

Executive Summary**Domestic Coffee Market Summary**

Domestic coffee prices increased in Karnataka physical market, as on 23rd March 2016 on improved demand. Ups and downs demand in the market is causing a volatility in the market. 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.

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.

As per DGCIS latest report, India received around Rs.455.07 crore as the total coffee exports revenue which is 66.69 million in USD in February 2016. This is lower by 6.68 % in Rs. and 15.15% in USD respectively as against Rs.487.62 crore and USD 78.60 million respectively in the corresponding month of previous year. It stood at Rs.4516.95 crore and the value in USD at 693.36 million since April-2015 to February 2016 up by 4.68% in Rs. however down by 2.15% in USD as against the last year revenue i.e. Rs.4315.07 crore and in USD 708.63 million in corresponding period of time.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 21st March 2016 is registered higher by 15.57% at 644496 metric tons compared to 55805 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 21st March 2016 this year, is recorded higher by 13.48% at 4922 metric tons from preceding year volume of 4337 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 24.77% at 14029, 27.63% at 37502 metric tons respectively against exports volume of 11243 metric tons, 29383 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 3073 metric tonnes with a decline of 18.09% and Robusta parchment at 4915 metric tonnes with a decline of 30.10%.

Recommendation:

Weekly Call - : Market participants are advised to go long at the current price level in the market.

International Coffee Market Summary

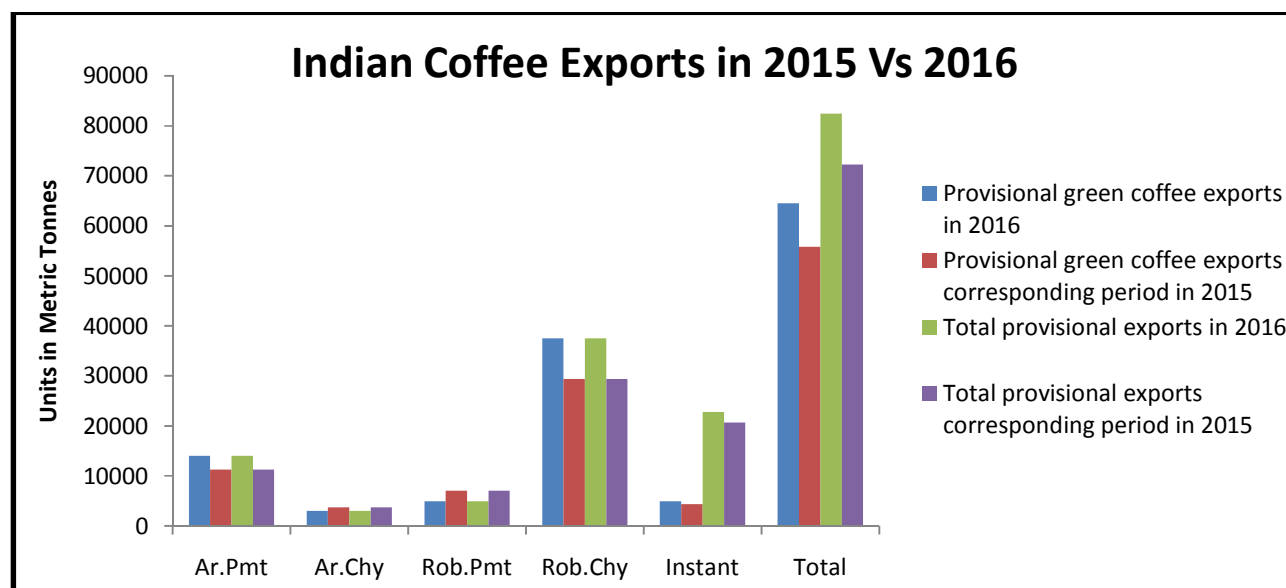
In view of an exporter and trader, Exportadora, Brazil may produce 55.5 million bags of coffee in 2016/17 with an increase of 11% against 50 million bags of estimated output in 2015/16. Rabobank currently forecasts Arabica prices averaging 127 cents a pound in the April-to-June quarter, showing a small decline to 122 cents a pound by year end. 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. 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 Exports of India -:

Below table shows coffee exports details of India-

Export update: From 01 st January 2016 to 21st 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)	14029	3073	4915	37502	10	46	4922	64496
2	Provisional exports corresponding period last year	11243	3752	7032	29383	7	52	4337	55805
3	Provisional re-exports	0	0	0	0	0	5	17889	17893
4	Provisional re-exports corresponding period last year	0	0	0	0	36	22	16371	16429
5	Total provisional exports (1+3)	14029	3073	4915	37502	10	51	22811	82390
6	Total provisional exports corresponding period last year (2+4)	11243	3752	7032	29383	43	74	20708	72234

Source: The Coffee Board Of India



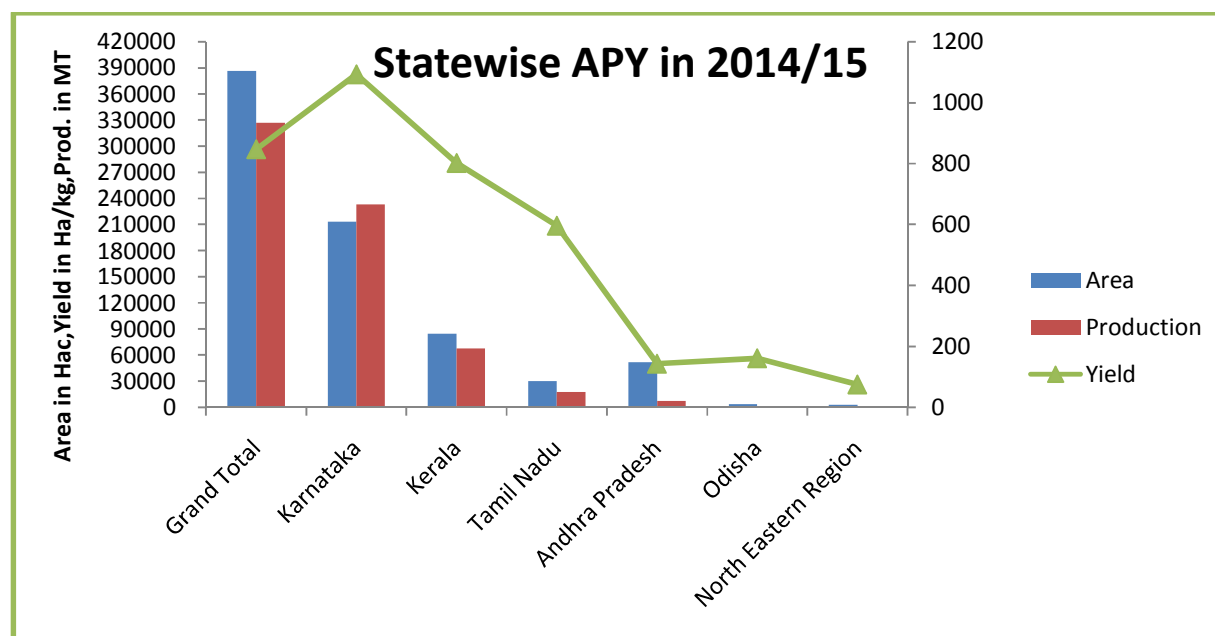
Source: The Coffee Board Of India

Domestic Coffee Crop Situation:-

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

State-wise APY in 2014/15			
	Area	Production	Yield
Grand Total	386195	327000	847
Karnataka	213386	233230	1,093
Kerala	84413	67700	802
Tamil Nadu	29996	17875	596
Andhra Pradesh	52074	7425	143
Odisha	3409	550	161
North Eastern Region	2917	220	75

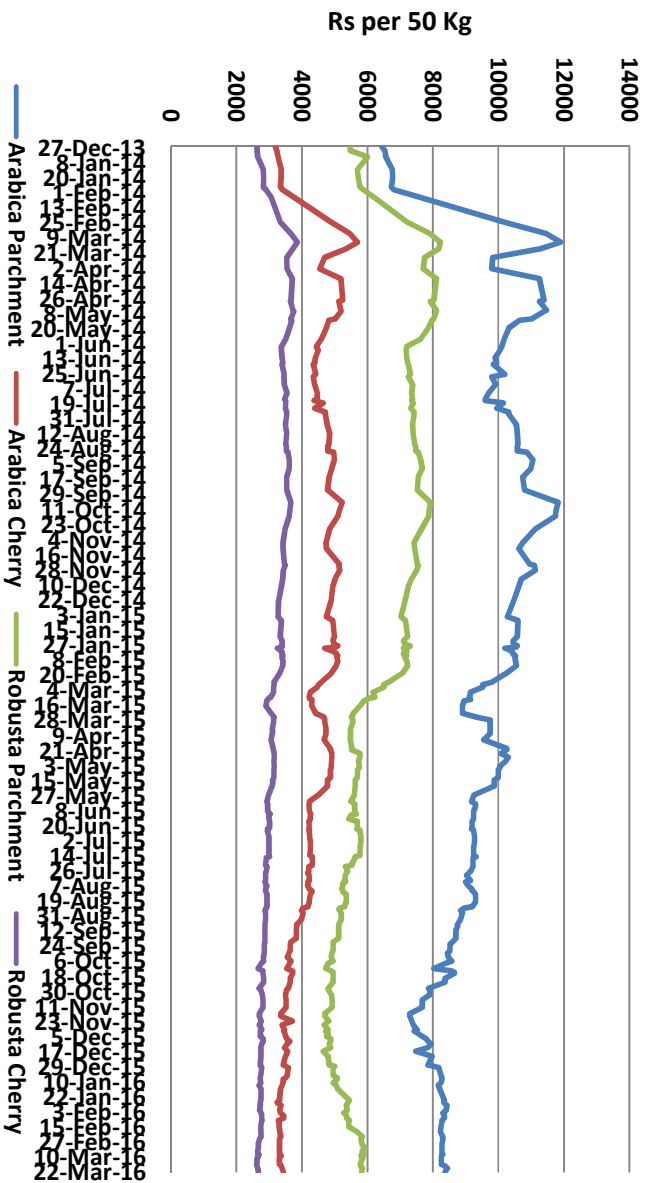
Source: The Coffee Board Of India



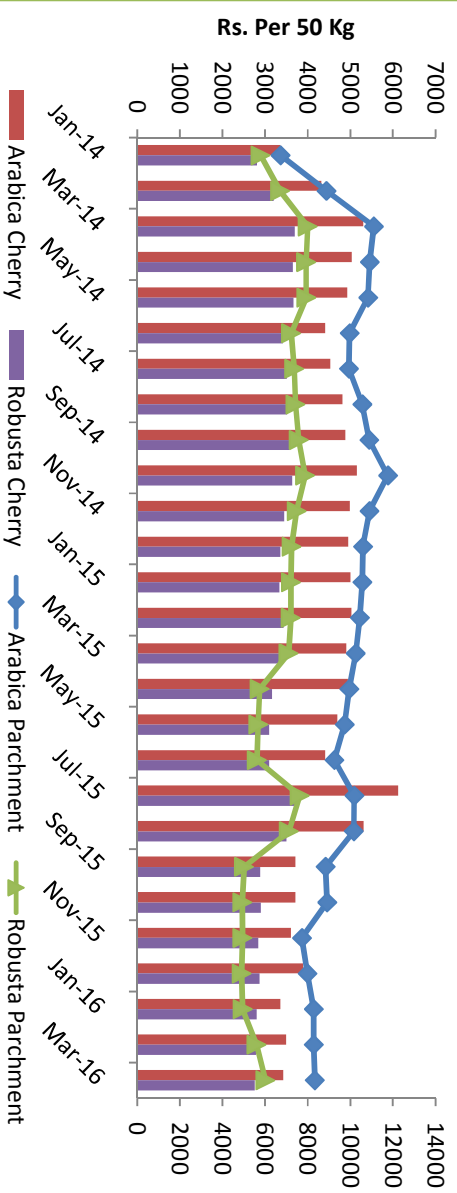
Source: The Coffee Board Of India

Coffee Prices Of Auction Market & State Wise Market

Domestic Raw Coffee Prices



Monthly Prices of Karnataka in 2014 to 2016



Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

Variety	23.03.2016	16.03.2016	Change
Arabica Parchment	8450	8325	125
Arabica Cherry	3450	3450	25
Robusta Parchment	6125	6125	Unchanged
Robusta Cherry	2800	2775	25

* Values in Rs. per 50 Kg

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

Grade	17.03.2016	10.03.2016	Change	17.03.2016	10.03.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	-
AA	--	--	--	--	--	-
PB	--	190.50	5.5	--	--	
A	231	--	--	--	-	-
AB	--	--	--	135	-	-
B	180.5	181	1	--	-	-
C	140	148	--	--	-	-
BBB	--	--	--	--	-	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	-	--	--	-
A	--	--	-	--	--	-
PB	--	145	-	--	--	-
AA	--	153	-	--	--	-
AB	--	151	-	---	---	-
B	--	--	-	---	---	-
C	--	--	-	---	---	-
BBB	92.5	---	-	---	---	-

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 upside momentum in next week.

- Technical chart shows upside momentum of the market.
- RSI is also moving up in neutral region at 50.53 in this week against 49.32, hinting further downside momentum in the next week.
- Along with this, 18 days exponential moving up and supports further upwards 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	8672	8974

Units in Rs./50 kg.

International Market Updates

ICE coffee future prices surged by 8% to 133.85 cents/lb in this week against 124.80 cents/lb of the last week. As per RTRS, ICE certified stocks declined by 5225 to 1429316 bags as on 23rd March 2016 against 1434541 bags as on 22nd March, 2016.

Below table shows ICE certified Arabica stocks details:-

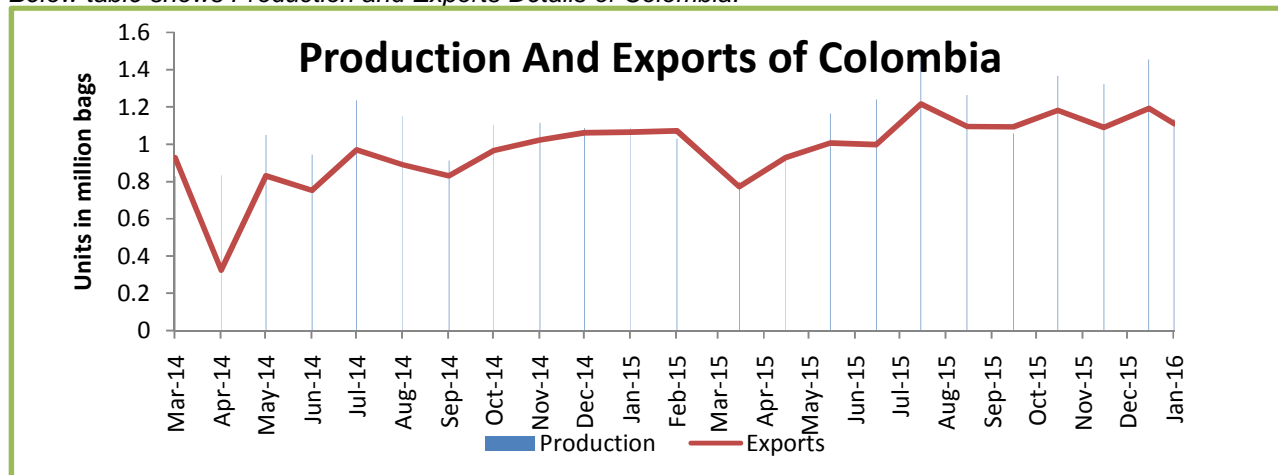
COUNTRIES	ANTWERP	BARCELONA	HAMBURG/BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Burundi	58174	0	44335	0	0	0	2137	104646
Colombia	106264	0	48832	8777	41528	825	180734	386960
Coasta Rica	250	0	0	0	0	0	0	250
El Salvador	425	0	25	0	0	0	1895	2345
Guatemala	1172	0	0	25	0	2200	5524	8921
Honduras	251162	0	14485	4234	4250	0	27758	311889
India	25176	0	1994	0	0	0	0	27170
Mexico	155578	0	2936	2247	0	0	25266	186027
Nicaragua	40449	0	0	550	0	275	2000	43274
Peru	123014	0	53393	1698	0	0	81453	259558
Rwanda	44549	0	9393	0	0	0	0	53942
Tanzania	70	0	227	0	0	0	578	875
Uganda	20993	295	21891	0	0	0	280	43459
Total in Bags	827276	295	197511	17531	45778	3300	327625	1429316

Source:- Reuter

Brazil:- As per, Agriculture ministry's crop supply agency Conab, Brazil will auction roughly 188,000 bags of Arabica coffee from government stocks. The government, which is in need of revenues to cover a growing budget shortfall, has been trying to sell - largely unsuccessfully - some of the 1.5 million 60-kg bags of Arabica coffee that it holds in public stocks. The coffee was acquired from producers during the 2009/2010 harvest and is mostly green to yellow, hard cup, with 26 to 86 defects. It currently sits stacked in Conab warehouses across the coffee belt. Conab has been holding regular coffee auctions from public stocks since late in 2015 but all except the last one earlier in early February flopped due to high minimum prices that the market snubbed. Even the last auction only sold a fraction of the bags on offer.

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.

Below table shows Production and Exports Details of Colombia:-



Source: Reuters

Coffee Production Details Of The World:-

Below table shows coffee Production details :-

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
Exportadora	7th March 2016	50	55.5	13	42.5	-	-	-	
Wolthers	17th Feb 2016	45.6	54-55	14	40-41	-	-	-	
IBGE	4th Feb 2016	44.1	49.7	11.3	38.4	-	-	-	-
Terra Forte	3rd Feb 2016	47.28	54.17	12.79	41.38	-	-	-	-
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	-	-	-	-

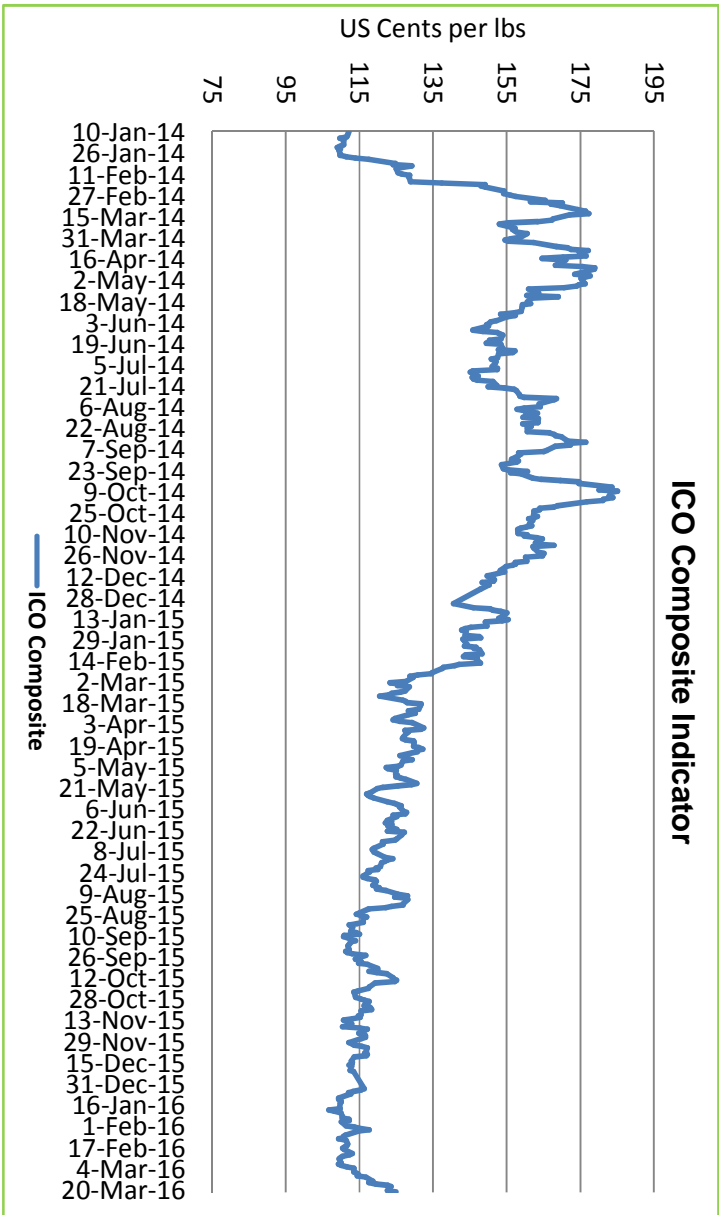
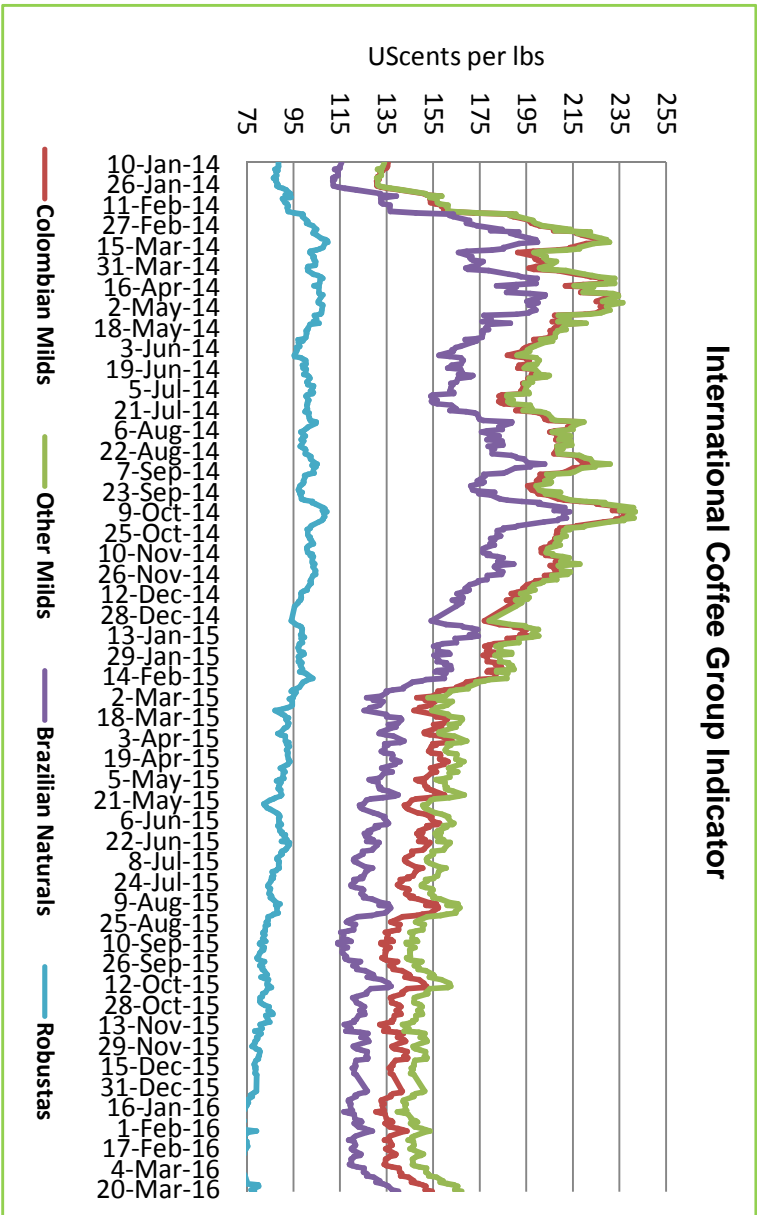
Source: Reuters

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	22.03.2016	15.03.2016	22.02.2016	22.03.2015
ICO Composite Indicator	124.95	117.58	113.11	131.15
Colombian Milds				
US	153.75	145.75	139.50	156.75
Europe	155.46	145.71	138.59	162.84
Group Indicator	154.54	145.73	139.08	159.55
Other Milds				
US	166.19	156.94	151.19	164.94
Europe	167.99	158.65	150.51	167.01
Group Indicator	167.25	157.95	150.79	166.22
Brazilian Naturals				
US	124.75	116.75	109.50	134.72
Europe	145.48	135.35	129.22	141.79
Group Indicator	140.09	130.51	124.09	139.96
Robusta				
US	86.42	82.17	81.25	99.25
Europe	76.75	72.81	72.24	91.91
Group Indicator	78.39	74.40	73.77	93.08

US cents/lb

International Coffee Indicators Charts:-



International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(22-March-2016)	Week Ago(15-March-2016)	Month Ago(22-February-2016)	Weekly Change (%)
16-Mar	133.85	124.10	133.85	8
16-May	134.65	125.70	134.65	7
16-Jul	136.50	127.50	136.50	7

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(22-March-2016)	Week Ago(15-March-2016)	Month Ago(22-February-2016)	Weekly Change (%)
16-Mar	1479	1392	1380	6
16-May	1514	1423	1418	6
16-Jul	1542	1451	1447	6

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 downside 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 at a slight upward momentum at 123.20 against 125.46 in the market.
- higher volume and low prices indicates further short build up phase of the market.
- On the other hand, RSI is up at 57.51 compared to 61.19 of last week momentum indicating lower 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
116.90	123.35	131.10	136.75	148.68

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 1425 against last week records i.e.1403, indicating further steady to higher tone in the market.
- On the other hand, RSI is higher at 49.74 in neutral region against 46.50 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
1333	1387	1480	1552	1600

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