

Executive Summary

Domestic Coffee Market Summary

Coffee prices traded in steady zone in Karnataka physical market, as on 30th April 2016 on dull trading activities. Coffee demand of Arabica coffee is lower in the market. Robusta is comparatively in good demand. Karnataka, the main coffee belt is awaiting rain. Robusta's flowering happens after a care by irrigation. Further, Robusta beans are maturing. However, Arabica trees need showers for flowering. Arabica trees need rainfall. Irrigation system may contribute towards growth of approx 75% of coffee trees but remaining 25% totally depends on rainfall. Indian markets hold around 10 to 15% of coffee beans stock of 2014/15 harvest. Robusta prices seem to rally higher due to the dry spell internationally, whereas Arabica prices seem steady for the next week. We expect rainfall by 4th May 2016 which will help prices of Robusta to jump domestically by 5-8 Rs. per/kg due to clean coffee availability. Increasing level of La Nina may soon bring rainfall in India.

According to the released data by the Coffee Board Of India, coffee planting area of Arabica coffee is estimated at 185978 hectare for 2014/15 season with an increase of 2.67% against last year records i.e. 181129 hectare. While, Robusta planting area is estimated slightly up by 0.02% to 200217 hectares in 2014/15 as compared to 200175 hectare in previous year record. Board placed production estimate for Arabica and Robusta at 98000 MT and 229000 MT respectively for the season 2014/15 where Arabica is lower by 4.10 against 102200 MT in 2013/14 however Robusta is higher by 13.19% from 202300 MT in 2013/14. Total yield of Arabica stood lower at 6.56% to 527 kg/hac against 564 kg/hac in 2014-15 while Robusta's productivity is higher by 13.15% to 1144 compared to 1011 kg/hac in 2013/14.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 26th April 2016 is registered higher by 19.35% at 103069 metric tons compared to 86358 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee. Instant Coffee export from 1st January 2016 to 26th April 2016 this year, recorded higher by 9.76% at 7285 metric tons from preceding year volume of 6637 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 31.54% at 20580 and 30.85% at 61636 metric tons respectively against exports volume of 15645 metric ton and 47101 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 5076 metric tonnes with a decline of 3.57% as one of the main buyers ILLIcafe has reduced its volume for Arabica cherry and Robusta parchment to 8406 metric tonnes with a decline of 27.50%.

Recommendation:

Weekly Call -: Market participants are advised to go short on the current level for short period of time..

International Coffee Market Summary

As per Vietnam's government estimate, Vietnam is likely to ship 160,000 tonnes (2.67 million 60 kg bags) of coffee in April month 2016 which is higher by 54.7% from last year record in the corresponding period of time. It has exported total 976,200 tonnes in 2015/16 season higher by 27.4% from the last season. In view of trader, coffee exports level will stand between 140,000 and 150,000 tonnes. in April month 2016 lower than the government estimates.

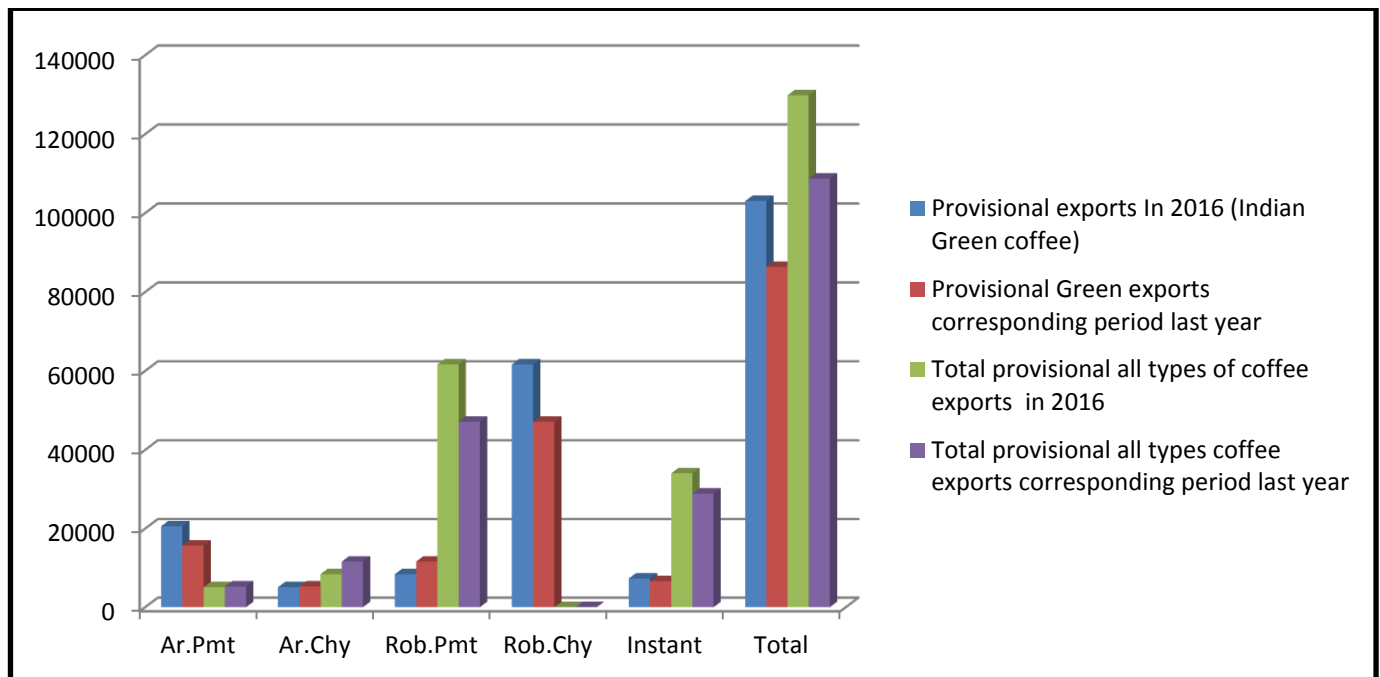
As per source ABIC forecasts the coffee crop size of Brazil around 53 million bags for 2016 season after two years of disappointing output from drought damage. It also raised its consumption forecast of Brazil higher at 21.3 million bags compared to 21 million bags forecast at the start of the year because Brazilians seek out lower-end coffees during the ongoing economic crisis in the country.

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India-

Export update: From 01 st January 2016 to 26th 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)	20580	5076	8406	61636	14	73	7285	103069
2	Provisional exports corresponding period last year	15645	5264	11595	47101	12	104	6637	86358
3	Provisional re-exports	0	0	0	0	0	5	26787	26792
4	Provisional re-exports corresponding period last year	0	0	0	0	40	47	22263	22350
5	Total provisional exports (1+3)	20580	5076	8406	61636	14	78	34072	129861
6	Total provisional exports corresponding period last year (2+4)	15645	5264	11595	47101	52	152	28900	108709

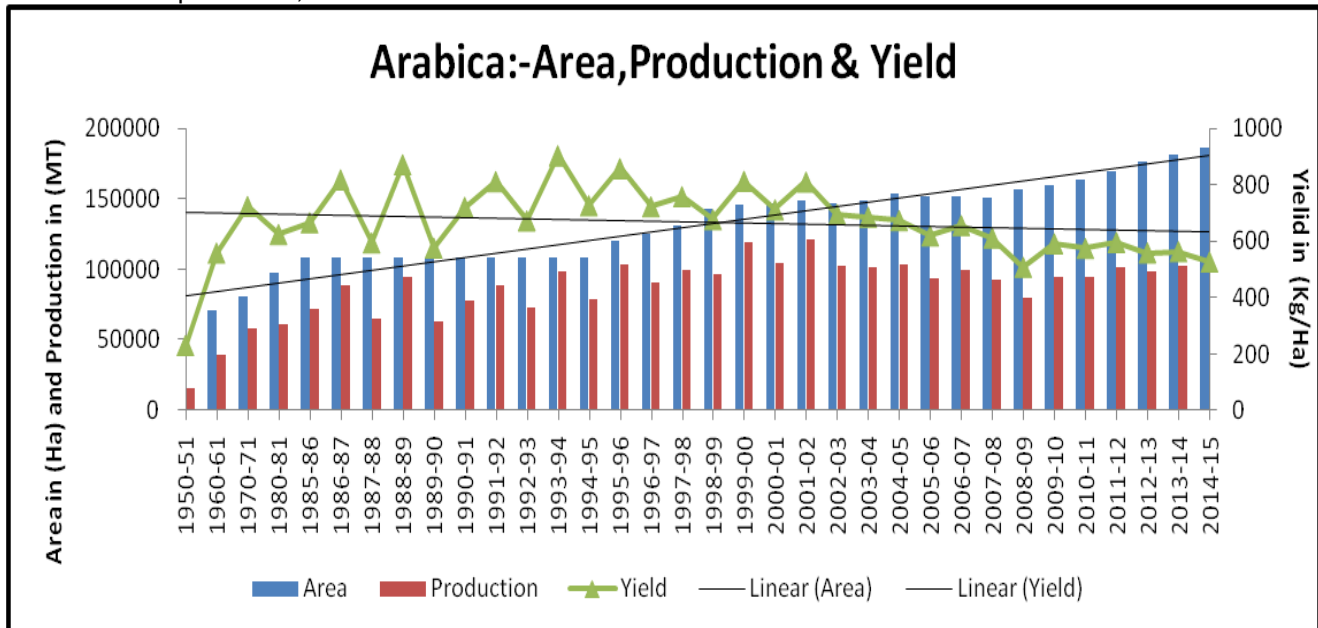
Source: The Coffee Board Of India



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

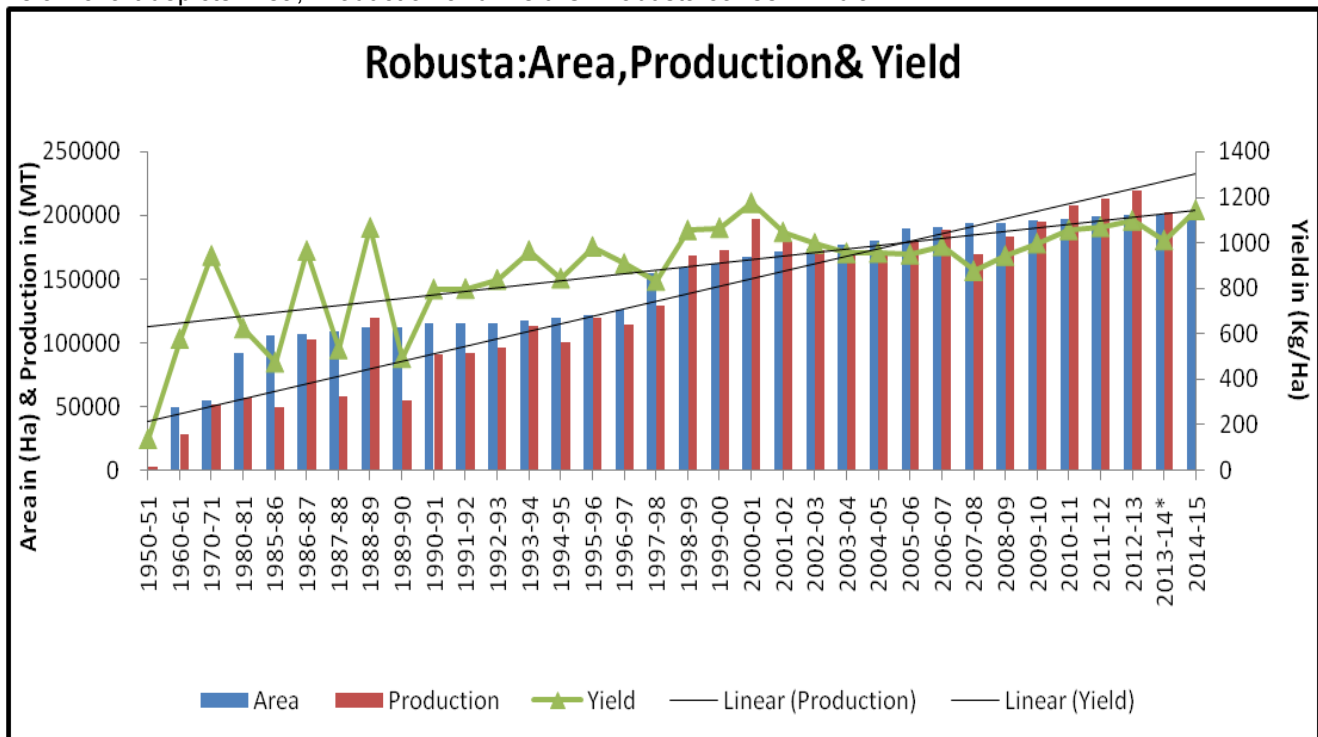
Domestic Crop Scenario:-

Below chart depicts Area, Production and Yield Of Robusta coffee in India:-



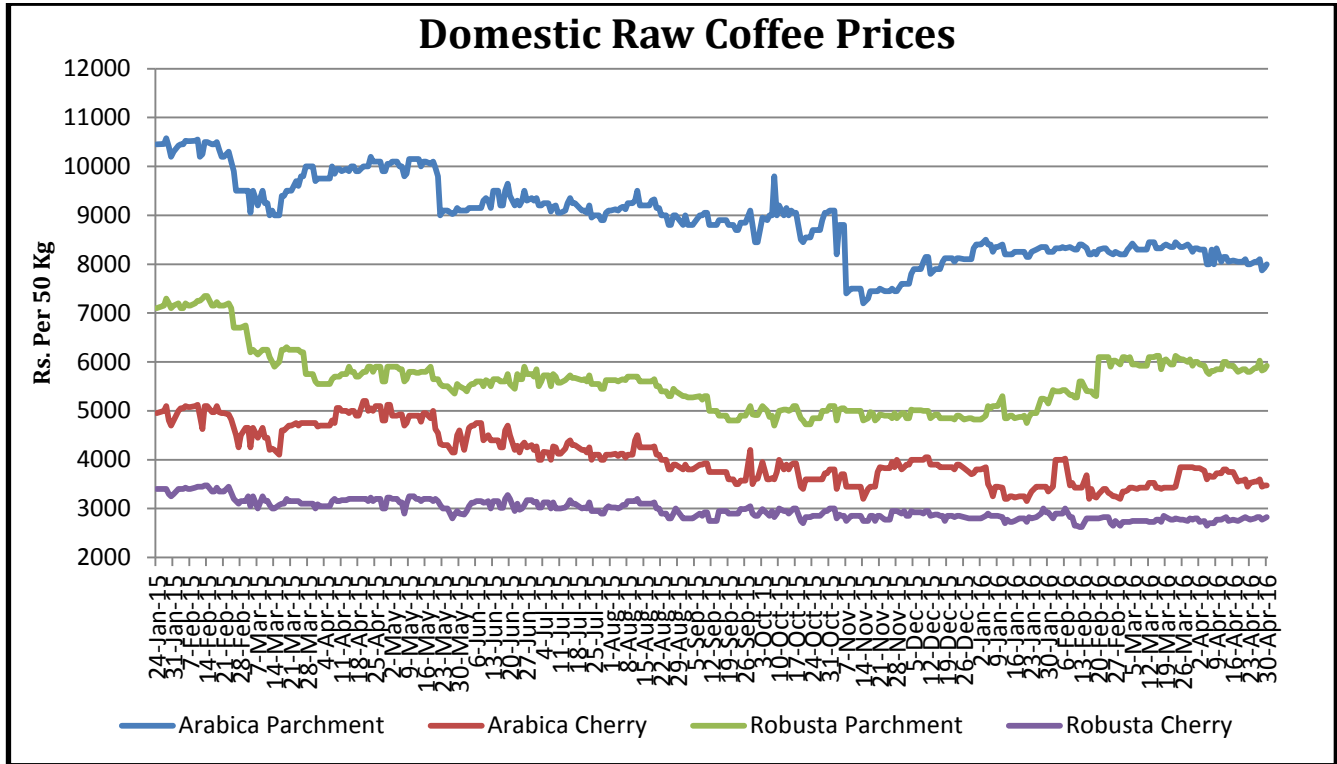
Source: The Coffee Board Of India

Below chart depicts Area, Production and Yield Of Robusta coffee in India:-

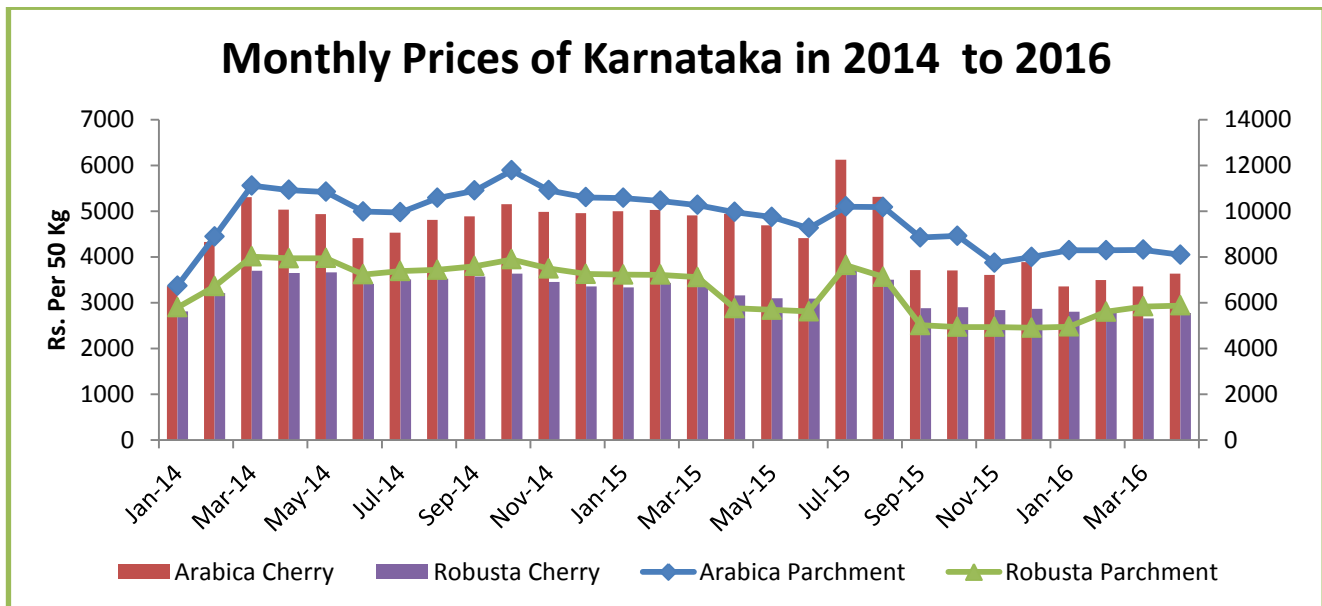


Source: The Coffee Board Of India

Coffee Prices Of Auction Market & State Wise Market



Source: Agriwatch



Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

Variety	30.04.2016	23.04.2016	Change
Arabica Parchment	8000	8000	Unchanged
Arabica Cherry	3475	3525	-1.41
Robusta Parchment	5925	5800	2.15
Robusta Cherry	2825	2775	1.80

* Values in Rs. per 50 Kg

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

Grade	21.04.2016	06.04.2016	Change	21.04.2016	06.04.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	231	--	--		---	--
AA	---	250	--		---	--
PB	---	190	--	126	---	--
A	---	232	--	---	---	--
AB	---	--	--	136.5	136	0.5
B	---	183	--	---	--	--
C	---	146	--	---	--	--
BBB	---	112	--	102.50	100	2.5
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	--	-	---	--	-
A	---	--	-	---	--	-
PB	---	136	-	108.10	105	3.1
AA	---	--	-	---	--	-
AB	145	--	-	110	108	2
B	---	--	-	---	---	-
C	---	--	-	105	102	3
BBB	102	--	-	98	96	2

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 steady to downside momentum in next week.

- Technical chart shows downside momentum of the market.
- RSI is also moving in steady zone region at 40.04 in this week further steady to downside momentum in the next week.
- Along with this, 18 days exponential moves down, supporting further steady to down momentum of the market.
- We expect further steady to 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
7581.90	7881.52	8000	8221.08	8440.79

Units in Rs./50 kg.

International Market Updates

ICE coffee future prices declined by 3% to 120.40 cents/lb in this week against 123.55 cents/lb of the last week. As per RTRS, ICE certified stocks decreased by 4680 to 1381386 bags as on 29th April 2016 against 1386066 bags as on 28th April, 2016.

Brazil:- The yield of Brazil's Robusta, or Conillon crop has been damaged after drought condition. Harvesting has just begun, and reports suggest significant damage, in line with market expectations.

Vietnam:- Higher demand from roasters and low supply supported Vietnamese physical Robusta coffee premiums to go up in Europe despite a futures rally. Dry weather has slowed farmers' pace of selling. Vietnamese farmers were reluctant to sell because many believed Robusta coffee prices could rise further in the absence of sufficient rainfall.

One dealer quoted freight from Ho Chi Minh City to Hamburg at \$15-20 per tonne, down from \$50-70 per tonne two years ago.

Robusta crop needs rainfall. As per the government statistics, Vietnam reported a trade surplus of \$1.47 billion in the first four months of 2016, compared with a deficit of \$2.67 billion in the same time last year.

Below table shows coffee exports details of Vietnam for 2016:-

Coffee Exports Details Of Vietnam			
Volume (Tonne)	% Change (Y/Y)	Value (\$ MLN)	% Change(Y/Y)
637600	35.3	1081.6	10.7

Source: Reuters

Others:-

1) According to Uganda Coffee Development Authority, Uganda exported lower coffee beans by 21% to 247,838 60-kg bags in March 2016 from 311,747 bags in the same month previous year. For the month of April, Uganda is likely to export total 240,000 bags in April 2016.

2) According to Cetrex, Nicaragua exported lower coffee beans by 10.7% in March 2016 against 224,601 60 kg bags in the same month a year earlier. Shipments in the first six months of the season, which begins in October, were 9.3-percent lower than the same period the prior year, at 639,790 60-kg bags. The coffee season in Central America and Mexico, which together produce about a fifth of the world's Arabica beans, runs from October through September.

3) As per sources, Coffee Beans exports of Ivory Coast stood higher at 16331 tonnes in March 2016 against last year record during the same month. Total exports of three month as begin from January to March stood higher by 88% on the same period last year.

4) According to the Nairobi Coffee Exchange, the highest price of Kenya's benchmark grade AA coffee rose 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.

5) U.S. government weather forecaster last week said there was an increasing chance of La Nina taking place in the second half of the year. Typically less damaging than El Nino, La Nina is characterized by unusually cold ocean temperatures in the equatorial Pacific Ocean and tends to occur unpredictably every two to seven years.

Global Coffee Estimates:-

Below table shows Coffee estimates of the World and Brazil:-

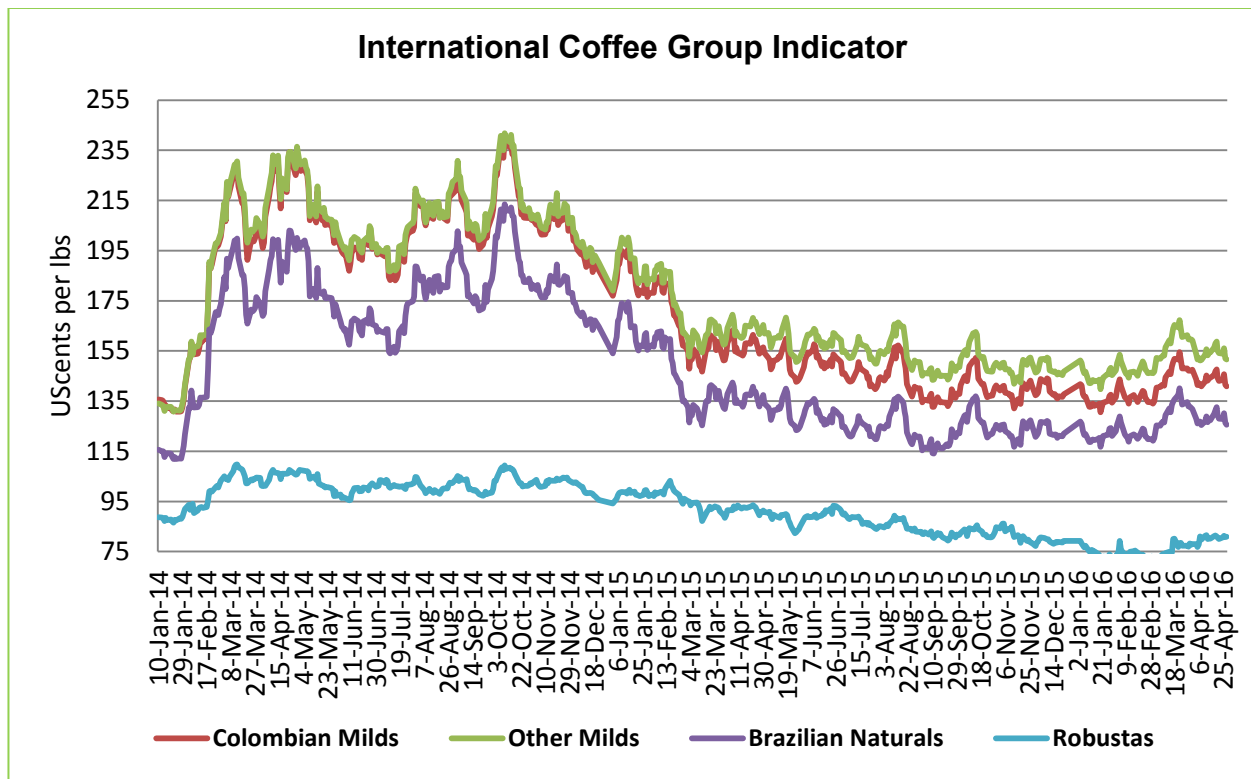
Source	Date Issued	Brazil Output 2015-16	Brazil Output 2016-17	Brazil Robusta	Brazil Arabica	Global Output 2014-15	Global Output 2015-16	Supply/Demand 2014-15	Supply/Demand 2015-16
Exportadora	7th March 2016	50	55.5	13	42.5	-	-	-	
Wolthers	17th Feb 2016	45.6	54-55	14	40-41	-	-	-	
IBGE	4th Feb 2016	44.1	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
Cooperative	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

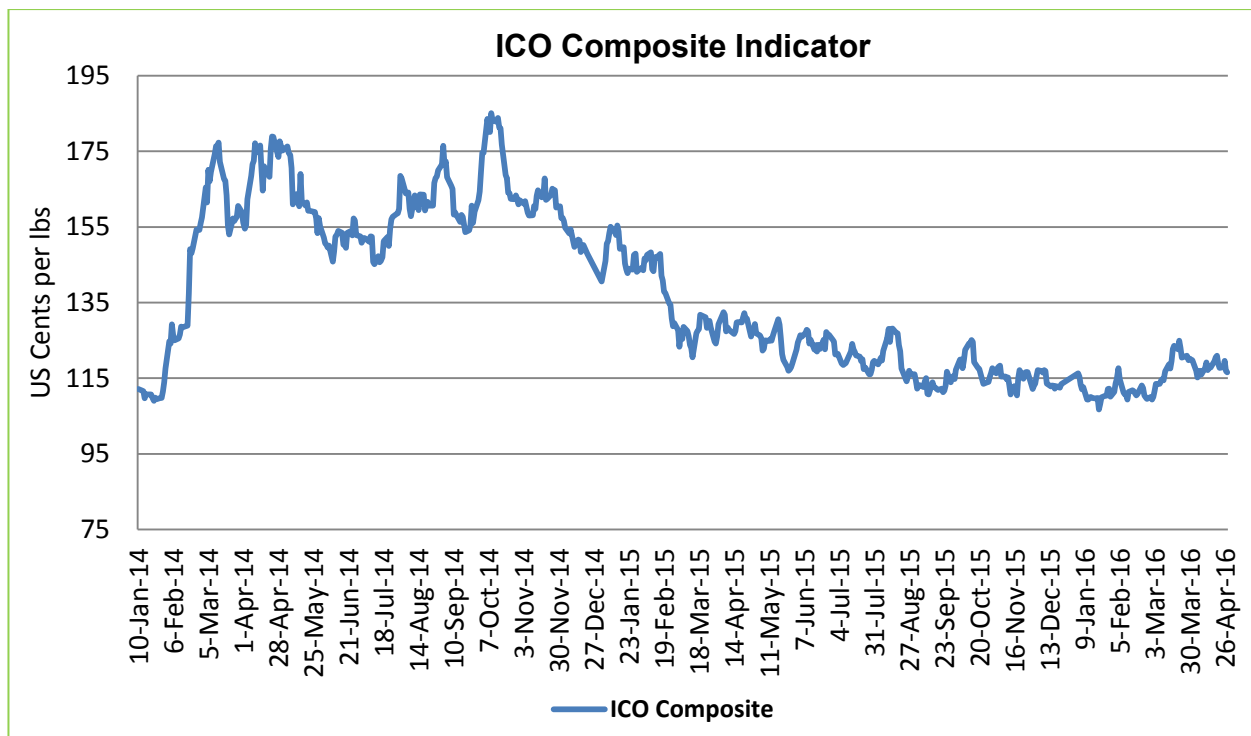
International Coffee Price Trend:-
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	28.04.2016	21.04.2016	28.03.2016	28.04.2015
ICO Composite Indicator	116.56	118.72	120.93	127.85
Colombian Milds				
US	141	144	147.50	154.50
Europe	140.65	144.53	148.70	157.60
Group Indicator	140.84	144.24	148.05	155.93
Other Milds				
US	151.94	154.44	159.94	164.19
Europe	151.31	155.45	161.50	162.96
Group Indicator	151.57	155.03	161.31	163.43
Brazilian Naturals				
US	111	114	119.50	129.50
Europe	130.76	134.85	138.84	137.09
Group Indicator	125.62	129.43	134.68	135.12
Robusta				
US	88.50	88	85.42	97.83
Europe	79.33	79.05	75.70	89.43
Group Indicator	80.89	80.57	77.35	90.78

US cents/lb

International Coffee Indicators Charts:-


Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(28-April-2016)	Week Ago(21-April-2016)	Month Ago(28-March-2016)	Weekly Change (%)
16-May	120.40	123.55	130.55	-2.55
16-Jul	120.95	124.10	132.30	-2.54
16-Sep	122.75	125.85	134	-2.46

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(28-April-2016)	Week Ago(21-March-2016)	Month Ago(28-March-2016)	Weekly Change (%)
16-May	1542	1534	1491	0.52
16-Jul	1578	1567	1522	0.70
16-Sep	1598	1587	1546	0.69

USD/T

International Coffee Prices

	28.04.2016	21.04.2016	28.03.2016	28.04.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	34400	34300	32900	30300
Vietnam FOB (2-5 pct)* (Saigon port)	1628	1620	1561.50	1557.30
Indonesian FOB (4-80 defects)** (Lampung Port)	1810	1820	1840	1640

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

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (26/04/2016)	Average Prices In	Prices This Auction In (19/04/2016)
Arabica AA	60-294	208.87	63-271
Arabica AB	56-262	202.06	51-258
Arabica C	43-230	161.31	34-228
Arabica PB	50-301	212.37	55-240
Arabica T	47-140	100.09	45-140
Arabica TT	94-222	167.62	56-232

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 lower trend in the market.

- Candlestick chart depicts downtrend in the market.
- 14 days EMA stood down at 122.65 against 123.36 in the market hints downward momentum in the market.
- Lower volume and prices indicates further short build up phase of the market.
- On the other hand, RSI is down at 48.50 compared to 50.24 of last week momentum indicating weak 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
111.60	117.18	120.85	131.13	138.50

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 1510 against last week records i.e.1491, indicating further lower tone in the mark
- On the other hand, RSI is higher at 54.47 in neutral region against 54.18 of last week hinting a further upward momentum of the market in upcoming week.

Strategy: Market participants are advised to go long in the short period of time.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
1431	1477	1556	1595	1625

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