

Executive Summary

Domestic Coffee Market Summary

Coffee prices declined in Karnataka physical market, as on 18th April 2016 on lackluster trading activities. Coffee trees are standing on flowering stage. Arabica trees need rainfall. Weather is warm need rains shortly as spikes of flowers in Robusta will be forwarded due to mist falling in the nights if dry weather continues flowering may be failure also. If the existing dry weather continues, it may harm flowers of Robusta trees and productivity may be affected for the next season. Exporters are mainly trying to source coffee at lower differentials fund. US roasters are not active whereas only European are active. Every year, there is at least around 6-10% new opening done for plantations of coffee.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 12th April 2016 is registered higher by 22.14% at 88398 metric tons compared to 72372 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 12th April 2016 this year, recorded higher by 5.01% at 6302 metric tons from preceding year volume of 6001 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 31.25% at 17675 and 37.37% at 52578 metric tons respectively against exports volume of 13466 metric ton and 38274 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 4428 metric tonnes with a decline of 3.46% as one of the main buyers ILLIcafe has reduced its volume for Arabica cherry and Robusta parchment at 7344 metric tonnes with a decline of 26.10%.

Recommendation:

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

International Coffee Market Summary

As per the association of Coffee exporters Cecafe, Brazil exported green coffee for the month of March 2016 at 66,534 bags lower than the same month last year, at a total of 2,748,168 bags. The Robusta (Conilon) were recorded lower when compared to the same month last year at 58,168 bags however an increase of 170,000 bags of natural Arabica coffee against the same month last year. The countries value added soluble coffees for the month and calculated in terms of their green coffee equivalent were 14,023 bags lower than the same month last year, at a total of 299,057 bags. Green coffee export surged to 2.69 million 60-kg bags in March against 2.61 million bags in February 2016 but still falling short of the 2.81 million bags exported in the third month of 2015. Brazil's coffee belt has suffered from prolonged spells of severely hot and dry weather in 2014 and early 2015, which hamper total coffee production of Brazil. Below table shows Coffee Exports Details of Brazil:-

Year	Robusta	Arabica	Green	Soluble	Total	\$ Million
Mar-16	58168	2.64 MLN	2.69 MLN	299057	2.99 MLN	437.4
Mar-15	344702	2.47 MLN	2.81 MLN	313080	3.13 MLN	567.6

Source:- Reuters

As per Vietnam's custom data, Vietnam shipped lower coffee exports by 52.3% to 181,200 tonnes (3.02 million 60 kg bags) in March 2016. While, total coffee exports volume during Oct 2015 to March 2016 (the first sixth months) is registered 23% high at 815,200 tonnes of the season 2015/16. Traders had forecast coffee exports in March at 150,000 to 160,000 tonnes, while the government estimated the monthly shipment at 160,000 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.

Domestic Coffee Exports of India :-

Below table shows coffee exports details of India-

Export update: From 01st January 2016 to 12th 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)	17675	4428	7344	52578	14	57	6302	88398
2	Provisional exports corresponding period last year	13466	4587	9938	38274	8	98	6001	72372
3	Provisional re-exports	0	0	0	0	0	5	22933	22938
4	Provisional re-exports corresponding period last year	0	0	0	0	36	27	20659	20722
5	Total provisional exports (1+3)	17675	4428	7344	52578	14	62	29235	111336
6	Total provisional exports corresponding period last year (2+4)	13466	4587	9938	38274	44	125	26661	93095

Source: The Coffee Board Of India

Below table depicts Country wise export of coffee :-

COUNTRY WISE EXPORT OF COFFEE DURING 01/01/016 To 12/04/2016					
{ BOTH INDIAN AND RE-EXPORTED COFFEE , Provisional Based On Export Permits }					
NAME OF THE COUNTRY	ARABICA	ROBUSTA	INSTANT (GBE)	ROASTED (GBE)	TOTAL
ITALY	3531.300	27120.760	116.628	4.841	30773.529
GERMANY	3715.620	6314.870	311.675	0.000	10342.165
RUSSIAN FEDERATION	290.200	809.050	7996.630	0.000	9095.880
BELGIUM	3392.500	2142.900	218.543	0.000	5753.943
TURKEY	33.720	215.880	4964.544	0.000	5214.144
JORDAN	3820.860	1335.300	14.040	0.000	5170.200
SLOVENIA	0.000	3994.600	0.000	0.000	3994.600
KUWAIT	1747.100	735.680	8.929	1.476	2493.185
POLAND	15.090	424.810	1956.282	0.139	2396.321
SPAIN	38.400	2078.800	18.720	0.000	2135.920
OTHERS	5518.052	14749.458	13629.010	69.390	33965.910
TOTAL	22102.842	59922.108	29235.001	75.846	111335.797

Source: The Coffee Board Of India (Units in Tonnes)

Coffee Balance Sheet Of India:-

- According to recent updates of USDA, total availability of India is registered up by 5.13% to 9032 thousand 60-kg bags for 2015-16 season against 8591 thousands 60-kg bags in preceding year supported by higher crop estimates, opening stocks and total imports which stood at 2691 and 1041 thousand 60-kg bags respectively.
- Total demand of India is also reported up by 5.93% to 6250 thousands 60-kg bags for 2015-16 season from 5900 thousands 60-kg bags in previous year record followed by higher exports volume estimates and domestic consumption i.e. 5000 against 4700 and 1250 thousands 60 kg bags against 1200 thousands 60 kg bags.

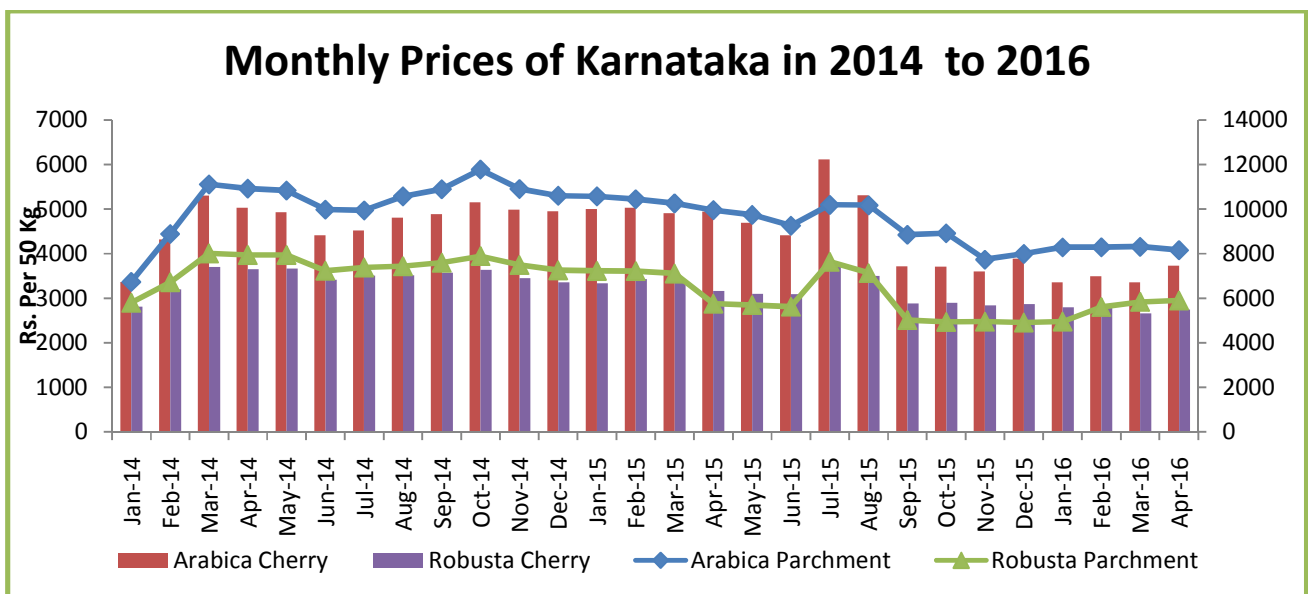
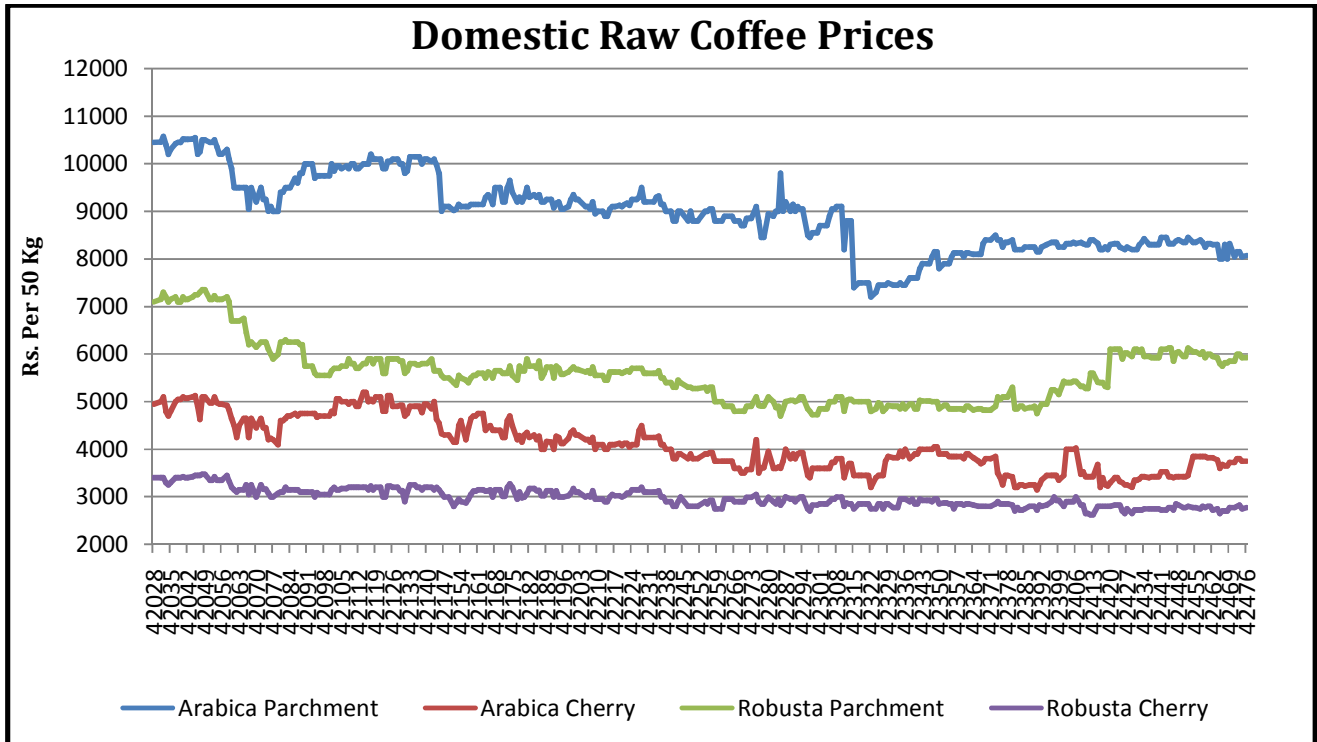
Below chart shows USDA projection for Indian coffee from 2014-15 to 2015-16:-

All figures in Thousands-60 kg bags						
Item	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Supply						
Opening Stock	2691	2026	1982	1473	1742	2633
Crop Size	5300	5440	5075	5303	5230	5035
Bean Imports	1000	1080	1104	1130	879	820
Roast & Ground Imports	3	3	3	3	1	0
Soluble Imports	38	42	45	31	12	0
Total Imports	1041	1125	1152	1164	892	820
Availability	9032	8591	8209	7940	7864	8488
Demand						
Soluble Domestic consumption	600	430	430	350	380	205
Roasted, Ground Dom. Consumption	650	770	770	750	788	1026
Total consumption	1250	1200	1200	1100	1168	1231
Bean Exports	3500	3200	3300	3420	3735	4160
Roast & Ground Exports	3	4	16	3	4	5
Soluble Exports	1497	1496	1667	1435	1484	1350
Exports	5000	4700	4983	4858	5223	5515
Total Demand	6250	5900	6183	5958	6391	6746

Source: USDA

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	09.04.2016	Change
Arabica Parchment	8075	8325	-250
Arabica Cherry	3750	3725	25
Robusta Parchment	5925	5850	75
Robusta Cherry	2775	2775	Unchanged

* Values in Rs. per 50 Kg

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

Grade	30.03.2016	30.03.2016	Change	30.03.2016	23.03.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	256	--	---	--	--
AA	250	--	--	---	--	--
PB	190	--	--	---	134	--
A	232	--	--	---	--	--
AB	--	--	--	136	137	-1
B	183	183	Unchanged	--	--	--
C	146	146	Unchanged	--	--	--
BBB	112	--	--	100	93	7
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	-	--	--	-
A	--	--	-	--	--	-
PB	136	--	-	105	--	-
AA	--	--	-	--	--	-
AB	--	--	-	108	---	-
B	--	--	-	---	---	-
C	--	--	-	102	---	-
BBB	--	91.5	-	96	---	-

Values in Rs. per kg

Technical Analysis(Domestic Ara

Outlook -Prices show downside momentum in next week.

- *Technical chart shows downs*
- *RSI is also moving high in downside momentum in the*
- *Along with this, 18 days expo*
- *We expect further steady to u*

Strategy: Market participants are a

Arabica Parchment (Karnataka S)

Support and Resistai	
S2	
7500	

Units in Rs./50 kg.