hand, RSI is higher at 46.50 in neutral region against 41.76 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
1300	1358	1447	1491	1548

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