

**Executive Summary**
**Domestic Coffee Market Summary**

Coffee prices witnessed a firm tone by Rs.25/50 kg bags in Karnataka physical market, as on 14th May 2016 as the expectation of lower crop availability due to prolonged dry season. Demand seems to increase as International prices of Robusta is moving higher. Blossom showers were received in some areas of Indian coffee belt however, Arabica trees need good shower. The dry season will continue this week as well as Monsoon has not set in. Monsoon was set in June 30 during 2015 season. Lower grade demand was seen at last Auction however, overall buying activities are not much due to high coffee prices.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 10th May 2016 is registered higher by 20.61% at 116480 metric tons compared to 96571 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 10th May 2016 this year, recorded higher by 12.76% at 7934 metric tons from preceding year volume of 7036 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 27.97% at 22493 and 32.35% at 69961 metric tons respectively against exports volume of 17576 metric ton and 52858 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 5820 metric tonnes with a decline of 1.68% and Robusta parchment to 10078 metric tonnes with a decline of 22.79%.

**Recommendation:**

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

**International Coffee Market Summary**

Brazil Conilon Robusta coffee crop harvesting is in full swing. As of now farmers are reporting disappointing bean output from the cherries and with overall smaller bean size and higher percentages of defective beans coming out of the crop, which is very much in line with the many forecasts for a poor Conilon crop, following the last six months of generally dry weather. On the other hand, Arabica coffee harvesting just started with slow pace where the sources expect a good crop size for Arabica beans. As per the weather services forecast of the climate prediction centre of the U.S.A. government, there is now a 75% chance of a new La Nina phenomenon developing by the last quarter of this year which may help to bring rainfall for the Pacific Rim producers such as Colombia, Peru and Indonesia, while it would most likely bring dryer weather for South East Brazil. As per Cacafo recent report, Brazil exported total 2.15million 60 kg bags of green coffee in April 2016 which is lower by 22% from a revised 2.76 million bags shipped in March 2016 as drought-hit stocks dwindled heading into harvest. Arabica beans and Robusta beans exports is registered at 2.09 million bags and 59214 bags respectively in April 2016. In terms of value, total Brazil coffee exports for the month were 148 million U.S. Dollars or 29.59% lower than the same month last year, at a total of 352.2 million U.S. Dollars.

Below table shows Brazil's Coffee Exports Details :-(Units in 60 kg bags)

Brazil's Coffee Exports						
Year	Robusta	Arabica	Green	Soluble	Total	\$ Million
Apr-16	59214	2.09Mln	2.15Mln	254829	2.41Mln	352.2
Mar-16	58905	2.7 Mln	2.76 Mln	329868	3.09 Mln	452

Source: Reuters

As per sources, Vietnam may ship total 2 million and 2.7 million bags or in a range of 120,000 and 160,000 tonnes in May 2016 which is quite same as an estimated exports volume in April 2016. This forecast may be raised if global Robusta prices maintained its uptrend. Coffee harvesting pace in Indonesia takes full pace in June 2016. Delayed harvesting and dry weather condition may cause almost 10% lower Indonesia's coffee crop in the upcoming season against last year crop size.

**Domestic Coffee Exports of India -:**

Below table shows coffee exports details of India-

<b>Export update: From 01<sup>st</sup> January 2016 to 10th May 2016 (in metric tonnes)</b>									
	<b>INDIAN COFFEE</b>	<b>Ar. Pmt</b>	<b>Ar. Chy</b>	<b>Rob. Pmt</b>	<b>Rob. Chy</b>	<b>Roasted seeds</b>	<b>R &amp; G</b>	<b>Instant</b>	<b>Total</b>
1	Provisional exports (Indian coffee)	22493	5820	10078	69961	17	76	7934	116480
2	Provisional exports corresponding period last year	17576	5920	13053	52858	12	117	7036	96571
3	Provisional re-exports	0	0	0	0	0	5	29574	29579
4	Provisional re-exports corresponding period last year	0	0	0	0	42	63	24202	24308
5	Total provisional exports (1+3)	<b>22493</b>	<b>5820</b>	<b>10078</b>	<b>69961</b>	<b>17</b>	<b>81</b>	<b>37509</b>	<b>146059</b>
6	Total provisional exports corresponding period last year (2+4)	<b>17576</b>	<b>5920</b>	<b>13053</b>	<b>52858</b>	<b>54</b>	<b>180</b>	<b>31238</b>	<b>120879</b>

Source: The Coffee Board Of India

<b>COUNTRY WISE EXPORT OF COFFEE DURING 01/01/2016 to 10/05/2016</b>					
<b>[ BOTH INDIAN AND RE-EXPORTED COFFEE ]</b>					
<b>[ PROVISIONAL AND BASED ON EXPORT PERMITS ]</b>					
<b>NAME OF THE COUNTRY</b>	<b>ARABICA</b>	<b>ROBUSTA</b>	<b>INSTANT (GBE)</b>	<b>ROASTED (GBE)</b>	<b>TOTAL</b>
	<b>(IN TONNES)</b>	<b>(IN TONNES)</b>	<b>(IN TONNES)</b>	<b>(IN TONNES)</b>	<b>(IN TONNES)</b>
ITALY	4846.700	35184.820	153.028	4.841	40189.389
GERMANY	4530.520	7979.090	530.075	0.057	13039.742
RUSSIAN FEDERATION	408.400	981.850	10304.439	0.000	11694.689
BELGIUM	4910.560	3615.480	218.543	0.083	8744.666
SLOVENIA	0.000	5957.800	0.000	0.000	5957.800
TURKEY	33.720	242.280	5582.101	0.000	5858.101
JORDAN	4217.400	1527.300	14.040	0.000	5758.740
POLAND	15.090	580.810	2604.945	0.139	3200.984
SPAIN	38.400	3034.600	18.720	0.000	3091.720
KUWAIT	2034.186	895.830	8.929	1.654	2940.599
OTHERS	7377.992	20039.386	18073.913	91.733	45583.024
<b>TOTAL</b>	<b>28412.968</b>	<b>80039.246</b>	<b>37508.733</b>	<b>98.507</b>	<b>146059.454</b>

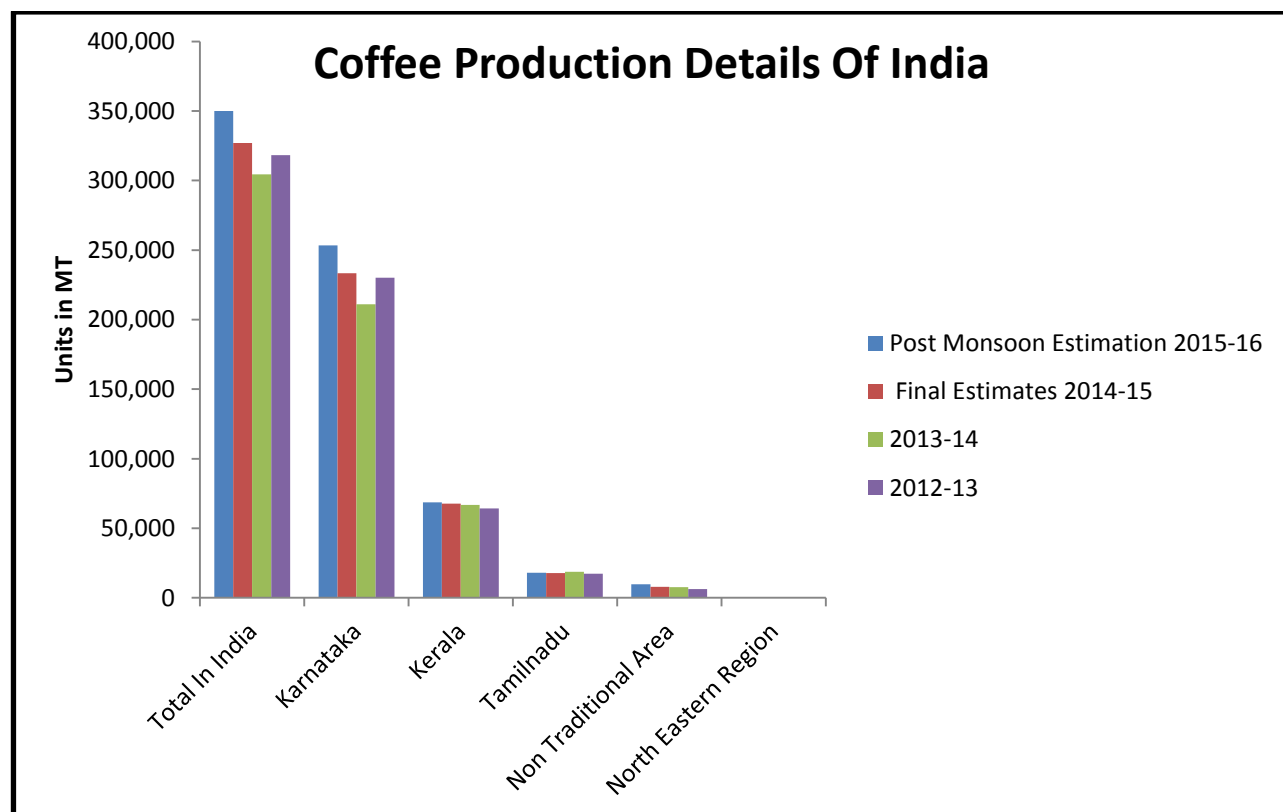
Source: The Coffee Board Of India (Units in Metric Tonnes)

### Coffee Crop Situation In India:-

Below table shows state wise coffee production details :-

States	Post Monsoon Estimation 2015-16	Final Estimates 2014-15	2013-14	2012-13	%change
<b>Total In India</b>	<b>350,000</b>	<b>327000</b>	<b>304500</b>	<b>318200</b>	<b>14.94</b>
<b>Karnataka</b>	<b>253,340</b>	<b>233,230</b>	<b>211,100</b>	<b>230,225</b>	<b>20.01</b>
<b>Kerala</b>	<b>68,650</b>	<b>67,700</b>	<b>66,675</b>	<b>64,200</b>	<b>2.96</b>
<b>Tamilnadu</b>	<b>18,125</b>	<b>17,875</b>	<b>18,775</b>	<b>17,370</b>	<b>(3.46)</b>
<b>Non Traditional Area</b>	<b>9,700</b>	<b>7,975</b>	<b>7,760</b>	<b>6,230</b>	<b>25.00</b>
<b>North Eastern Region</b>	<b>185</b>	<b>220</b>	<b>190</b>	<b>175</b>	<b>(2.63)</b>

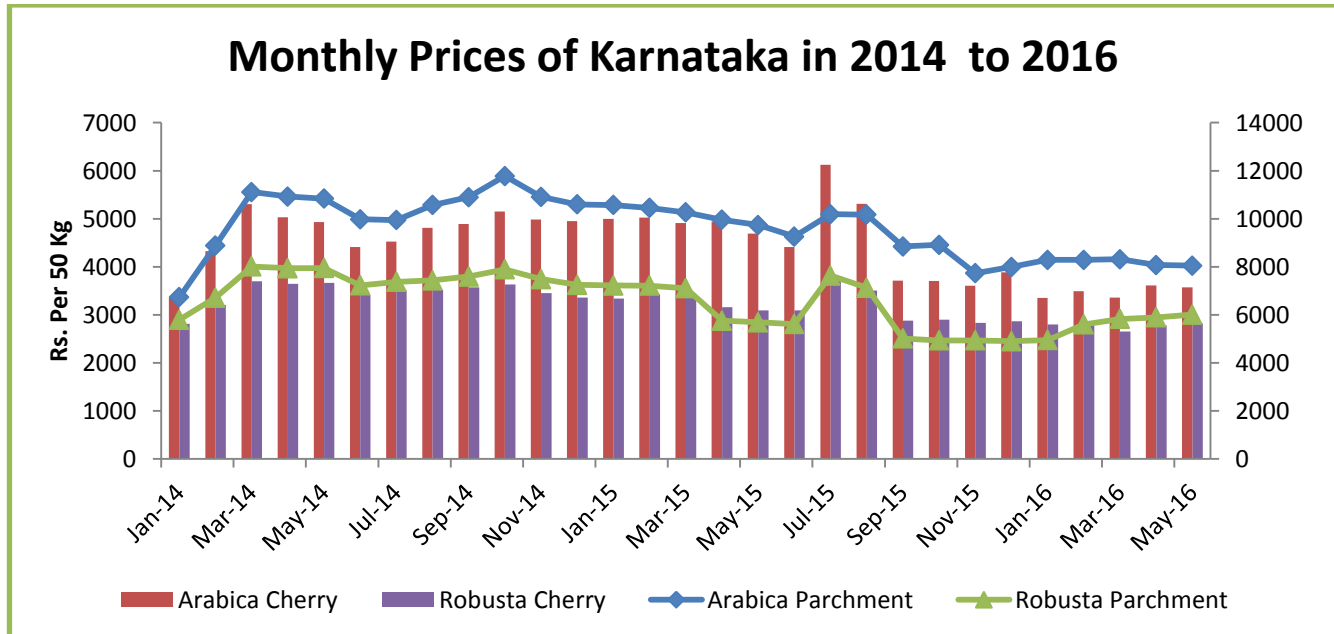
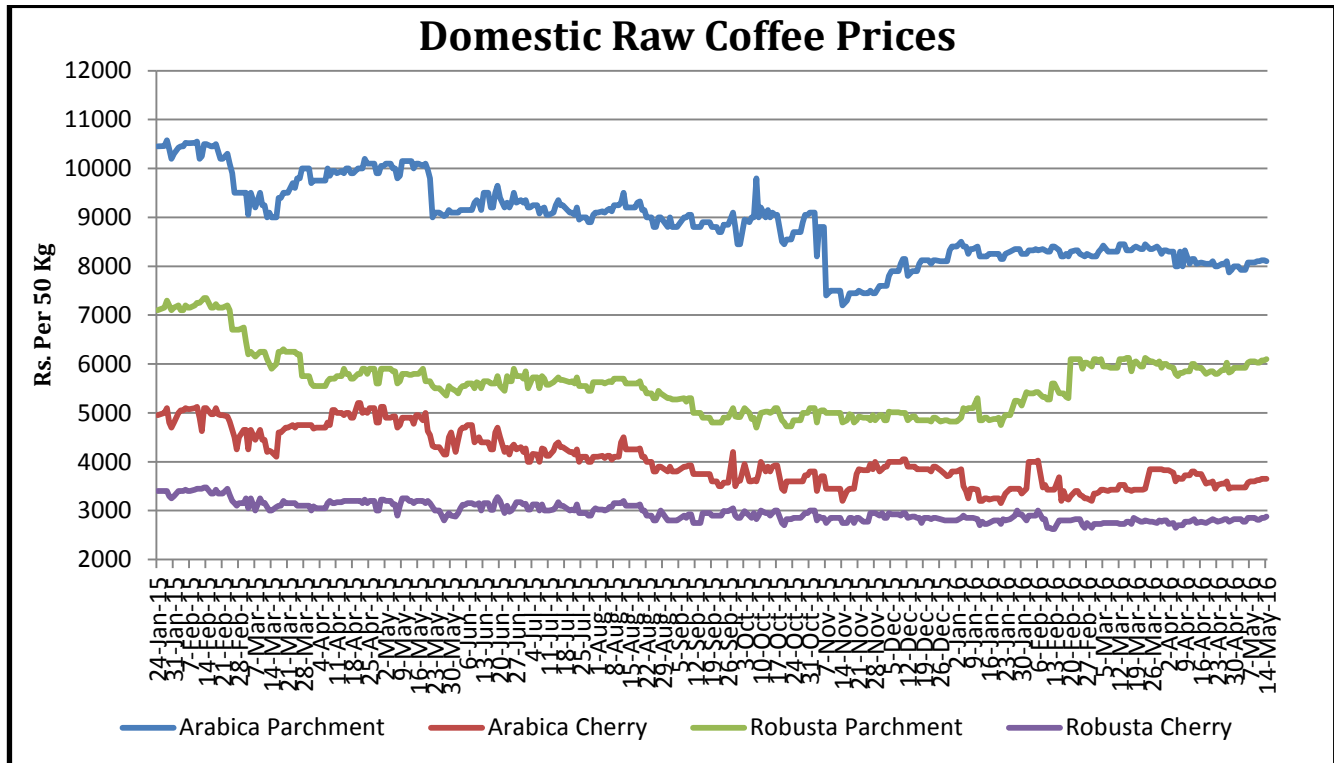
Source: The Coffee Board Of India



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	14.05.2016	07.05.2016	Change
Arabica Parchment	8100	8075	25
Arabica Cherry	3650	3600	50
Robusta Parchment	6100	6050	50
Robusta Cherry	2875	2850	25

\* Values in Rs. per 50 Kg

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

Grade	05.05.2016	28.04.2016	Change	05.05.2016	28.04.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	--	---	---	--
AA	224	252	-28	---	---	--
PB	191	185	6	128	134	-6
A	---	223	--	---	---	--
AB	---	---	--	140	---	--
B	176	---	--	---	---	--
C	140	150	-10	120.5	---	--
BBB	---	---	--	107	---	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	-	---	---	-
A	---	---	-	---	---	-
PB	140	---	-	---	---	-
AA	---	---	-	---	---	-
AB	147	---	-	---	---	-
B	---	---	-	---	---	-
C	130	---	-	---	---	-
BBB	---	---	-	---	---	-

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 43.51 in this week, against 42.62, 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	8100	8320.95	8680.48

Units in Rs./50 kg.

### International Market Updates

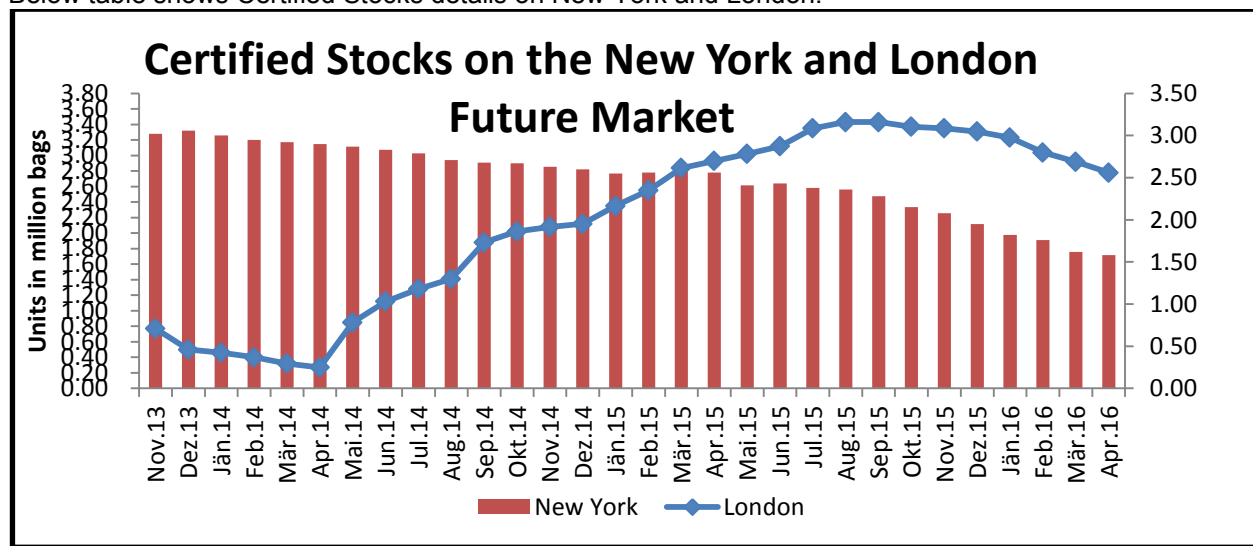
ICE coffee future prices continued to maintained its uptrend by 6.04% to 128.20 cents/lb in this week against 120.90 cents/lb of the last week. Both Types of prices performed in opposite directions in April month 2016, with Arabica prices dropping again after March's rally, while Robusta increased to the highest monthly average since November 2016.

ICO composite indicator monthly prices was relatively unchanged compared to last month, up 0.1% on 117.93 cents. While, daily prices declined to a low of 115.23 cents early in April 2016, rising to a high of nearly 121 cents over the next couple of weeks. Overall, prices stayed in a relatively narrow band as the movements in the four group indicators mostly cancelled each other out.

ICE coffee speculators trim net short position by 9242 contracts to 2723 in this week to May 10, 2016 as compared to previous week record.

As per ICO, Certified stocks on the New York and London future market declined by 4.79% to 1.58 million bags and 2.46% to 2.78 million bags respectively in April 2016 against 1.62 million bags and 2.92 million bags respectively in February 2016.

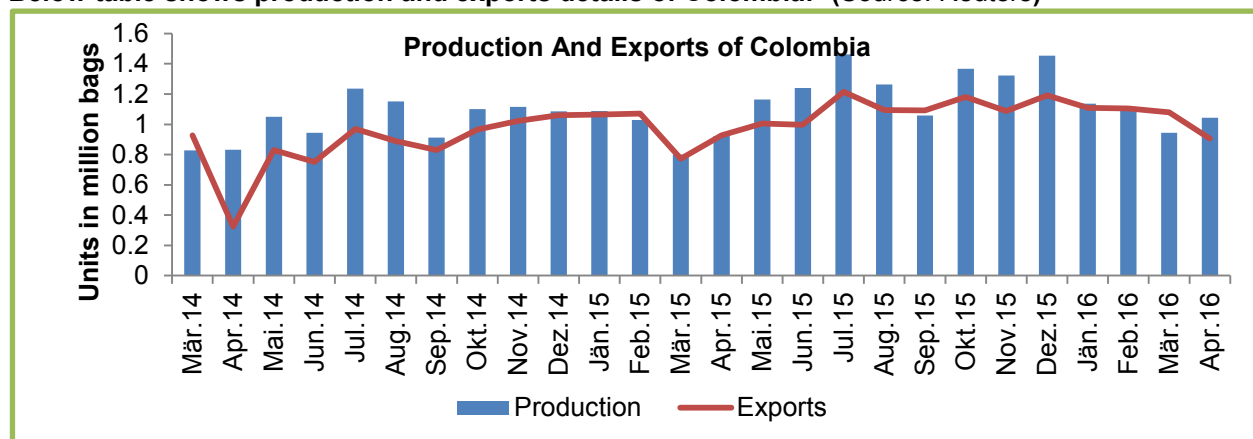
Below table shows Certified Stocks details on New York and London:-



Source: Reuters

**Colombia:-** According to the National Coffee Growers' Federation, coffee production in Colombia stood 13% higher at 1.04 million bags 60-kg bags from the same month in last year i.e. 0.924 million bags. Twelve-month production through April was 14.55 million bags, an increase of 17 percent over the previous year. While, Exports volume of April month is placed at 0.906 million bags with a decrease of 19.20% against last month record i.e. 1.08 million bags. It is also down by 2.26% if comparing to 0.927 million bags of previous year record during the same month.

Below table shows production and exports details of Colombia:- (Source: Reuters)



**World Coffee Exports Details:-**

Below table shows Coffee Production details of The World:-

<b>Total production in exporting countries</b>					
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>%2014-15change</b>
<b>TOTAL</b>	<b>147 953</b>	<b>146 615</b>	<b>141 376</b>	<b>143 371</b>	<b>14.0%</b>
Arabicas	88 471	87 001	84 397	84 309	-0.1%
Colombian Milds	11 523	13 488	14 549	14 853	21.0%
Other Milds	29 017	26 822	25 896	27 244	52.0%
Brazilian Naturals	47 930	46 690	43 953	42 211	-40.0%
Robustas	59 482	59 614	56 978	59 062	37.0%
Africa	16 668	16 271	16 085	17 074	61.0%
Asia & Oceania	45 681	46 527	44 623	46 589	44.0%
Mexico & Central America	18 481	16 585	17 390	18 462	62.0%
South America	67 122	67 233	63 278	61 246	-32.0%

Source: ICO

Below table shows Coffee Exports details of the World:-

<b>Total exports by exporting countries</b>						
				<b>October - March</b>		
	<b>March 2015</b>	<b>March 2016</b>	<b>% change</b>	<b>2014/15</b>	<b>2015/16</b>	<b>% Change</b>
<b>TOTAL</b>	<b>10 281</b>	<b>10 388</b>	<b>10.0%</b>	<b>54 588</b>	<b>55 461</b>	<b>16.0%</b>
Arabicas	6 249	6 438	30.0%	33 284	35 802	76.0%
Colombian Milds	930	1 208	29.9%	6 558	7 425	13.2%
Other Milds	2 491	2 229	-10.5%	9 532	10 185	68.0%
Brazilian Naturals	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%

Source: ICO

Below table shows Coffee Consumption details of the World:-

<b>World coffee consumption</b>					
<b>Calendar years</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>(2012-2015) CAGR</b>
<b>World total</b>	<b>143 348</b>	<b>148 003</b>	<b>150 339</b>	<b>152 149</b>	<b>20.0%</b>
Exporting countries	44 441	45 445	46 494	47 292	21.0%
Importing countries	98 907	102 558	103 845	104 857	20.0%

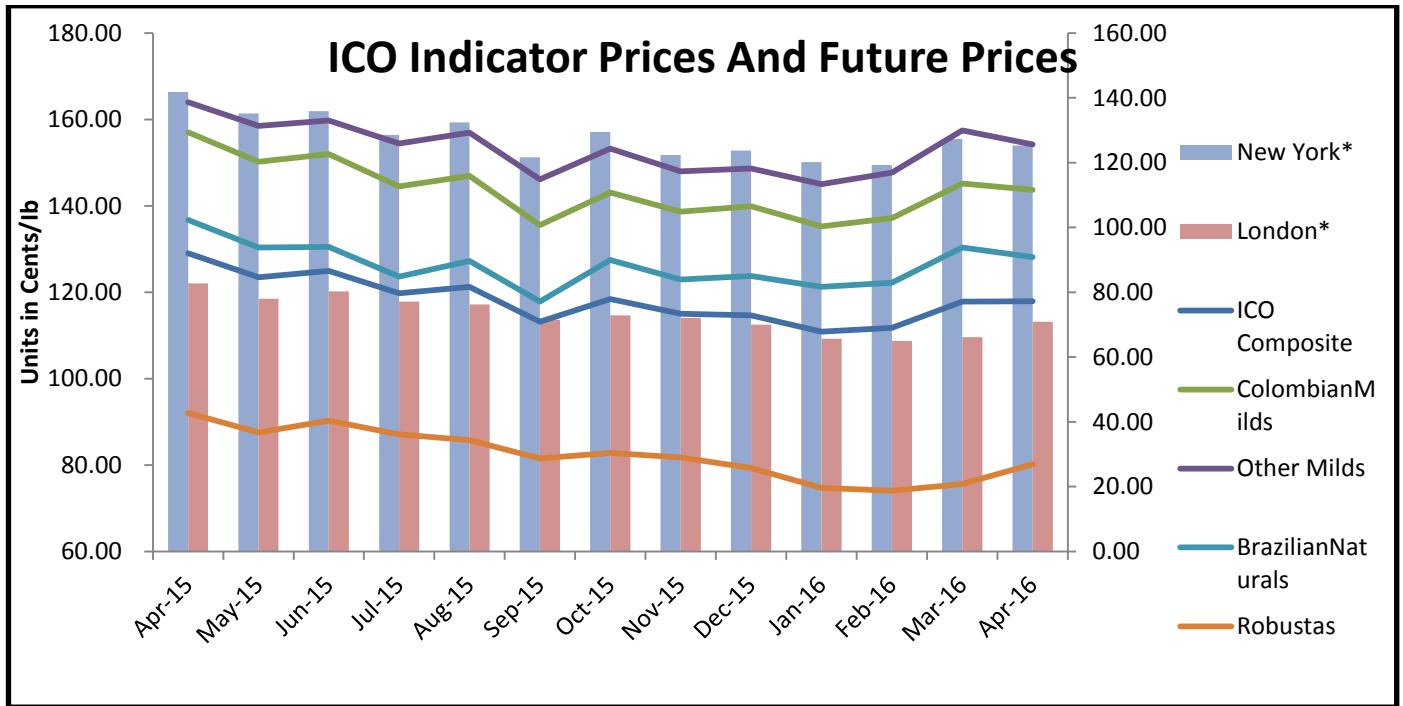
Source: ICO



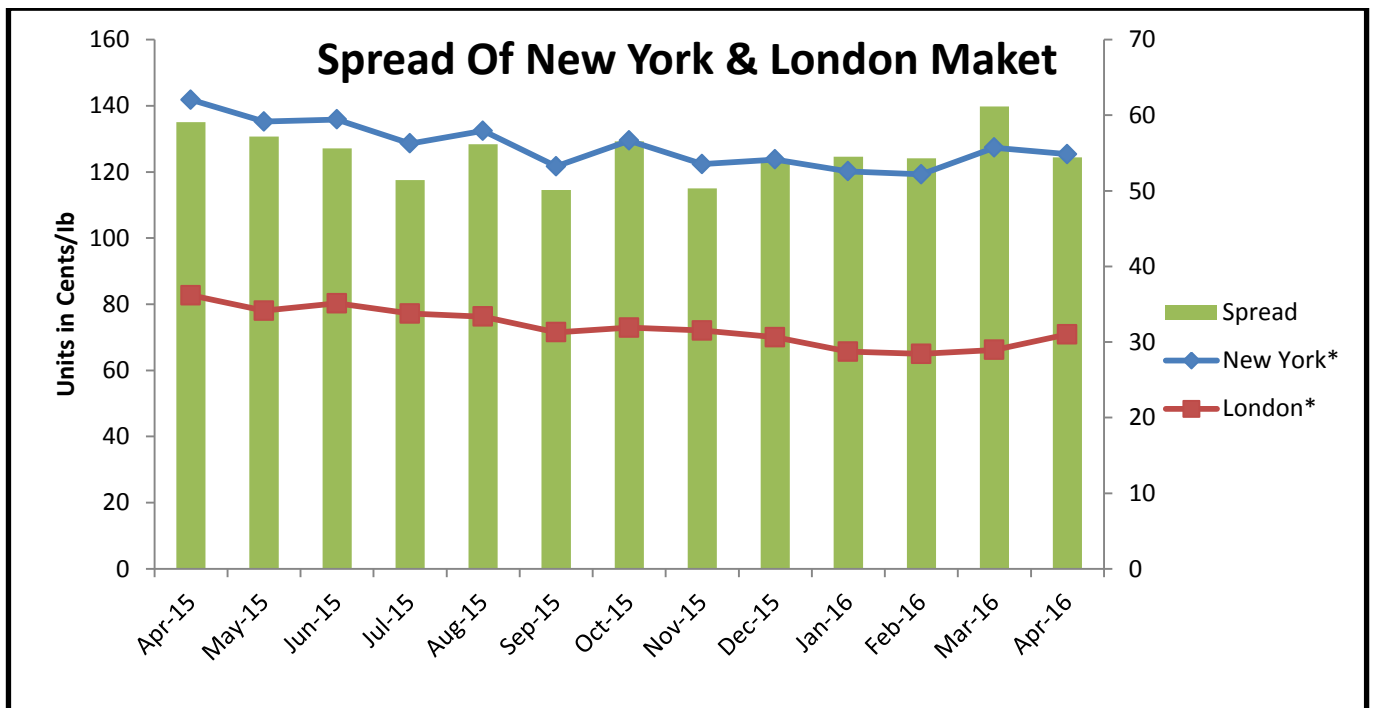
**International Coffee Price Trend:-**
**Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) \* Values**

	<b>As on</b>	<b>Week Ago</b>	<b>Month Ago</b>	<b>Year Ago</b>
<b>International Coffee Prices</b>	<b>12.05.2016</b>	<b>05.05.2016</b>	<b>12.04.2016</b>	<b>12.05.2015</b>
<b>ICO Composite Indicator</b>	123.65	117.23	119.16	125.39
<b>Colombian Milds</b>				
US	150	141.50	145.25	151.50
Europe	149.17	Holiday	145.06	154.07
Group Indicator	149.62	141.27	145.16	152.68
<b>Other Milds</b>				
US	159.69	152.44	156.44	160.94
Europe	161.32	Holiday	155.08	161.07
Group Indicator	160.65	152.05	155.64	161.02
<b>Brazilian Naturals</b>				
US	119	111.50	116.25	127.50
Europe	139.19	Holiday	133.34	134.30
Group Indicator	133.94	126.24	128.89	132.53
<b>Robusta</b>				
US	92	89.58	89	94.83
Europe	83.92	Holiday	80.03	87.48
Group Indicator	85.29	81.77	81.55	88.66

**US cents/lb**

**International Coffee Indicators Charts:-**


Source: ICO



Source: ICO

**International Future Market Prices :-**

ICE Arabica Coffee Futures Prices				
Contract Months	Today(12-May-2016)	Week Ago(05-May-2016)	Month Ago(12-April-2016)	Weekly Change (%)
<b>16-May</b>	128.20	120.90	124.60	<b>6.04</b>
<b>16-Jul</b>	130.05	121.50	126.30	<b>7.04</b>
<b>16-Sep</b>	131.90	123.25	127.95	<b>7.02</b>

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(12-May-2016)	Week Ago(05-May-2016)	Month Ago(12-April-2016)	Weekly Change (%)
<b>16-May</b>	1649	1584	1548	<b>4</b>
<b>16-Jul</b>	1678	1617	1575	<b>4</b>
<b>16-Sep</b>	1690	1626	1590	<b>4</b>

USD/T

**International Coffee Prices**

	12.05.2016	05.05.2016	12.04.2016	12.05.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	36200	34500	34150	35750
Vietnam FOB (2-5 pct)* (Saigon port)	1705	1637.5	1620	-
Indonesian FOB (4-80 defects)** (Lampung Port)	1890	-	1840	1610

\*FOB Values are in USD/T

**Weekly Auction Prices Of Kenya**

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (10/05/2016)	Average Prices In	Prices This Auction In (03/05/2016)
Arabica AA	70-300	220.28	51-281
Arabica AB	57-263	209.27	51-250
Arabica C	45-243	184.21	39-217
Arabica PB	51-269	201.69	47-244
Arabica T	38-140	84.81	34-137
Arabica TT	52-204	148.43	50-232

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 EMI stood up at 124.57 against 122.88 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 55.75 compared to 51 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
111.16	119.07	128.80	133.64	139.05

**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 buying interests.
- Relatively 14-days EMI is moving higher at 1572 against last week records i.e.1541, indicating further higher tone in the market.
- On the other hand, RSI is higher at 65.54 in neutral region against 63.06 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
1514	1553	1651	1681	1749

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