AGRIWATCH

COFFEE WEEKLY RESEARCH REPORT
4th April, 2016

Executive Summary

Domestic Coffee Market Summary

Domestic coffee prices ended lower in Karnataka physical market, as on 2nd April 2016 on lackluster demand. Coffee demand seems lower compared to last week record. Buyers are awaiting a further fall in the prices. However, traders expect a hike of around Rs. 100/bag of 50 kg. All types of coffee for season 2015-16 has been picked. New blossom of Robusta coffee opened during Feb 2016 while Arabica coffee plants are awaiting rains for flowering by May 2016. Most of the Robusta coffee plants are irrigated artificially.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 29th March 2016 is registered higher by 20.01% at 73128 metric tons compared to 60933 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 29th March 2016 this year, is recorded higher by 1.35% at 5314 metric tons from preceding year volume of 5243 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 27.53% at 15631 and 35.46% at 42483 metric tons respectively against exports volume of 12256 metric ton and 31360 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 3531 metric tonnes with a decline of 8.30% and Robusta parchment at 6106 metric tonnes with a decline of 24.95%.

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.

Recommendation:

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

International Coffee Market Summary

In view of traders, coffee prices of Vietnam increased sharply in this week amid a drought that may lower this year's exports, while premiums narrowed in Indonesia due to low stock levels. Main coffee belt of the country Central Highlands coffee belt is suffering from the worst drought in 30 years heaping pressures on its limited supply. Relatively, Dhaklak, one of the major coffee growing district of Vietnam had no water and many trees died. The drought is likely to prolong in next month as well. As per the government, Vietnam is expected to ship an estimated 160,000 tonnes (2.67 million 60 kg bags) of coffee in March 2016 with an increase of 18.8% against previous year record.

As per sources, El Salvador exported lower coffee beans by 38.9 percent to 53480 60 kg bags in February 2016 against 87597 60 kg bags in the corresponding month last year due to lower international market prices. El Salvador, one of Central America's smaller coffee producers, had been one of the hardest hit by the spread of Roya, also known as coffee leaf rust, over the past couple of seasons. The coffee season in Central America and Mexico, which together produce more than a fifth of the world's Arabica beans, runs from October through September.

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.

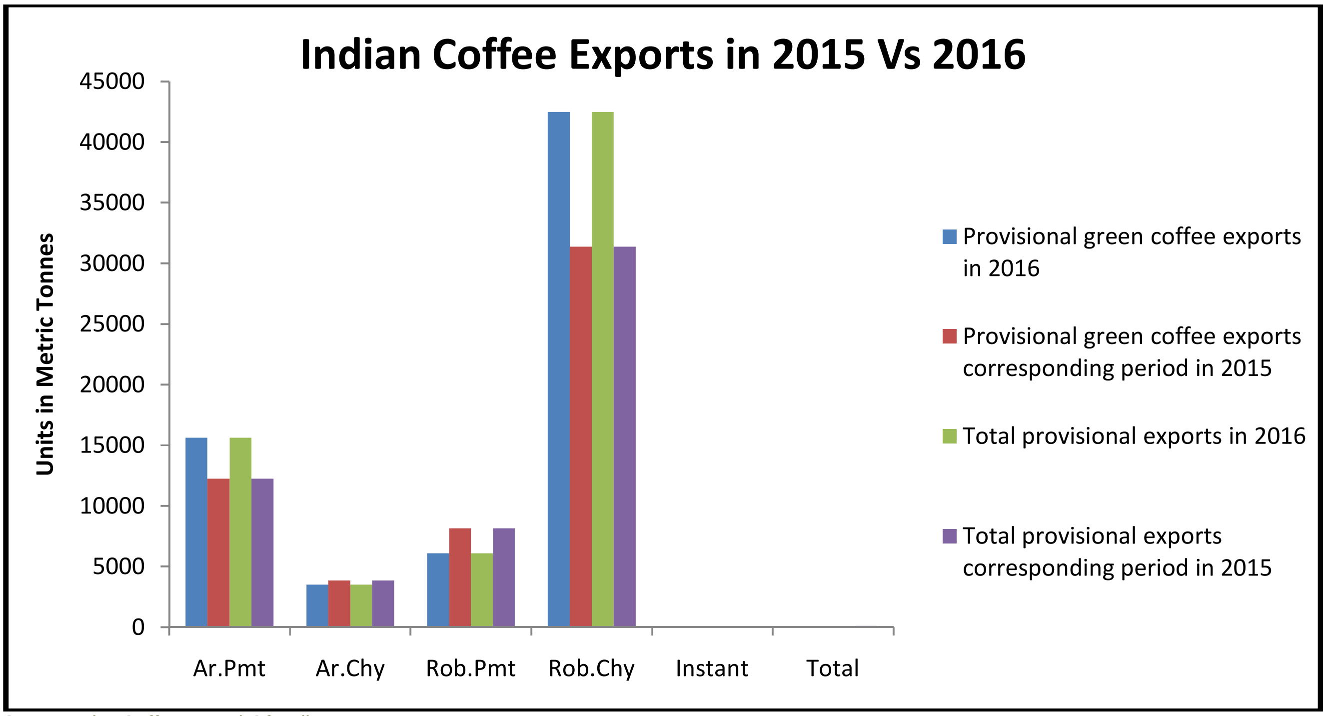
Domestic Coffee Exports of India -:

Below table shows coffee exports details of India-

Export update: From 1st January 2016 to 29th 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)	15631	3531	6106	42483	12	51	5314	73128
2	Provisional exports corresponding period last year	12256	3851	8136	31360	8	78	5243	60933
3	Provisional re-exports	0	0	0	0	0	5	21188	21193
4	Provisional re-exports corresponding period last year	0	0	0	0	36	27	18617	18680
5	Total provisional exports (1+3)	**15631**	**3531**	**6106**	**42483**	**12**	**56**	**26502**	**94322**
6	Total provisional exports corresponding period last year (2+4)	**12256**	**3851**	**8136**	**31360**	**44**	**105**	**23860**	**79613**

Source: The Coffee Board Of India



Source: The Coffee Board Of India

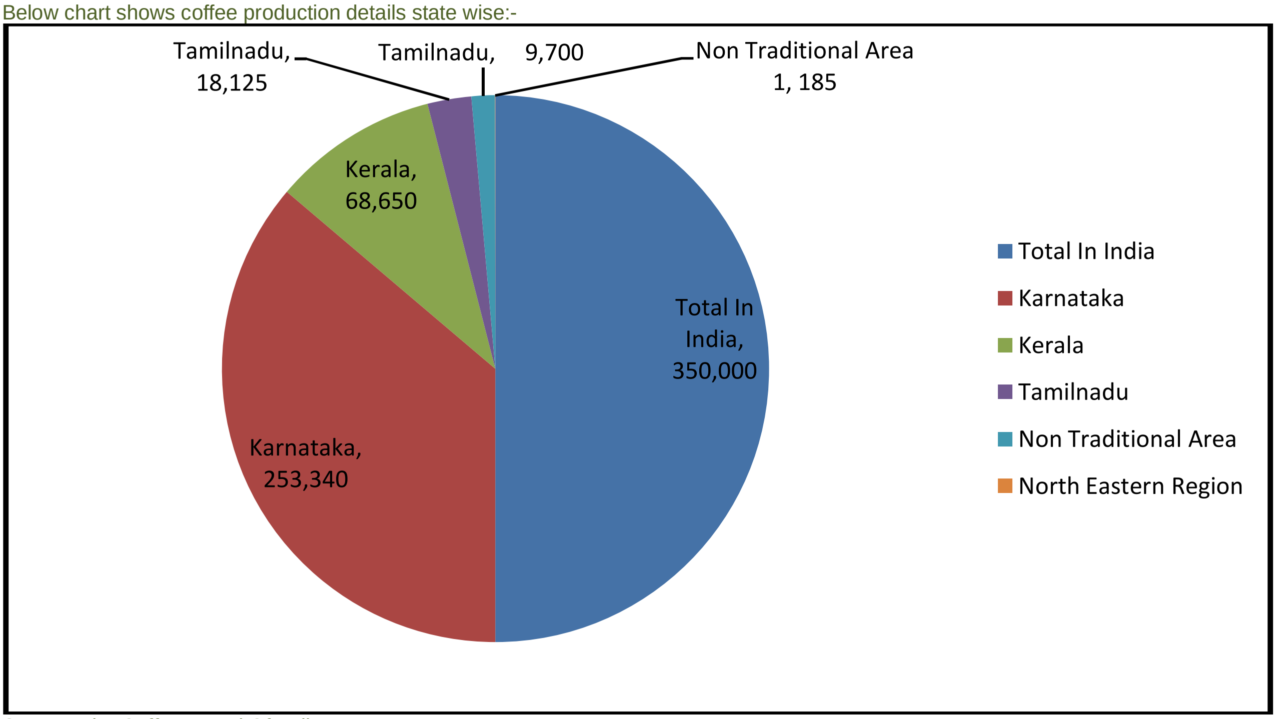
Domestic Coffee Crop Situation:-

Below table depicts Area Production and Yield for major states of India:-

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

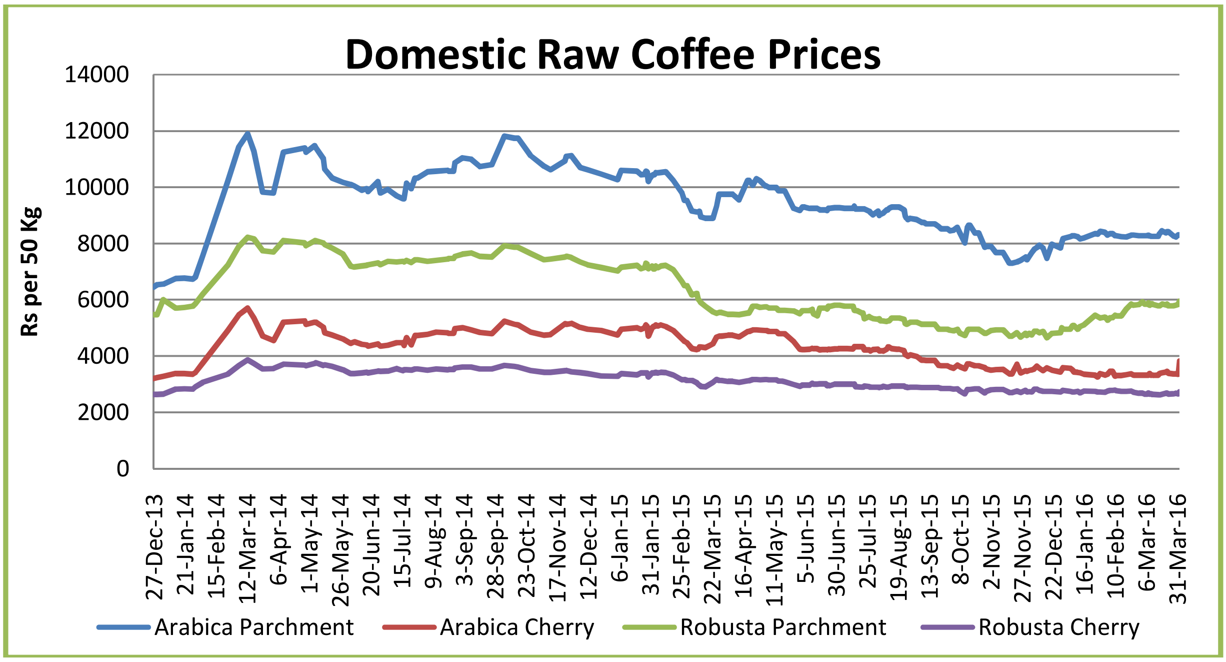
Source: The Coffee Board Of India

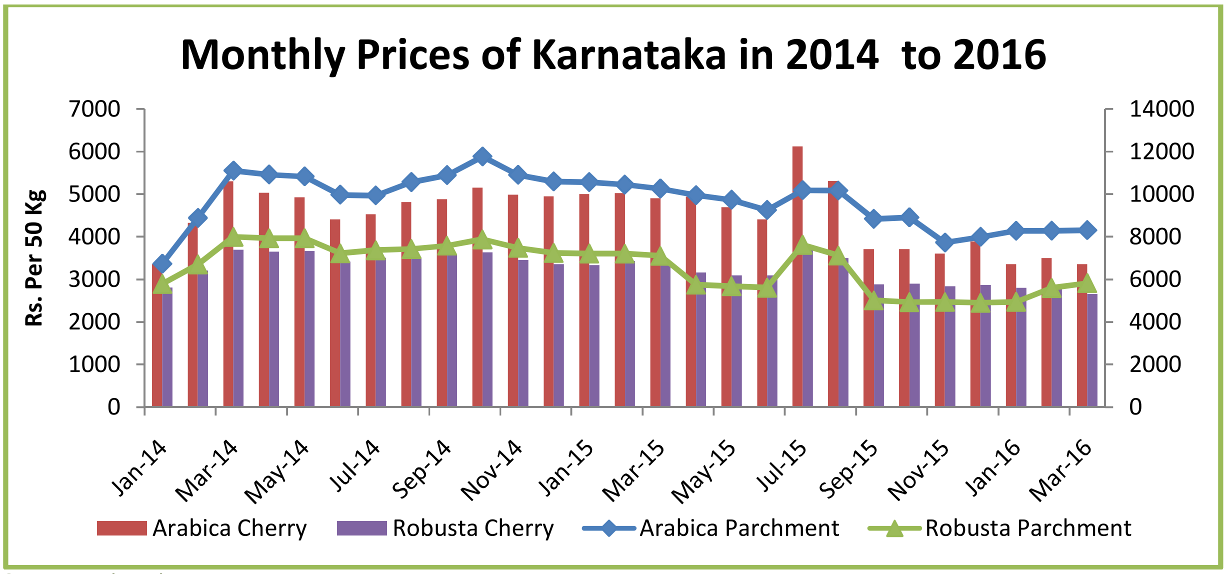
Below chart shows coffee production details state wise:-



Source: The Coffee Board Of India

Coffee Prices Of Auction Market & State Wise Market





Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

Variety	02.04.2016	26.03.2016	Change
Arabica Parchment	8300	8350	-50
Arabica Cherry	3825	3850	-25
Robusta Parchment	5950	6050	-100
Robusta Cherry	2725	2775	-50

*** Values in Rs. per 50 Kg**

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

Grade	30.03.2016 Arabica Plantation	23.03.2016 Arabica Plantation	Change	30.03.2016 Arabica Cherry	23.03.2016 Arabica Cherry	Change
MNEB	256	--	--	--	--	--
AA	--	--	--	--	--	--
PB	--	193.5	--	134	134	Unchanged
A	--	232	--	--	--	--
AB	--	--	--	137	137	Unchanged
B	183	183.76	-0.76	--	--	--
C	146	--	--	--	--	--
BBB	--	--	--	93	98	-5
Grade	**Robusta Parchment**	**Robusta Parchment**		**Robusta Cherry**	**Robusta Cherry**	
RKR	--	--	-	--	--	-
A	--	--	-	--	--	-
PB	--	--	-	--	--	-
AA	--	--	-	--	--	-
AB	--	--	-	---	---	-
B	--	--	-	---	---	-
C	--	--	-	---	---	-
BBB	--	91.5	-	---	---	-

Values in Rs. per kg

Technical Analysis(Domestic Arabica Parchment Coffee At Karnataka Market)

Outlook -Prices show downside momentum during the week. We expect further downside momentum in next week.

- *Technical chart shows downside momentum of the market.*
- *RSI is also moving down in neutral region at 46.94 in this week against 48.15, hinting further downside momentum in the next week.*
- *Along with this, 18 days exponential moving down supports further upwards 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	8300	8500	8700

Units in Rs./50 kg.

International Market Updates

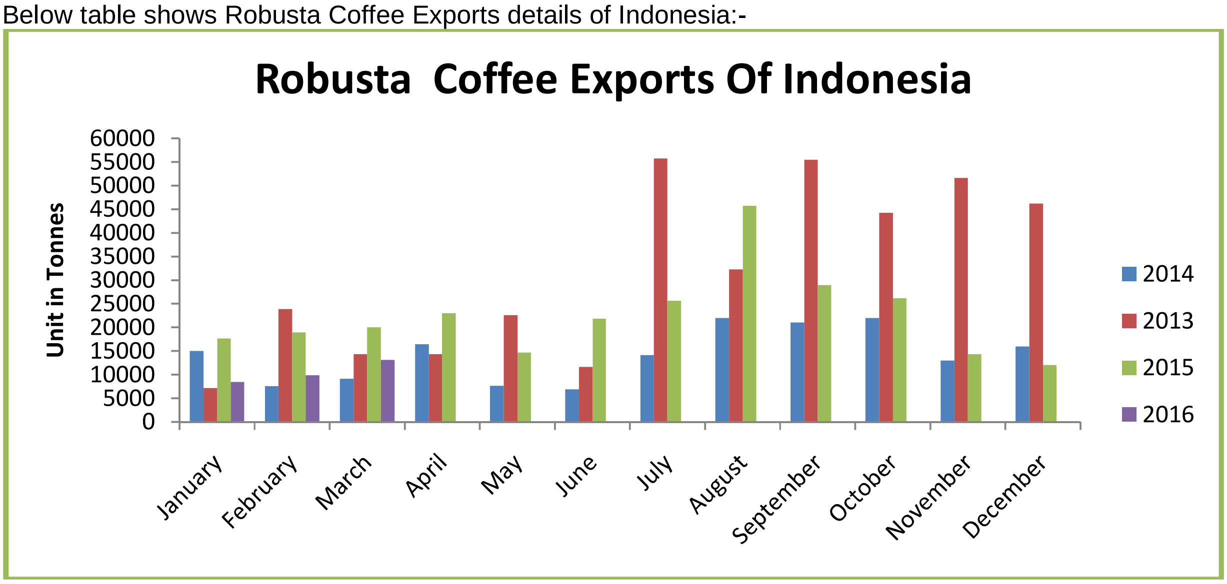
ICE coffee future prices ended down by 1.58% to 127.45 cents/lb in this week against 129.50 cents/Ib of the last week. As per RTRS, ICE certified stocks declined by 5225 to1429316 bags as on 23rd March 2016 against 1434541 bags as on 22nd March, 2016. Traders are slow in Brazil with the with the strong Brazil Real as against the still relatively soft reference prices of the international coffee markets tending to dampen selling spirits. At present the coffee markets are lackluster in nature coupled with the very slow physical trade lacking influence upon market direction, while consumer market industries look to fill in gaps and play something of a waiting game with the price resistant producers.

COUNTRIES	ANTWERP	BARCELONA	HAMBURG/BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Burundi	58424	0	44945	0	0	0	2137	105506
Colombia	106264	0	48832	8227	41528	825	177632	383308
Coasta Rica	250	0	0	0	0	0	0	250
El Salvador	425	0	25	0	0	0	1895	2345
Guatemala	881	0	0	25	0	2200	5524	8630
Honduras	248421	0	14485	3734	3750	0	36508	306898
India	23973	0	1994	0	0	0	0	25967
Mexico	153938	0	2936	2247	0	0	21516	180637
Nicaragua	40199	0	0	550	0	275	2000	43024
Peru	123492	0	53393	1373	0	0	80118	258376
Rwanda	48789	0	10998	0	0	0	0	59787
Tanzania	70	0	0	0	0	0	578	648
Uganda	20993	295	23555	0	0	0	280	45123
Total in Bags	826119	295	201163	16156	45278	3300	328188	1420499

Source: Reuters

Indonesia:- According to the government data, Robusta coffee exports slumped by 50.63% to 13082.74 tonnes in March 2016 compared to 9896.08 tonnes in February 2016. Indonesia exported total 31397.62 tonnes of Robusta in 2016 so far. It shipped 34.73% lower coffee beans in February 2016 compared to the volume of 20046.26 tonnes in March 2015.

Below table shows Robusta Coffee Exports details of Indonesia:-



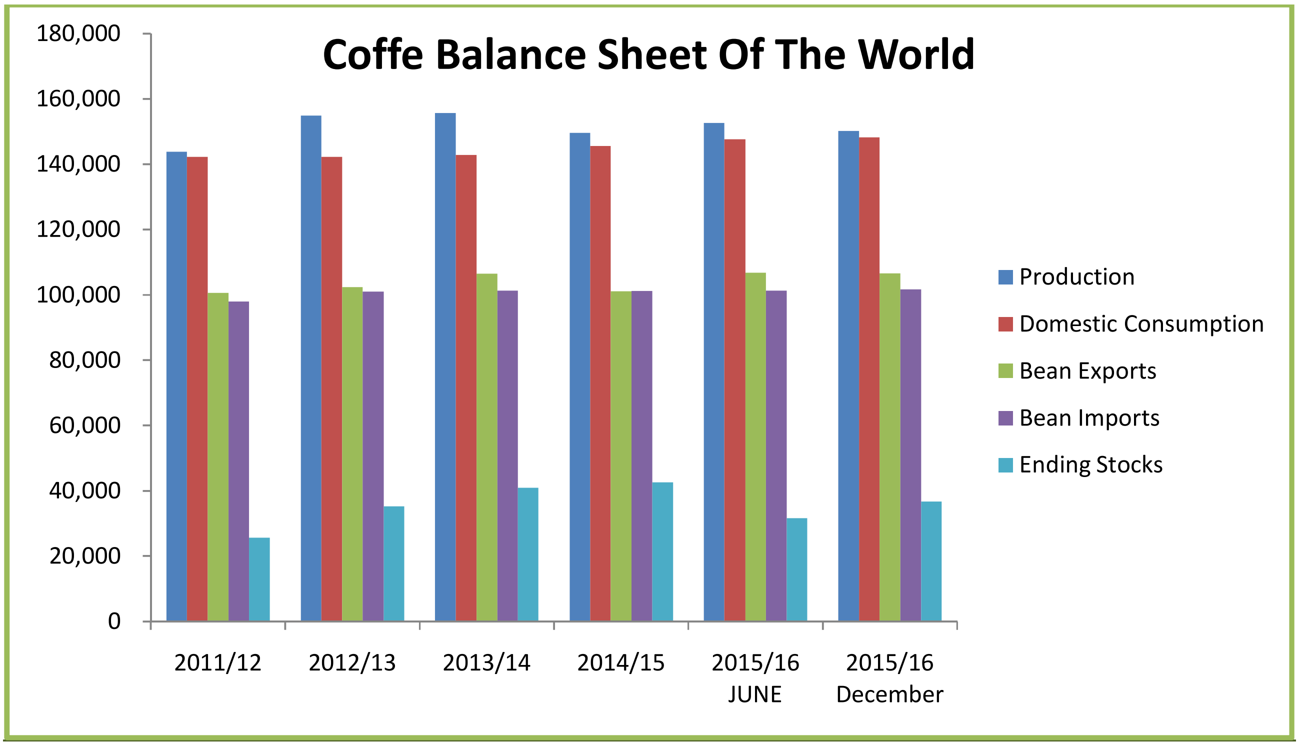
Source: Reuters

Coffee Balance Sheet Of The World

Below table shows Coffee Balance sheet of The World:-

Coffee Balance Sheet Of The World						
	2011/12	**2012/13**	**2013/14**	**2014/15**	**2015/16 JUNE**	**2015/16 December**
Production	143,882	154,933	155,671	149,535	152,651	150,122
Domestic Consumption	142,220	142,216	142,753	145,521	147,684	148,267
Bean Exports	100,592	102,387	106,442	101,108	106,762	106,505
Bean Imports	97,945	100,987	101,335	101,210	101,350	101,650
Ending Stocks	25,693	35,230	40,919	42,534	31,540	36,692

Source: ICO



Source:ICO

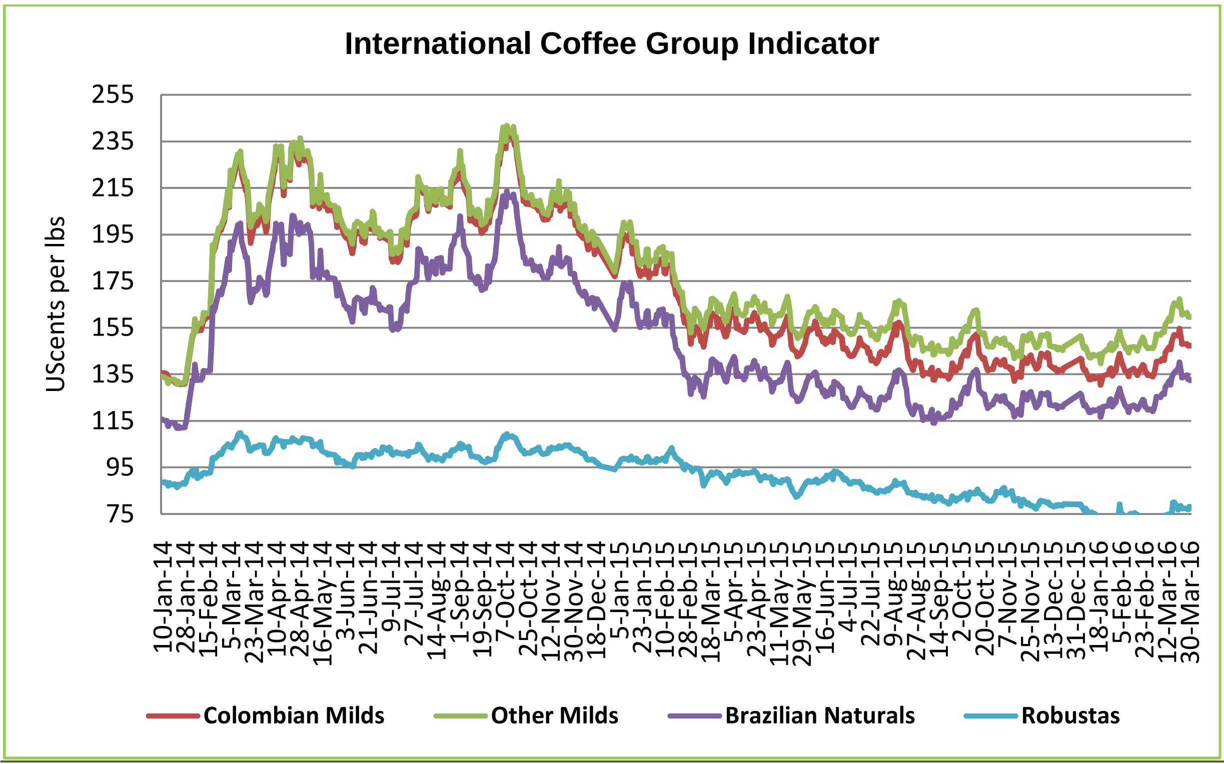
International Coffee Price Trend:-

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

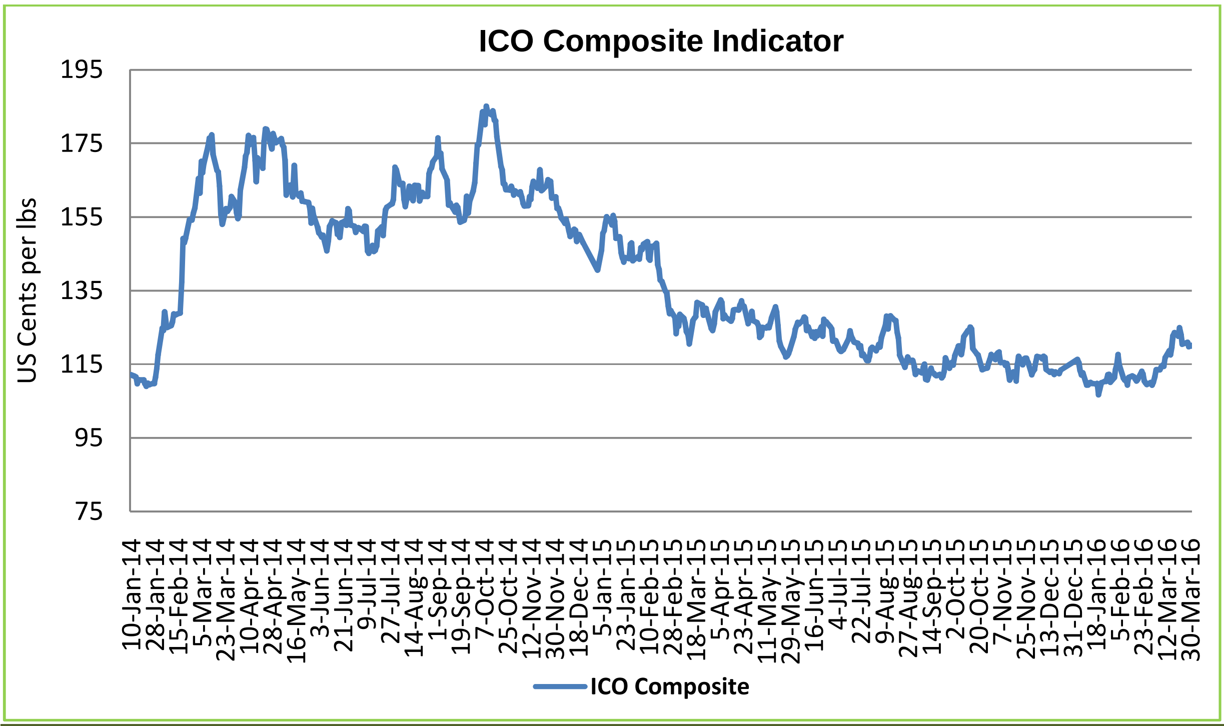
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	**31.03.2016**	**24.03.2016**	**29.02.2016**	**31.03.2015**
ICO Composite Indicator	119.93	120.42	110.07	124.13
Colombian Milds				
US	146.50	147.50	135	148
Europe	148.27	148.70	133.87	155.16
Group Indicator	147.27	148.05	134.48	151.30
Other Milds				
US	158.69	159.19	146.44	155.94
Europe	160.31	161.50	146.36	158.74
Group Indicator	159.65	160.55	146.38	157.67
Brazilian Naturals				
US	115.50	118.50	106	125
Europe	138.32	138.84	124.74	134.20
Group Indicator	132.39	133.55	119.78	131.81
Robusta				
US	85.67	85.42	81.33	94.50
Europe	76.13	75.70	71.25	87.20
Group Indicator	77.75	77.35	72.96	88.37

US cents/lb

International Coffee Indicators Charts:-



Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	**Today(31-March-2016)**	**Week Ago(24-March-2016)**	**Month Ago(29-February-2016)**	**Weekly Change (%)**
16-May	127.45	129.50	115.05	**-1.58**
16-Jul	129.55	131.25	117	**-1.30**
16-Sep	131.25	133.05	118.80	**-1.35**

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	**Today(31-March-2016)**	**Week Ago(24-March-2016)**	**Month Ago(29-February-2016)**	**Weekly Change (%)**
16-May	1501	1491	1413	**1**
16-Jul	1534	1522	1441	**1**
16-Sep	1555	1546	1467	**1**

USD/T

International Coffee Prices

	31.03.2016	**24.03.2016**	**29.02.2016**	**31.03.2015**
Vietnam (Robusta Beans Spot) (Dong/Kg)	33200	33250	30300	36800
Vietnam FOB (2-5 pct)* (Saigon port)	1590	1591	1415	1840
Indonesian FOB (4-80 defects)** (Lampung Port)	-	1840	1510	1840

FOB Values are in USD/T

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	**Prices This Auction In (29/03/2016)**	**Average Prices In**	**Prices This Auction In (22/03/2016)**
Arabica AA	66-341	250.64	115-380
Arabica AB	62-294	237.64	89-375
Arabica C	64-243	194.9	61-257
Arabica PB	66-291	233.65	126-351
Arabica T	48-145	94.85	59-131
Arabica TT	78-242	174.06	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 stood down at 125.24 against 125.46 in the market hints downward momentum 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 54.11 compared to 57.51 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**
111.54	119.54	127.25	138.92	148.12

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 upside in next week.

- Candlestick chart shows upward momentum in the market on selling interests.
- Relatively 14-days EMI is moving higher at 1437 against last week records i.e.1425, indicating further steady to lower tone in the market.
- On the other hand, RSI is higher at 50.38 in neutral region against 49.74 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**
1390	1432	1485	1554	1597

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