

Executive Summary

Domestic Coffee Market Summary

Coffee prices witnessed a firm tone by Rs.75/50 kg bags in Karnataka physical market, as on 7th May 2016 on improved beans demand. Demand seems to increase as International prices of Robusta is moving higher. Indian Robusta beans are growing where as Arabica plants awaiting rains for blossom, Brazil has started picking of Arabica, whereas Vietnam and Indonesia are expecting rains for blossom of Robusta. On the other hand, Central America and African countries have received rainfall. In India the weather was dry till 3rd May 2016 but some places of coffee belts received rain now however it is not enough for blossom.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 2nd May 2016 is registered higher by 19.83% at 109036 metric tons compared to 90985 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 2nd May 2016 this year, recorded higher by 10.88% at 7627 metric tons from preceding year volume of 6878 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 29.04% at 21165 and 33% at 65862 metric tons respectively against exports volume of 16401 metric ton and 49518 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 5458 metric tonnes with a decline of 1.95% as one of the main buyers ILLIcafe has reduced its volume for Arabica cherry and Robusta parchment to 8833 metric tonnes with a decline of 29.32%.

Recommendation:

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

International Coffee Market Summary

As per ICO recent released data, total Coffee exports of the World in March 2016 increased by 1.7% to 10.39 million bags compared to 10.28 million bags in March 2015, with a drop in Robusta exports of 2% than compensated by 3% increase in Arabicas. This brings the total exports for the first six months of coffee year 2015/16 (October to March) to 55.46 million bags, up 1.6% on the same period last year. Brazil, in particular, has maintained a heavy flow of shipments (up 0.7% on last year), with increases also registered in Colombia (+14.1%), India (+13.3%), Vietnam(+0.5%) and Ethiopia (+26.2%). Mexico and Indonesia, on the other hand, are both estimated lower by 11.4% and 35.9% respectively. In the twelve months ending March 2016, exports of Arabica totalled 71.07 million bags compared to 68.66 million bags last year; whereas Robusta exports amounted to 41.74 million bags compared to 45.03 million bags.

Colombia produced total 7.3 million bags of coffee in the first half of 2015/16, there are increasing concerns that dryness caused by El Niño could reduce output in the second half of the year, with reports emerging that this could increase Colombia's susceptibility to damage from coffee berry borer. Drought is also affecting supply expectations in Vietnam and Espírito Santo in Brazil, which could lend support to Robusta prices in the near future.

Brazil:- According to Safras e Mercado, coffee crop size in Brazil is likely to touch the level of 56.4 million bags of the season 2016/17 with an increase of 12% against previous year record due to more favorable rains earlier in the season. Where Arabica is forecasted at 42.8 million bags and Robusta is placed at 13.6 million bags up from 36.9 million bags and 200,000 respectively of last year record. This forecast is higher than 57.1 million bags estimates as given in 2012/13 season and 56 million bags in 2013/14 season. As of now, coffee crop harvesting of both types has been started but with a slower pace.

As per Brazil's trade ministry, Brazil exported total 2232243 60 kg bags in April 2016 lower by 20% from last month exports volume i.e.2775268 60 kg bags. The shipment is also down by 21% if comparing to 2814950 60 kg bags of last year record.

Below table shows coffee exports details of Brazil:-

Brazil's Coffee Exports Details					
Commodity	Apr-16	Mar-16	Apr-15	% change Last month	% change Last year
Coffee	2,232,243	2,775,268	2,814,950	-20	-21

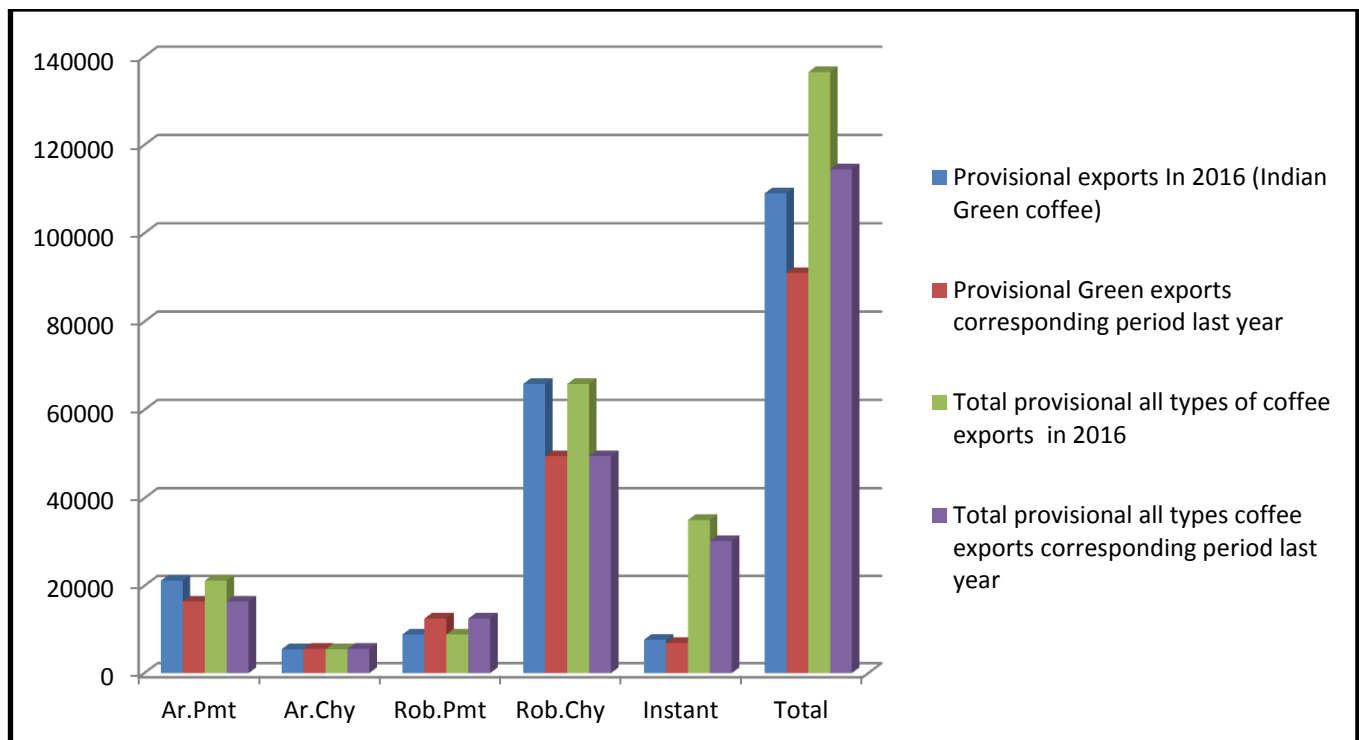
Source: Reuters (Unit 60 kg bags)

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India-

Export update: From 01st January 2016 to 2nd May 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)	21165	5458	8833	65862	17	74	7627	109036
2	Provisional exports corresponding period last year	16401	5567	12498	49518	12	111	6878	90985
3	Provisional re-exports	0	0	0	0	0	5	27443	27448
4	Provisional re-exports corresponding period last year	0	0	0	0	40	47	23383	23470
5	Total provisional exports (1+3)	21165	5458	8833	65862	17	79	35071	136485
6	Total provisional exports corresponding period last year (2+4)	16401	5567	12498	49518	52	158	30261	114455

Source: The Coffee Board Of India



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

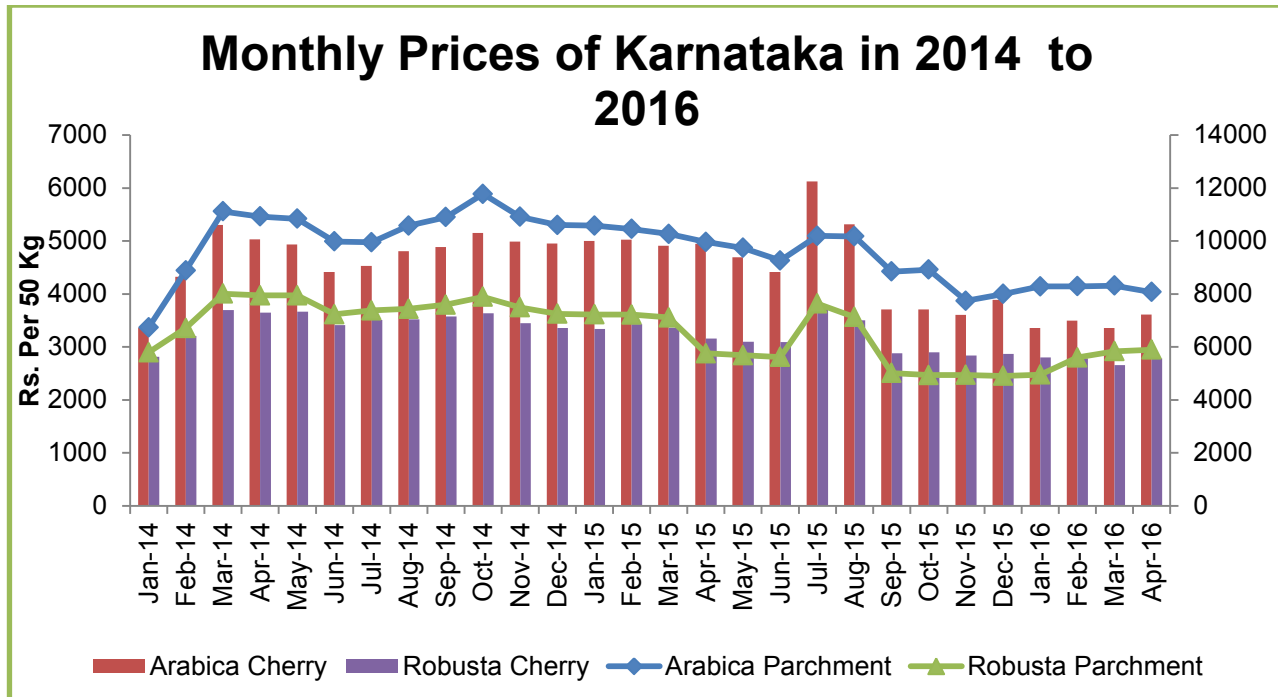
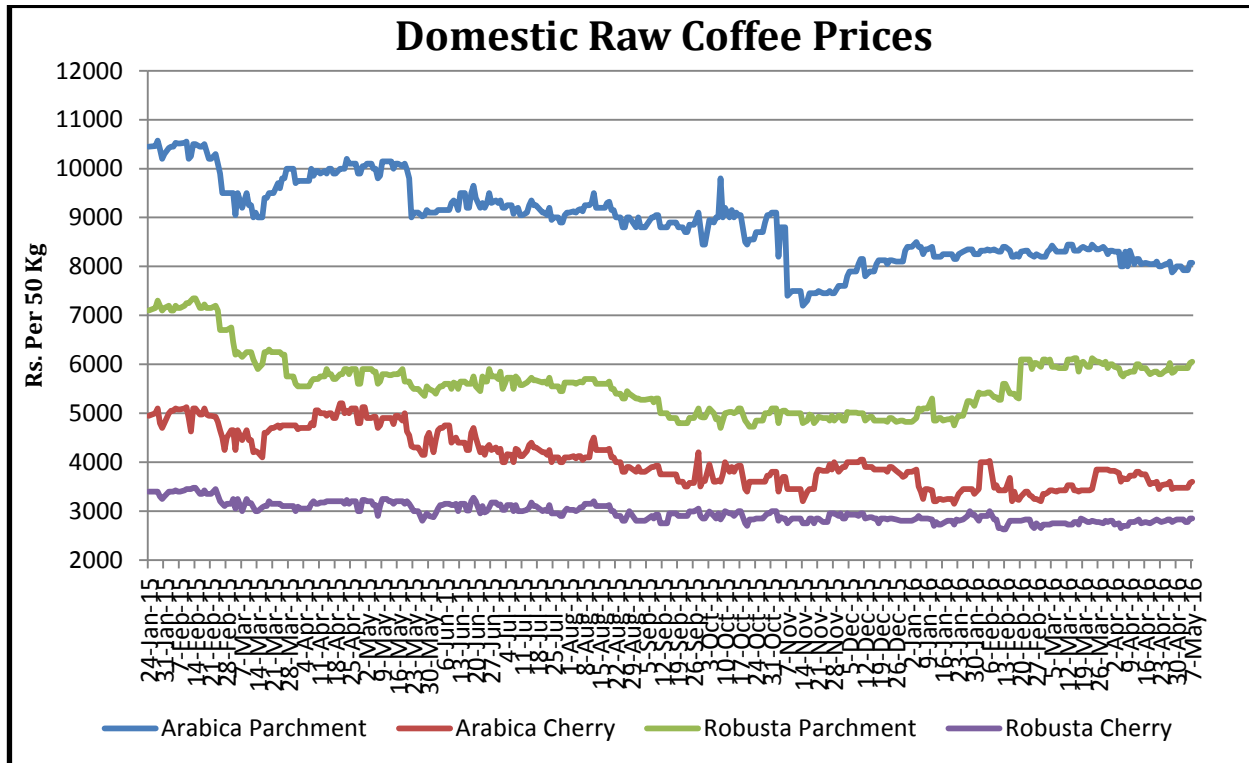
Area Production and Productivity Of Coffee In India:-

Coffee Area, Production and Productivity - India							
	Arabica				Robusta		
Year	Area	Production	Yield	Year	Area	Production	Yield
1950-51	67613	15511	229	1950-51	24910	3382	136
1960-61	70649	39526	559	1960-61	49672	28643	577
1970-71	80433	58348	725	1970-71	55030	51883	943
1980-81	98005	61262	625	1980-81	92071	57384	623
1985-86	108476	72311	667	1985-86	106000	50139	473
1986-87	108500	88975	820	1986-87	107000	103119	964
1987-88	108500	64556	595	1987-88	109500	58157	531
1988-89	108500	94781	874	1988-89	112500	119934	1066
1989-90	108500	62572	577	1989-90	112500	55481	493
1990-91	108500	78311	722	1990-91	115000	91415	795
1991-92	108500	88320	814	1991-92	115000	91680	797
1992-93	108500	73120	674	1992-93	115000	96275	837
1993-94	108500	98300	906	1993-94	118000	113700	964
1994-95	108500	79000	728	1994-95	120000	101100	843
1995-96	120100	103250	860	1995-96	121900	119750	982
1996-97	125017	90450	724	1996-97	126267	114550	907
1997-98	130664	99300	760	1997-98	154988	129000	832
1998-99	143007	97000	678	1998-99	159227	168000	1055
1999-00	146052	119000	815	1999-00	162381	173000	1065
2000-01	146502	104400	713	2000-01	167432	196800	1175
2001-02	149056	121050	812	2001-02	171681	179550	1046
2002-03	146780	102125	696	2002-03	173835	173150	996
2003-04	148389	101950	687	2003-04	176735	168550	954
2004-05	153280	103400	675	2004-05	180058	172100	956
2005-06	151547	94000	620	2005-06	189804	180000	948
2006-07	151861	99700	657	2006-07	191179	188300	985
2007-08	151013	92500	613	2007-08	193495	169500	876
2008-09	156421	79500	508	2008-09	194079	182800	942
2009-10	159828	94600	592	2009-10	195674	195000	997
2010-11	163737	94140	575	2010-11	196748	207860	1,056
2011-12	169906	101500	597	2011-12	198781	212500	1,069
2012-13	176131	98600	560	2012-13	200174	219600	1,097
2013-14	181129	102200	564	2013-14*	200175	202300	1011
2014-15	185978	98000	527	2014-15	200217	229000	1144

Source: The Coffee Board Of India

Source: The Coffee Board OF India

Coffee Prices Of Auction Market & State Wise Market



Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

Variety	07.05.2016	30.04.2016	Change
Arabica Parchment	8075	8000	75
Arabica Cherry	3600	3475	125
Robusta Parchment	6050	5925	125
Robusta Cherry	2850	2825	25

* Values in Rs. per 50 Kg

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

Grade	28.04.2016	21.04.2016	Change	28.04.2016	21.04.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	231	--	--	---	---	--
AA	---	252	--	---	---	--
PB	---	185	--	134	---	--
A	---	223	--	---	---	--
AB	---	---	--	---	136	-1
B	---	---	--	---	--	--
C	---	150	--	---	--	--
BBB	---	---	--	---	100	7
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	--	-	---	--	-
A	---	--	-	---	--	-
PB	---	136	-	---	105	-
AA	---	--	-	---	--	-
AB	---	--	-	---	108	-
B	---	--	-	---	---	-
C	---	--	-	---	102	-
BBB	---	--	-	---	96	-

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 42.62 in this week against 40.04, hinting further steady to upside momentum in the next week.
- Along with this, 18 days exponential moves slight up, supporting further steady to upward 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
7581.90	7881.52	8075	8221.08	8440.79

Units in Rs./50 kg.

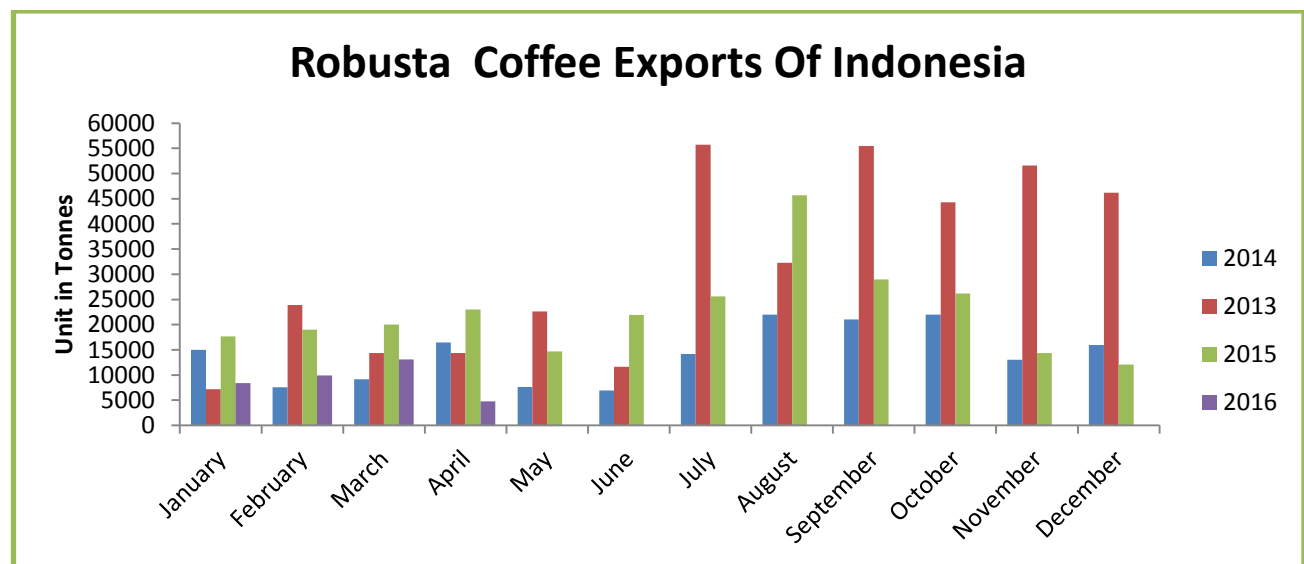
International Market Updates

ICE coffee future prices went up slightly by 2.15% to 123.45 cents/lb in this week against 120.85 cents/lb of the last week. International coffee prices went up significantly over the course of March 2016. The monthly average of the ICO composite indicator price jumped by 5.4% to 117.83 US cents/lb in March, its highest level since October 2015. As per RTRS, ICE certified stocks decreased by 119 to 1377074 bags as on 6th May 2016 against 1377193 bags as on 5th May, 2016. Coffee speculators raised short position to 11964 contracts in week to May 3, 2016 cutting 13772. This week in terms of today's Ascension Day public holiday that is celebrated by many European countries and including the important coffee trade countries Germany and Switzerland and to a lesser degree the holidays in the Netherlands and Belgium, is likely to become something of a long weekend holiday for many trade and industry executives, to further contribute to a particularly slow market for the end of this week.

Vietnam:- Central Highland, one of the main coffee growing district of Vietnam have been receiving scattered rain over the past few weeks. The new summer rain season has yet to kick off in any force and the region in terms of ground water retention levels remains relatively dry for the present.

Indonesia:-

As per sources, Sumatra main growing area of Indonesia shipped lower Robusta coffee beans by 79% to 4786.2 tonnes in April 2016 as compared to last year record volume i.e. 23000 tonnes in the same month. Shipment of Indonesia went up by 43.10% against 13082.7 tonnes of March month exports volume.



Source: Reuters

Others:-

1) As per sources, Honduras shipped higher coffee beans by 3.2% to 732321 60 kg bags in April 2016 against 709924 60 kg bags in 2015 during the same month. It is the biggest coffee producer of Central America. Shipments during the first seven months of the 2015/2016 harvest totaled 3.073 million bags, down 0.1 percent from the same period in the previous 2014/2015 crop. 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.

2) According to ICAFE report, total exports of Costa Rica increased by 14.6% to 170169 60 kg bags in April from 148516 60 kg bags in April 2015. Shipments during the first seven months of the current 2015/2016 harvest reached 653,887 bags, up 1.4 percent compared to the same seven-month period during the previous 2014/2015 crop.

World Coffee Exports Details:-

Below table shows Monthly Coffee Exports of The World:-

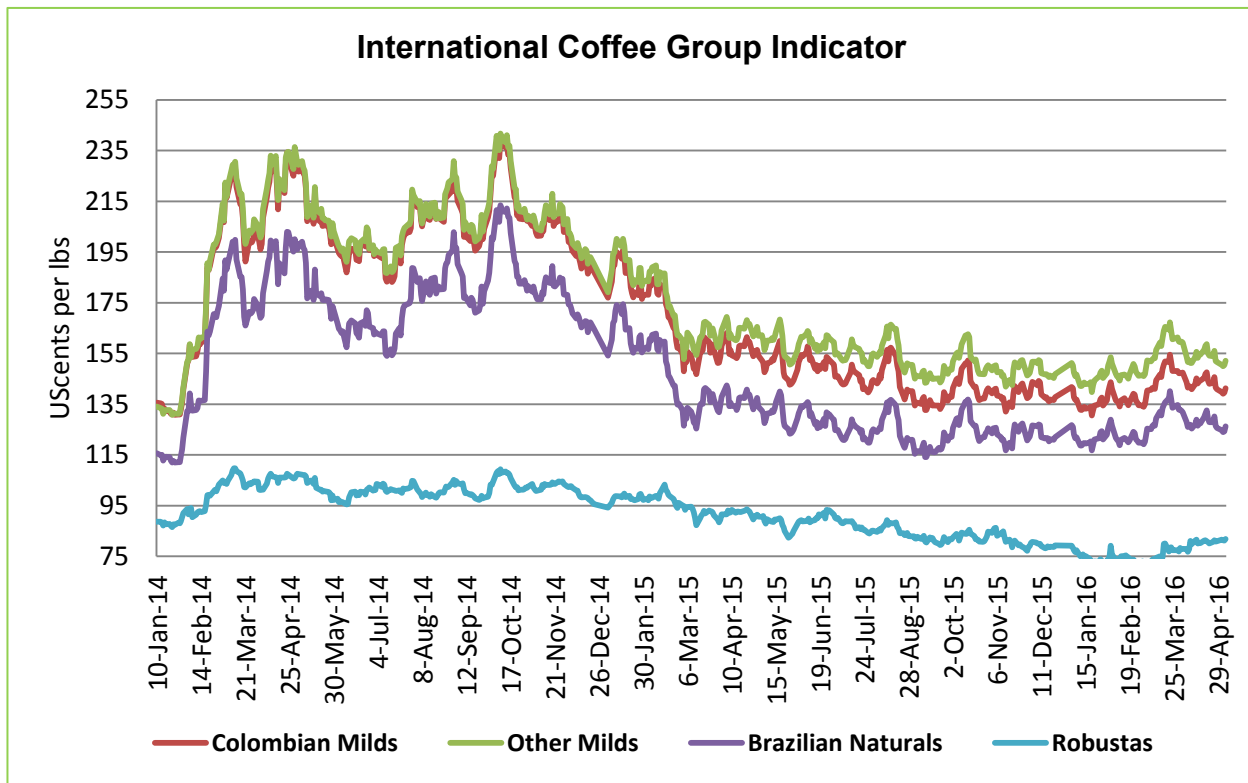
Monthly export statistics - March 2016						
	March 2015	March 2016	% change	October - March		% change
				2014/15	2015/16	
TOTAL	10 281	10 388	10.0%	54 588	55 461	16.0%
Arabicas	6 249	6 438	30.0%	33 284	35 802	76.0%
<i>Colombian Milds</i>	930	1 208	29.9%	6 558	7 425	13.2%
<i>Other Milds</i>	2 491	2 229	-10.5%	9 532	10 185	68.0%
<i>Brazilian Naturals</i>	2 829	3 002	61.0%	17 194	18 193	58.0%
Robustas	4 032	3 949	-20.0%	21 304	19 659	-77.0%
Brazil	3 130	2 997	-43.0%	18 650	18 775	0.7%
Burundi	0	8	-	136	152	11.7%
Cameroon	19	24	21.8%	104	87	-17.0%
Colombia	786	1 092	39.0%	5 946	6 784	14.1%
Costa Rica	143	175	22.6%	445	476	69.0%
Ecuador	88	60	-31.6%	525	434	-17.4%
El Salvador	110	51	-53.7%	306	163	-46.8%
Ethiopia	195	228	16.9%	981	1 239	26.2%
Guatemala	366	360	-16.0%	1 006	1 210	20.2%
Honduras	785	634	-19.3%	2 366	2 340	-11.0%
India	649	702	81.0%	2 385	2 702	13.3%
Indonesia	564	335	-40.6%	3 376	2 165	-35.9%
Kenya	67	40	-40.4%	329	280	-14.7%
Mexico	264	180	-31.9%	1 106	980	-11.4%
Nicaragua	260	230	-11.5%	736	675	-82.0%
Papua New Guinea	37	42	13.0%	294	278	-54.0%
Peru	34	108	21.6%	1 049	1 639	56.3%
Rwanda	15	15	0.0%	166	155	-65.0%
Tanzania	108	103	-43.0%	414	542	31.1%
Togo	40	20	-49.6%	92	38	-59.0%
Uganda	311	248	-20.3%	1 586	1 669	53.0%
Vietnam	2 062	2 500	21.3%	11 389	11 450	0.5%
Others	39	40	26.0%	192	207	77.0%

Source: ICO

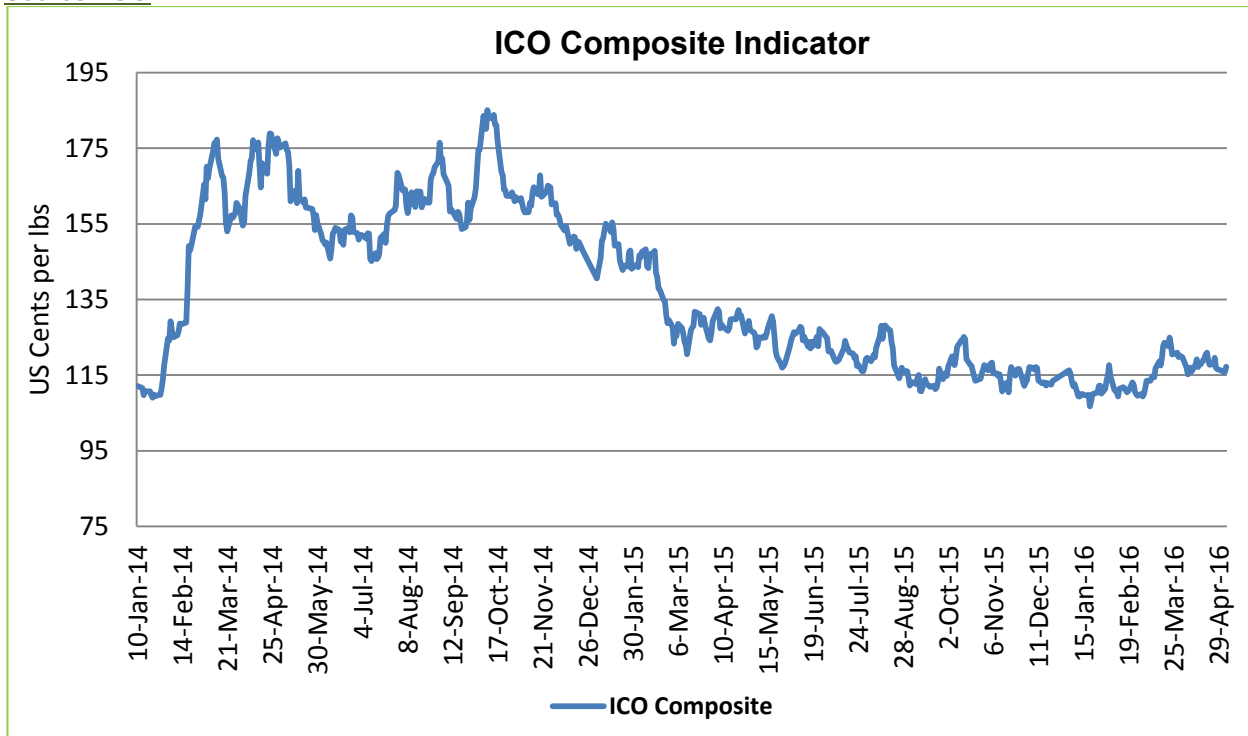
International Coffee Price Trend:-
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	05.05.2016	28.04.2016	05.04.2016	05.05.2015
ICO Composite Indicator	117.23	116.56	115.23	125.53
Colombian Milds				
US	141.50	141	141	149.75
Europe	Holiday	140.65	141.97	153.51
Group Indicator	141.27	140.84	141.45	151.48
Other Milds				
US	152.44	151.94	150.94	159.94
Europe	Holiday	151.31	152.08	160.33
Group Indicator	152.05	151.57	151.61	160.18
Brazilian Naturals				
US	111.50	111	111	124.75
Europe	Holiday	130.76	131.32	133.70
Group Indicator	126.24	125.62	126.04	131.37
Robusta				
US	89.58	88.50	83.67	97.75
Europe	Holiday	79.33	75.35	89.61
Group Indicator	81.77	80.89	76.76	90.91

US cents/lb

International Coffee Indicators Charts:-


Source: ICO



International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(05-May-2016)	Week Ago(28-April-2016)	Month Ago(05-April-2016)	Weekly Change (%)
16-May	120.90	120.40	121.50	0.42
16-Jul	121.50	120.95	123.65	0.45
16-Sep	123.25	122.75	125.40	0.41

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(05-May-2016)	Week Ago(28-April-2016)	Month Ago(05-April-2016)	Weekly Change (%)
16-May	1584	1542	1457	2.72
16-Jul	1617	1578	1490	2.47
16-Sep	1626	1598	1513	1.75

USD/T

International Coffee Prices

	05.05.2016	28.03.2016	05.04.2016	05.05.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	34500	34400	32900	37900
Vietnam FOB (2-5 pct)* (Saigon port)	1637.50	1628	1559.50	1835
Indonesian FOB (4-80 defects)** (Lampung Port)	-	1810	1810	1990

*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 upside of the market during the week. We expect prices to trade s trend in the market.

- Candlestick chart depicts uptrend in the market.
- 14 days EMA stood up at 122.88 against 122.65 in the market hints upward momentum in the market.
- Lower volume however high prices indicates further short covering phase of the market.
- On the other hand, RSI is up at 51 compared to 48.5 of last week momentum indicating firm tone in the next week.

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

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
110.58	114.86	123.45	130.55	137.22

Technical Analysis Of Coffee Future Market (May'2016 Contract At LIFFE Future Market)


Outlook -Prices show slight 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 1541 against last week records i.e.1510, indicating further higher tone in the market.
- On the other hand, RSI is higher at 63.06 in neutral region against 57.46 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
1456	1510	1619	1671	1756

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