

Executive Summary

Domestic Coffee Market Summary

Higher tone witnessed in Karnataka physical market, as on 9th April 2016 on slight improved demand. Approx 20 to 30% old stocks are available with sellers. Robusta plants are growing as flowering stage. However, Arabica is yet to flower needs showers to further grow. Now a days the weather in the south belt in India is very hot. There is fires in many places of coffee belts. Further dryness will hamper growth of the coffee beans and new shoots of branches will be stunned. Buyers are awaiting a further fall in the prices. 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 5th April 2016 is registered higher by 24.96% at 80785 metric tons compared to 64645 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 5th April 2016 this year, is recorded higher by 2.59% at 5735 metric tons from preceding year volume of 5590 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 32.16% at 16459 and 41.05% at 47521 metric tons respectively against exports volume of 12521 metric ton and 33690 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 4020 metric tonnes with a decline of 2.02% as one of the main buyers ILLIcafe has reduced its volume for Arabica cherry and Robusta parchment at 6892 metric tonnes with a decline of 20.27%.

Recommendation:

Weekly Call -: Market participants are advised to go short at the current price level in the market. Market are expected to perform downside even in the week ahead too.

International Coffee Market Summary

According to IBGE federal statistics institute of Brazil, Brazil may produce 50.2 million 60 kg bags coffee crop which is higher by 1% from its March forecast of 49.7 million bags including Arabica coffee crop size at 39.2 million bags against 38.9 million bags forecast in March 2016. On the other hand, Brazil's Robusta crop size is placed at 11 million bags versus 10.8 million bags forecast in March. Total domestic consumption of Brazil stood approx 20 million and 21 million bags with export market dedicated demand for Brazil coffees of approximately 32 million bags. Harvesting of Robusta (Conilon) is under process with the new Arabica coffee harvest due to start as early as May but with volumes only picking up during June and July. Carryover stocks including two years volume is almost finished so far.

As per sources, Honduras shipped total 762,333 60 kg bags in March 2016 down by 2.9% from 784,929 60 kg bags in the year earlier period. Honduras is likely to export about 5.52 million bags this season, or 10 percent more than the last. Shipment of Honduras went up by 4.3% to 2.47 million bags so far compared to the same six-month period in the previous 2014/2015 harvesting season. Costa Rica exported higher coffee beans up by 6.4% to 488,132 60-kg bags during the six months of the 2015/16 season. While, total coffee exports of Costa Rica in March month is recorded higher at 175,447 bags from 164,967 60-kg bags during the same month last season.

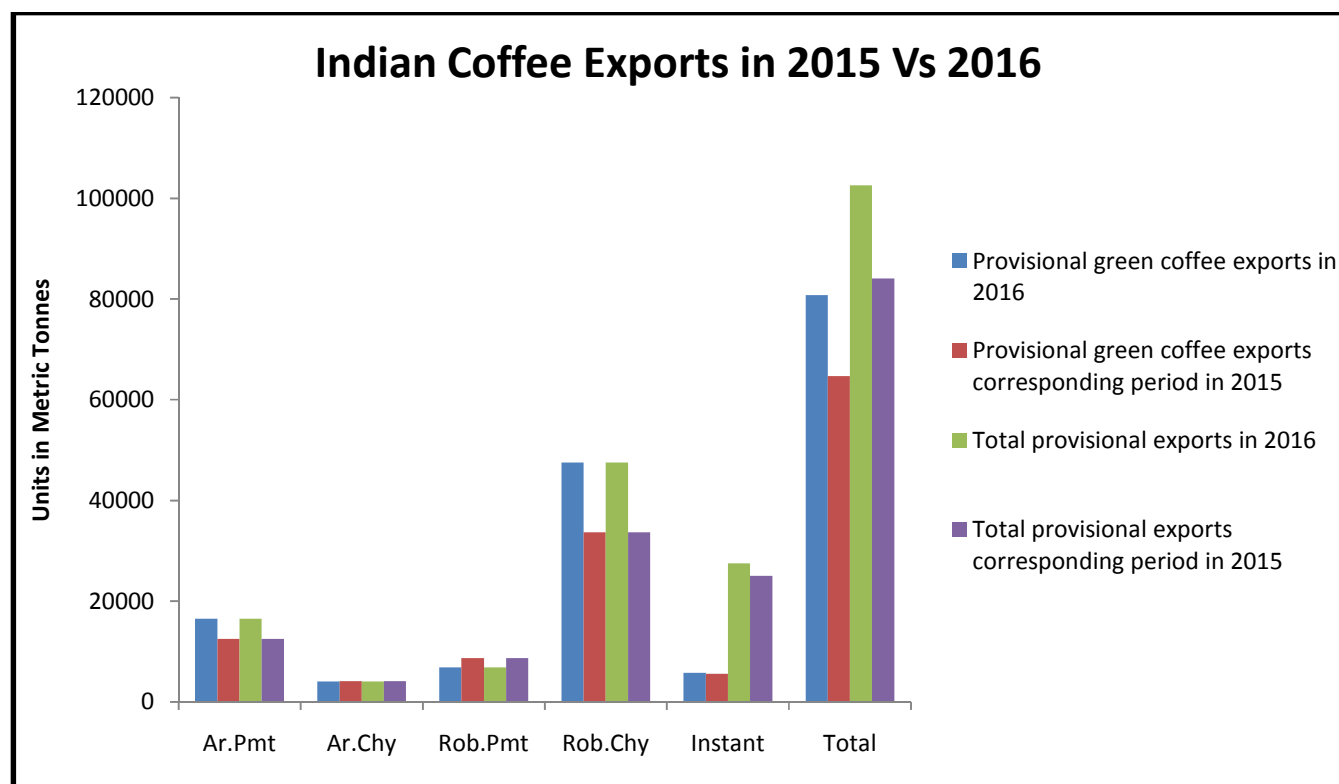
Vietnam's coffee premium surged on tight supply and lower stocks in Indonesia supported to higher premium of coffee. A drought caused by the El Nino weather pattern in Vietnam's Central Highlands coffee belt, which raised concerns about the next 2016/2017 crop output, could weaken late this month or in May 2016 when rainfall returns to the region. After this news, farmers started to hold their stocks in expectation of further boost in prices. On account of drought condition, Central Highlands coffee belt suffers total of 40,000 hectares of the planting area of this season. As per traders, Vietnam is likely to export total 140,000 -150,000 tonne (2.33-2.50 million 60 kg bags) of coffee beans in April 2016 after shipping an estimated 160,000 tonnes in March 2016.

Domestic Coffee Exports of India :-

Below table shows coffee exports details of India-

Export update: From 01 st January 2016 to 05th April 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)	16549	4020	6892	47521	14	54	5735	80785
2	Provisional exports corresponding period last year	12521	4103	8645	33690	8	89	5590	64645
3	Provisional re-exports	0	0	0	0	0	5	21821	21826
4	Provisional re-exports corresponding period last year	0	0	0	0	36	27	19399	19462
5	Total provisional exports (1+3)	16549	4020	6892	47521	14	58	27556	102612
6	Total provisional exports corresponding period last year (2+4)	12521	4103	8645	33690	44	115	24989	84107

Source: The Coffee Board Of India

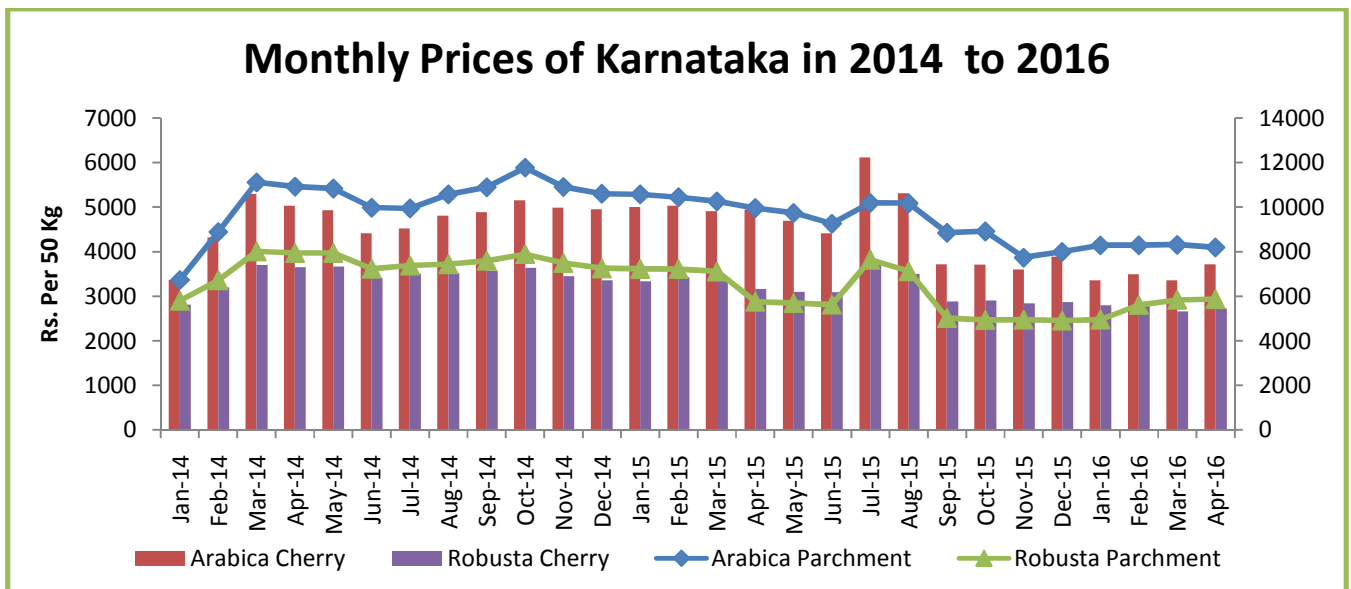
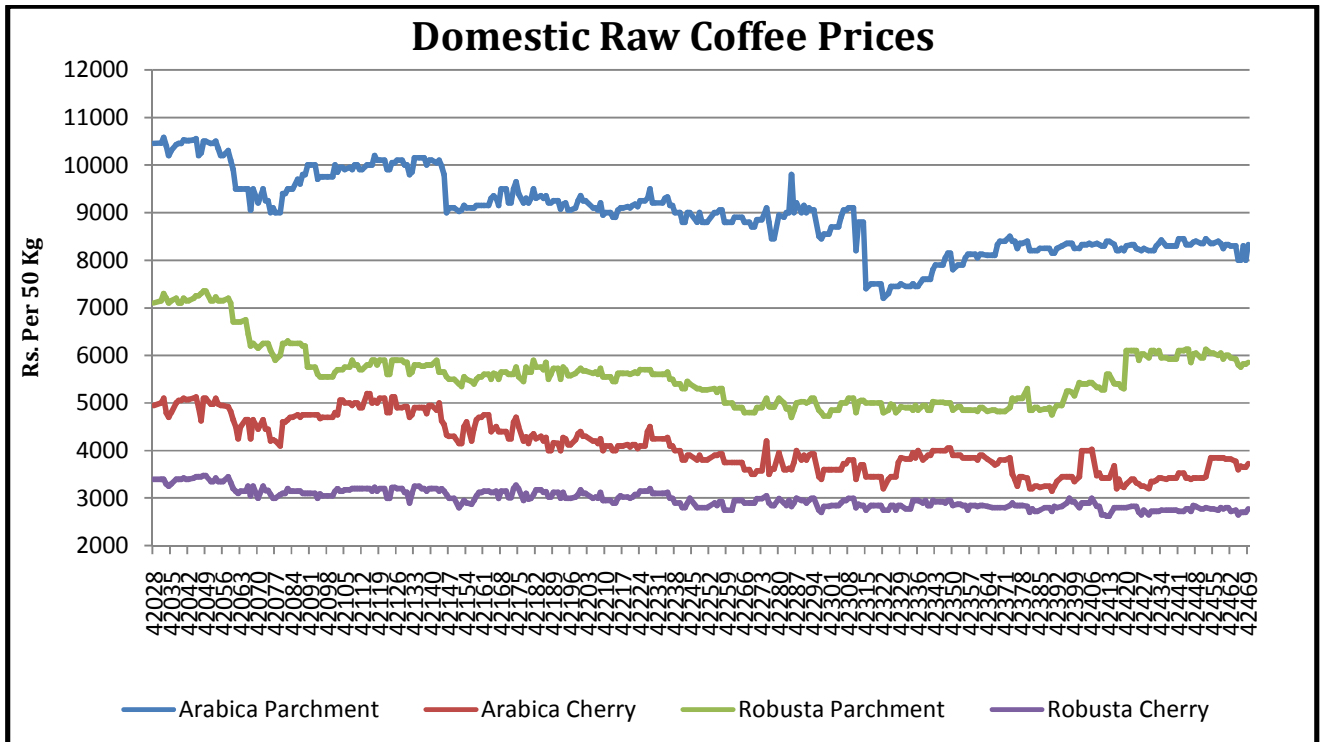


Source: The Coffee Board Of India

Re-Exports Details of India:-

Re-exports of Coffee and Types by Countries – Calendar Year 2015 (Quantity in MT)								
Destination	Plant	Ar.Chy.	Rob.Pmt	Rob.Chy	Instant	Roasted	Ground	Total
RUSSIAN FEDERATION	0	0	0	0	15457	0	0	15457
TURKEY	0	0	0	0	12356	0	0	12356
INDONESIA	0	0	0	0	3030	0	0	3030
MALAYSIA	0	0	0	0	3004	0	0	3004
UKRAINE	0	0	0	0	2467	0	0	2467
U.S.A.	0	0	0	0	2155	16	84	2255
FINLAND	0	0	0	0	1928	0	0	1928
FRANCE	0	0	0	0	1404	0	0	1404
MYNMAR	0	0	0	0	1267	0	0	1267
UNITED KINGDOM	0	0	0	0	1161	0	0	1161
MALI	0	0	0	0	1130	0	0	1130
BELARUS	0	0	0	0	985	0	0	985
POLAND	0	0	0	0	965	0	0	965
SINGAPORE	0	0	0	0	936	0	0	936
NIGER	0	0	0	0	881	0	0	881
TAIWAN	0	0	0	0	797	0	0	797
GERMANY	0	0	0	0	789	0	0	789
BURKINA FASO	0	0	0	0	634	0	0	634
ITALY	0	0	0	0	336	103	189	629
OTHERS	0	0	0	0	7045	0	0	7045
TOTAL	0	0	0	0	58725	119	274	59118
Re-exports of Coffee and Types by Countries – Calendar Year 2015 (Value In Lakh)								
Destination	Plant	Ar.Chy.	Rob.Pmt	Rob.Chy	Instant	Roasted	Ground	Total
RUSSIAN FEDERATION	0	0	0	0	26600	0	0	26600
TURKEY	0	0	0	0	22018	0	0	22018
INDONESIA	0	0	0	0	4376	0	0	4376
MALAYSIA	0	0	0	0	4153	0	0	4153
UKRAINE	0	0	0	0	3313	0	0	3313
U.S.A.	0	0	0	0	3782	0	0	3782
FINLAND	0	0	0	0	3907	0	0	3907
FRANCE	0	0	0	0	2949	0	0	2949
MYNMAR	0	0	0	0	1538	0	0	1538
UNITED KINGDOM	0	0	0	0	2065	0	0	2065
MALI	0	0	0	0	2469	0	0	2469
BELARUS	0	0	0	0	1727	0	0	1727
POLAND	0	0	0	0	1391	0	0	1391
SINGAPORE	0	0	0	0	1489	0	0	1489
NIGER	0	0	0	0	1852	0	0	1852
TAIWAN	0	0	0	0	1206	0	0	1206
GERMANY	0	0	0	0	1226	0	0	1226
BURKINA FASO	0	0	0	0	1349	0	0	1349
ITALY	0	0	0	0	1601	0	0	1601
OTHERS	0	0	0	0	12373	0	0	12373
TOTAL	0	0	0	0	101383	0	0	101383

Source: The Coffee Board OF India

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

Variety	09.04.2016	02.04.2016	Change
Arabica Parchment	8325	8300	25
Arabica Cherry	3725	3825	25
Robusta Parchment	5850	5950	-100
Robusta Cherry	2775	2725	50

* Values in Rs. per 50 Kg

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

Grade	30.03.2016	23.03.2016	Change	30.03.2016	23.03.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
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 upside momentum during the week. We expect further steady to upside momentum in next week.

- Technical chart shows upside momentum of the market.
- RSI is also moving high in neutral region at 47.64 in this week against 46.94, hinting further steady to upside momentum in the next week.
- Along with this, 18 days exponential moves steady zone supports further steady momentum of the market.
- We expect further steady to 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	8000	8325	8680	9100

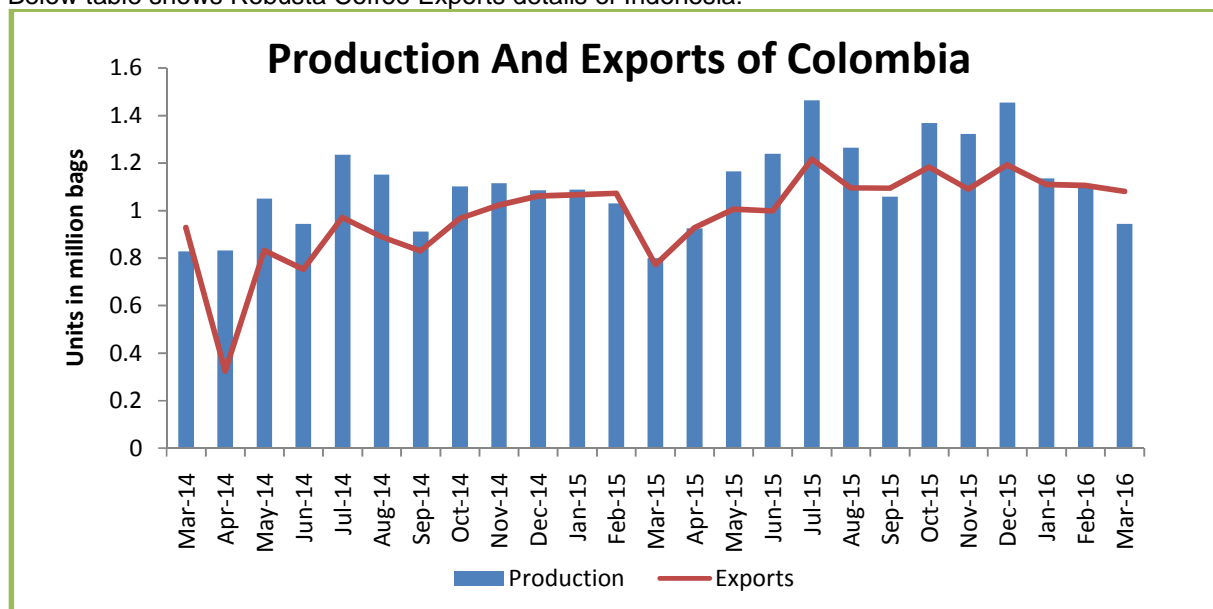
Units in Rs./50 kg.

International Market Updates

ICE coffee future prices closed on weak note .It is down by 6% to 119.80 cents/lb in this week against 127.45 cents/lb of the last week. As per RTRS, ICE certified stocks decreased by 393 to 1416864 bags as on 8th April 2016 against 1417257 bags as on 07th April, 2016. As per CFTC, ICE coffee speculators cut net long position 10307 contract to 8,760 in week to April 5,2016.

Colombia:- According to the National Coffee Growers' Federation, Colombia's production of washed Arabica coffee beans declined by 13.86% to 944000 tonnes 60-kg bags in March 2016 compared to 109600 tonnes in February 2016. While, total production of Colombia is registered higher by 18% in March 2015 against 800000 tonnes 60-kg bags in March 2015. This improved performance has contributed to the countries cumulative production for the first six months of this new October 2015 to September 2016 coffee year to being 1,101,000 bags or 17.7% higher than the same period in the previous coffee year, at a total of 7,320,000 bags. It exported total 1.08 million bags in March 2016 with a decline of 2.26% compared to last month i.e.1.105 million bags. However, It is higher by 39.89% from 0.772 million bags a year ago during the corresponding period of time. This improved performance has contributed to the countries cumulative exports for the first six months of this new October 2015 to September 2016 coffee year to being 803,000 bags or 13.49% higher than the same period in the previous coffee year, at a total of 6,756,000 bags.

Below table shows Robusta Coffee Exports details of Indonesia:-



Source: Reuters

Others:-

A) As per the Nairobi Coffee exchange, the highest price of Kenya's benchmark grade AA coffee went down at this week's auction compared with the previous sale. The East African country produces high-quality coffee, which roasters use to blend with beans from other countries.

B) 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.

Coffee Exports Of The World

Below table shows Monthly coffee exports of the world:-

Monthly export statistics - February 2016 (In thousands 60 kg bags)						
	February 2015	February 2016	% change	October - February		
				2014-15	2015-16	%change
TOTAL	9 055	9 211	17.0%	44 307	45 205	20.0%
Arabicas	5 665	6 123	81.0%	27 035	29 454	89.0%
Colombian Milds	1 151	1 225	65.0%	5 628	6 217	10.5%
Other Milds	1 949	2 114	85.0%	7 041	8 053	14.4%
Brazilian Naturals	2 566	2 783	84.0%	14 366	15 184	57.0%
Robusta	3 389	3 088	-89.0%	17 272	15 751	-88.0%
Brazil	2 744	2 785	15.0%	15 520	15 778	17.0%
Cameroon	8	25	22.5%	85	94	10.5%
Colombia	1 057	1 113	53.0%	5 160	5 692	10.3%
Costa Rica	113	144	28.3%	302	313	37.0%
Côte d'Ivoire	92	125	35.7%	509	621	21.9%
El Salvador	87	40	-54.2%	196	98	-50.2%
Ethiopia	105	183	74.6%	787	1 011	28.5%
Guatemala	255	260	21.0%	641	809	26.3%
Honduras	642	704	95.0%	1 581	1 707	79.0%
India	487	538	10.5%	1 735	2 000	15.3%
Indonesia	559	270	-51.7%	2 812	1 830	-34.9%
Mexico	241	240	-0.4%	841	908	80.0%
Nicaragua	190	185	-26.0%	476	445	-64.0%
Panama	2	3	50.0%	12	15	27.1%
Papua New Guinea	40	39	-23.0%	257	236	-81.0%
Uganda	290	272	-64.0%	1 275	1 421	11.5%
Vietnam	1 778	1 800	12.0%	9 327	8 950	-40.0%

Source:ICO

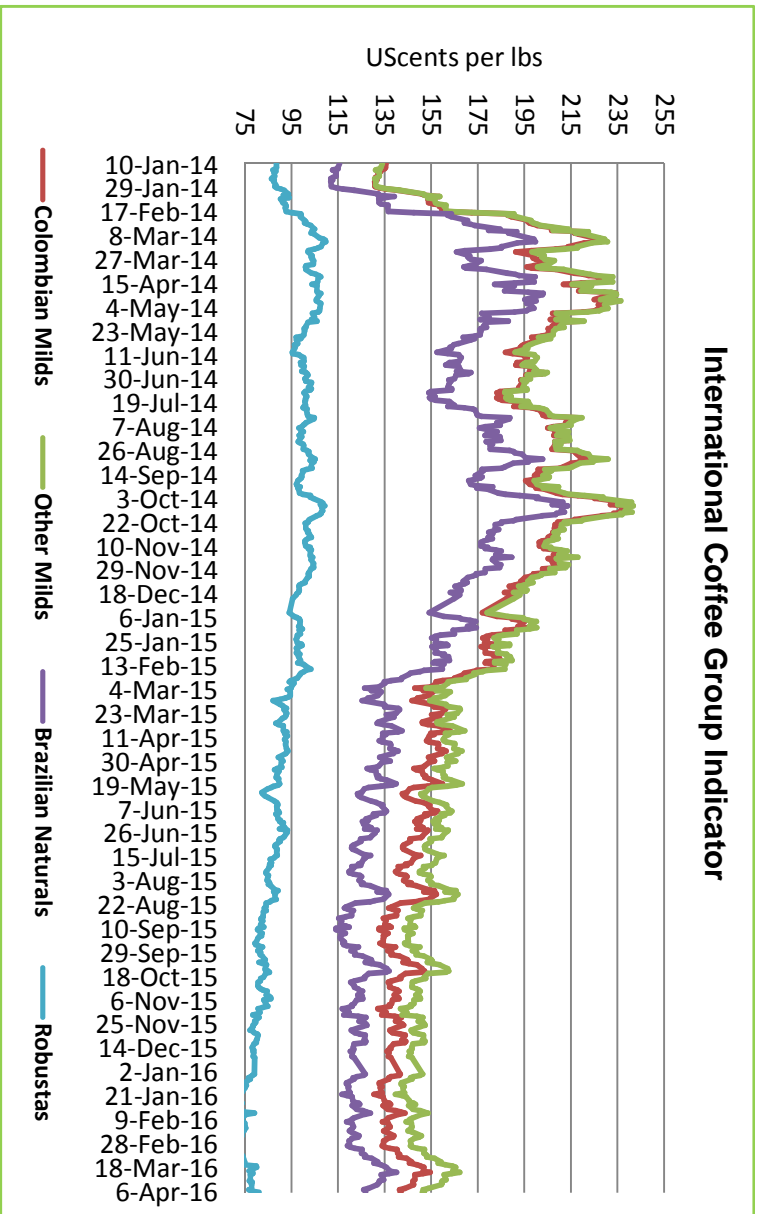
International Coffee Price Trend:-

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

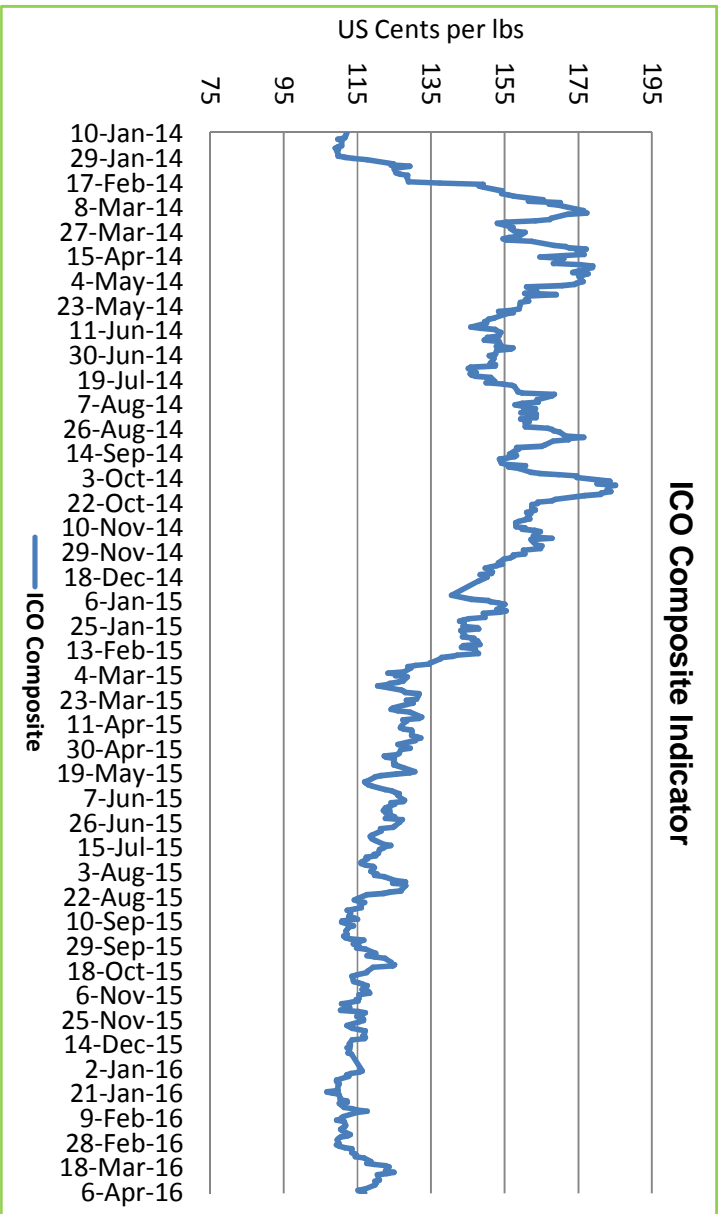
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	07.04.2016	31.03.2016	07.03.2016	07.04.2015
ICO Composite Indicator	117.01	119.93	113.52	131.76
Colombian Milds				
US	139.75	146.50	141	159.75
Europe	144.06	148.27	140.23	163.21
Group Indicator	141.73	147.27	140.65	161.34
Other Milds				
US	149.94	158.69	151.69	169.19
Europe	152.03	160.31	152.05	165.68
Group Indicator	151.17	159.65	151.90	167.01
Brazilian Naturals				
US	109.75	115.50	110	136.75
Europe	132.91	138.32	130.45	142.21
Group Indicator	126.89	132.39	125.13	140.79
Robusta				
US	86.92	85.67	80.58	99.58
Europe	79.82	76.13	71.36	91.85
Group Indicator	81.08	77.75	72.92	93.08

US cents/lb

International Coffee Indicators Charts:-



Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(07-April-2016)	Week Ago(31-March-2016)	Month Ago(07-March-2016)	Weekly Change (%)
16-May	119.80	127.45	120.90	-6
16-Jul	121.95	129.55	122.70	-5.87
16-Sep	123.75	131.25	124.40	-5.71

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(07-April-2016)	Week Ago(31-March-2016)	Month Ago(07-March-2016)	Weekly Change (%)
16-May	1496	1501	1394	-0.33
16-Jul	1528	1534	1425	0.59
16-Sep	1548	1555	1452	-0.45

USD/T

International Coffee Prices

	07.04.2016	31.03.2016	07.03.2016	07.04.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	32900	33200	30900	20650
Vietnam FOB (2-5 pct)* (Saigon port)	1559.50	1590	-	1840
Indonesian FOB (4-80 defects)** (Lampung Port)	1810	1840	1570	1840

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

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (05/04/2016)	Average Prices In	Prices This Auction In (29/03/2016)
Arabica AA	71-301	218.92	66-341
Arabica AB	61-280	210.2	62-294
Arabica C	47-226	167.74	64-243
Arabica PB	91-261	205.47	66-291
Arabica T	48-143	101.66	48-145
Arabica TT	64-231	183.23	78-242

Units-\$/50 kg bags

Technical Analysis Of Coffee Future Market (May'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 remained downtrend in the market.
- 14 days EMI stood down at 123.87 against 125.24 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 down at 48.31 compared to 54.11 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
109.80	113.12	120.45	130.09	136.73

Technical Analysis Of Coffee Future Market (May'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 buying interests.
- Relatively 14-days EMI is moving higher at 1459 against last week records i.e.1437, indicating further higher tone in the market.
- On the other hand, RSI is higher at 53.13 in neutral region against 50.38 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
1359	1411	1513	1565	1625

Disclaimer

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