

Executive Summary
Domestic Coffee Market Summary

Coffee prices plunged significantly by Rs.500/50 kg bags in Karnataka physical market, as on 21st May 2016 on declining demand. Arrival is also slow in the market.

According to the recent released data by USDA, Indian coffee crop size for the season 2016/17 is forecasted at 5.17 million bags 60 kg bags (310,180 metric tonnes) against the estimates of 2015/16 season i.e. 5.3 million bags on account of poor blossom showers especially in March and April 2016 which may cause to lower yield prospectus of both Arabica and Robusta. This estimate is also below than the coffee board post blossom estimates which is 5.83 million bags (3,50,000 metric tonnes). Arabica coffee crop is likely to produce lower fruits than last year owing to moisture stress and deficient rain. Harvesting period of Arabica is November to January and Robusta's harvesting starts in December to February.

According to the Indian Meteorological Department, the period from March 1, 2016 to April 27, 2016, the coffee growing district in Chikmagalur situated in southern Karnataka) received 17.6 millimeters (mm) of rainfall which is 72 percent below the normal rainfall. During the same time period, the Kodagu district of Karnataka received only 32.3 mm rainfall (67 percent below normal) and the Hassan district of Karnataka received 36.1 mm of rain (38 percent below normal). Similarly, with other major coffee growing states, Kerala was 57 percent below normal rainfall.

As per DGCIS latest report, India received around Rs.550.90 crore as the total coffee exports revenue which is 82.88 million in USD in April 2016. This is higher by 13.20 % in Rs. and 6.87% in USD respectively as against Rs.468.66 crore and USD 77.55 million respectively in the corresponding month of previous year.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 17th May 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 17th May 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% 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

Coffee crop harvesting in Brazil is begun in full swing. Robusta crop in Brazil is completed around 10% as per the record on 18th May 2016 which is higher than 7% harvesting crop a week ago source-Sarfas, local crop analysts. Coffee crop size for the season is forecasted at 56.4 million bags for 2016/17 after two years of disappointing ones due to drought. Conillon, the variety of Robusta grown in Brazil, typically harvests first in the crop sequence, starting about a month prior to Arabica. Conillon, the variety of Robusta grown in Brazil, typically harvests first in the crop sequence, starting about a month prior to Arabica. As per recent report of USDA, Brazil coffee crop is likely stand up by 13% to 55,950,000 bags in 2016/17 season following 21.47% increase in Arabica crop size to 43,85,000 bags, However, total Robusta crop is placed lower by 9.02% to 12,100,000 bags as compared to last season due to the El Nino inspired dry weather over the past seven months.

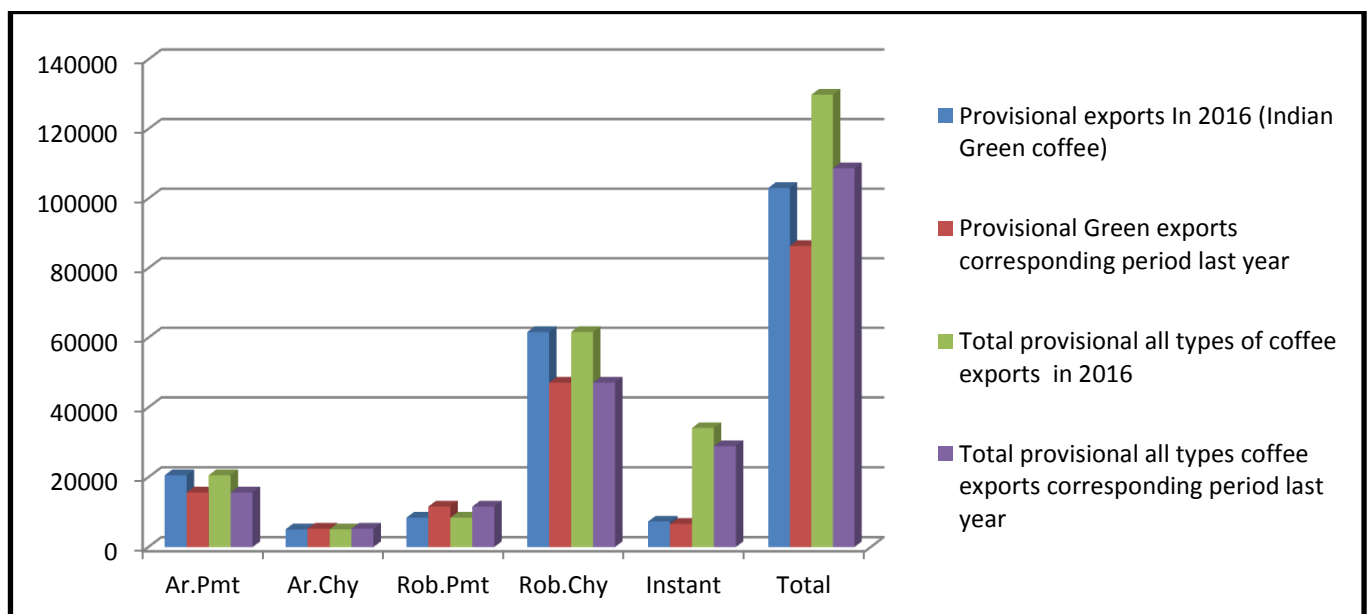
Domestic Coffee Exports of India -:

According to USDA report, Indian Coffee exports volume is predicted over 5 million 60 kg bags following green beans exports volume at 3.5 million bags due to steady demand from major European buyers. Export data in green bean equivalent from October, 2015 to January, 2016 shows a 15 percent increase in shipments compared to the same period last year. Even though prices are much lower since the beginning of the marketing year, the depreciation in rupee continues to provide support to exporters.

Below table shows coffee exports details of India-

Export update: From 01st January 2016 to 17th 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)	23442	6261	10942	74142	17	79	8581	123464
2	Provisional exports corresponding period last year	18422	6565	14293	55988	12	122	7259	102662
3	Provisional re-exports	0	0	0	0	0	5	30879	30883
4	Provisional re-exports corresponding period last year	0	0	0	0	42	63	25978	26083
5	Total provisional exports (1+3)	23442	6261	10942	74142	17	83	39459	154347
6	Total provisional exports corresponding period last year (2+4)	18422	6565	14293	55988	54	185	33236	128745

Source: The Coffee Board Of India



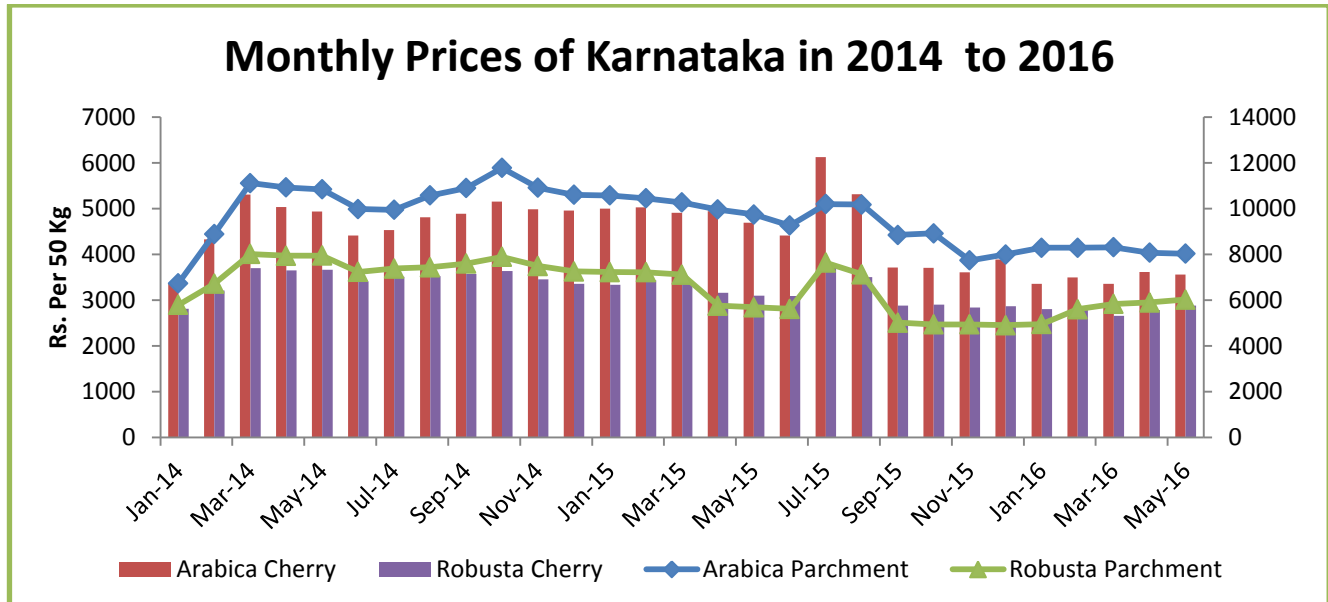
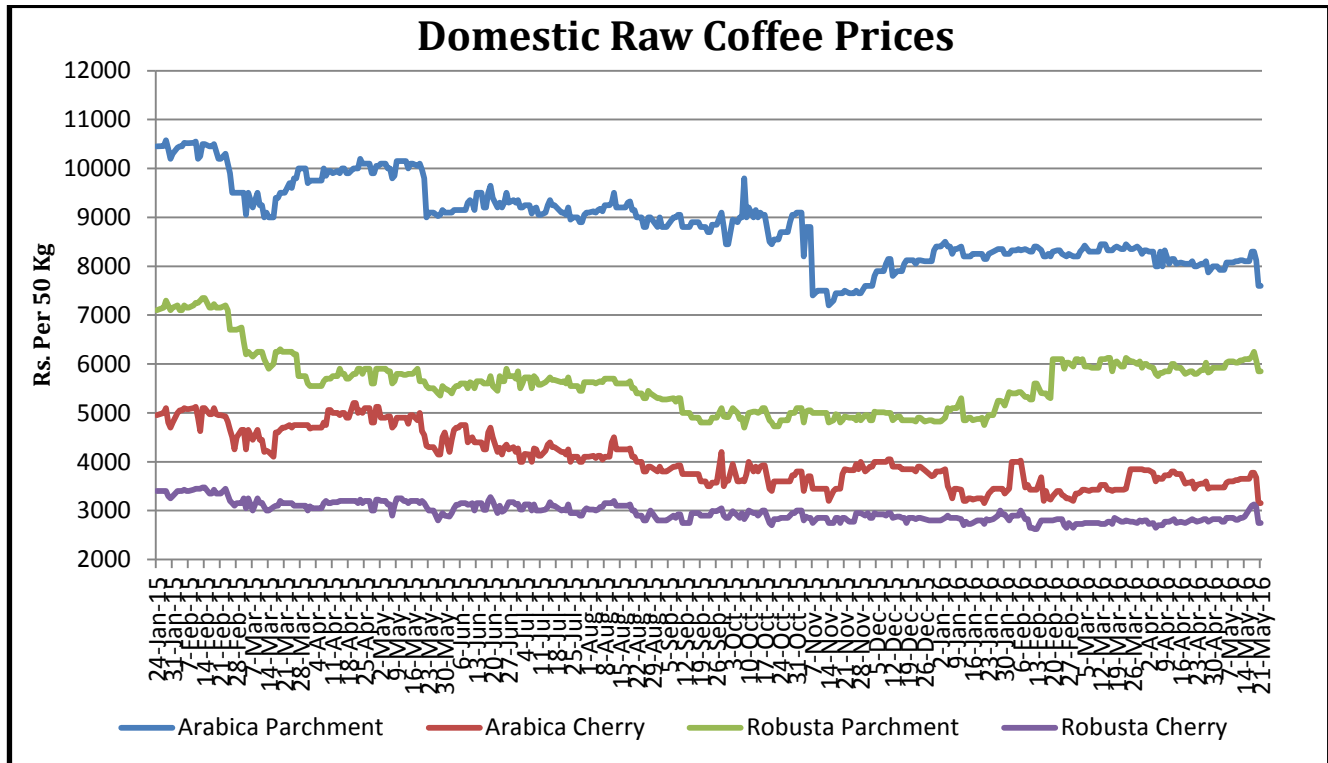
Source: The Coffee Board Of India

Coffee Crop Situation In India:-

Below table shows state wise coffee production details :-

Indian Coffee Crop						
Coffee, Green	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	412	423	410	410	-	408
Area Harvested	372	386	370	370	-	365
Bearing Trees	553	556	541	541	-	532
Non-Bearing Trees	79	82	91	91	-	100
Total Tree	632	638	632	632	-	632
Population						
Beginning Stocks	2,026	2,026	2,691	2,586	-	2,677
Arabica Production	1,630	1,633	1,490	1,490	-	1,417
Robusta Production	3,810	3,817	3,810	3,810	-	3,753
Other Production	-	-	-	-	-	-
Total Production	5,440	5,450	5,300	5,300	-	5,170
Bean Imports	1,080	1,157	1,000	1,000	-	1,008
Roast & Ground Imports	3	2	3	3	-	2
Soluble Imports	42	45	38	38	-	40
Total Imports	1,125	1,204	1,041	1,041	-	1,050
Total Supply	8,591	8,680	9,032	8,927	-	8,897
Bean Exports	3,200	3,358	3,500	3,500	-	3,577
Rst-Grnd Exp.	4	11	3	5	-	7
Soluble Exports	1,496	1,525	1,497	1,495	-	1,466
Total Exports	4,700	4,894	5,000	5,000	-	5,050
Rst,Ground Dom.	770	770	650	650	-	667
Consum						
Soluble Dom. Cons.	430	430	600	600	-	600
Domestic Consumption	1,200	1,200	1,250	1,250	-	1,267
Ending Stocks	2,691	2,586	2,782	2,677	-	2,580
Total Distribution	8,591	8,680	9,032	8,927	-	8,897

Source: USDA

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

Variety	21.05.2016	14.05.2016	Change
Arabica Parchment	7600	8100	-500
Arabica Cherry	3150	3650	-500
Robusta Parchment	5850	6100	-250
Robusta Cherry	750	2875	-125

* Values in Rs. per 50 Kg

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

Grade	12.05.2016	05.05.2016	Change	12.05.2016	05.05.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	---	---	---	---	---
AA	242	224	18	---	---	---
PB	184.5	191	-6.5	130.5	128	2.5
A	210	---	-	---	---	---
AB	--	---	-	137.5	140	-2.5
B	186.5	176	10.5	---	---	---
C	148.8	140	8.8	111.5	120.5	-9
BBB	109	---	--	104.26	107	-2.74
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	-	---	---	-
A	---	---	-	---	---	-
PB	140	140	Unchanged	114.5	---	-
AA	150	---	-	---	---	-
AB	147.5	147	0.5	116	---	-
B	---	---	-	---	---	-
C	131.5	130	1.5	110.5	---	-
BBB	104.26	---	-	105	---	-

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 high in neutral region at 32.73 in this week, against 43.51, hinting further steady to downside momentum in the next week.
- Along with this, 18 days exponential moves down, supporting further steady to downward 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
7162.45	7482.03	7600	8480.74	8700

Units in Rs./50 kg.

International Market Updates

ICE coffee future prices declined by 0.86% to 129.30 cents/lb in this week against 128.20 cents/lb of the last week. ICE coffee speculators increased their long position of 12,789 contracts in week to May 17, adding 15,512 as compared to previous week record. As per RTRS, ICE certified stocks declined by 3552 as of May 20, 2016 against 1361343 bags as on 19th May 2016. According to the Green Coffee Association, U.S. green coffee stocks declined by 5,978 bags to 6.0 million 60 kg bags by the end of April.

Brazil:- According to Coffee Merchant Wolthers keeps the estimate of Brazil coffee crop at 55.7 million bags for the season 2016/17 higher against a previous estimate of 54 million to 55 million, and up from estimate of 45.6 million bags in 2015/16. Where, Brazil Arabica harvest estimated at 41.75 million bags, up from estimate of 34.4 million bags in 2015/16 and Robusta production pegged at 13.98 million bags, up from 11.2 million bags in 2015/16. According to Marex, top producer Brazil's coffee production is forecasted at 56.5 million bags unchanged from its previous forecast followed by a decrease in Conillon production (from 14 million to 13 million) however an increase in Arabica (from 42.5 million to 43.5 million).

Indonesia:- According to current USDA report, Indonesia is likely to harvest 15% lower coffee crop for the season 2016/17 to dry El Nino weather in 2015/16. prolonged dry weather disturbed flowering and ripening phase of Indonesia coffee trees. Arabica crop is unaffected by the El Nino event. 2016/17 exports are estimated to decline to 7.9 million bags GBE in response to low production. 2016/17 imports are expected to rise to 1.04 million bags GBE due to production declines and rising Indonesian consumption.

Others :-

1) As per the sources, El Salvador exported higher coffee crop by 3.3 percent in April compared with the same month last year. Shipments in April, the seventh month of the 2015/2016 harvesting season, totaled 80,555 60-kg bags, compared with 77,968 bags in the same period a year ago. But exports so far this season are 37 percent lower than the prior season. 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.

2) As per sources, coffee crop exports in Ivory Coast went up by 20 percent in the first quarter of 2016 to 23,054 tonnes compared to 19,187 tonnes in the same period last season. Coffee arrivals at the country's two main ports fell 13 percent in the first quarter of this year to 95,898 tonnes compared with 95,898 tonnes last season.

3) According to the Nairobi Coffee Exchange, the highest price of Kenya's benchmark grade AA coffee increased at this week's auction compared with the previous sale. The East African country produces high-quality coffee, which is highly sought after by roasters from other countries to use to blend with their beans.

4) As per USDA report, Uganda's coffee production in the marketing year (MY) 2016/2017 is down to 3.7 million bags from a record 4.5 million bags production in the MY 2015/2016 due to the effects of biennial bearing cycle. Exports are forecast to remain flat and stocks to increase due to the recent coffee import restrictions in the Sudan. Uganda Coffee Development Authority (UCDA) continues to implement an ambitious Government of Uganda (GOU) sponsored program with the goal of increasing planted area and yields. Uganda had a record production of 4.5 million bags in 2015/16 after recovering from a drought in 2014/2015.

5) As per USDA report, Mexico coffee production is expected to rise to 2.3 mln bags in 2016/17 due to leaf rust outbreaks. For the season 2015/16 total production estimate was revised downward to 2.2 million 60/kg bags due to coffee rust outbreaks affecting plantations. Coffee exports for MY 2015/16 and 2016/17 are expected to be lower compared to MY 2014/15, due to rust-related declines in production. Conversely, coffee imports for MY 2015/16 and 2016/17 are expected to increase to meet domestic demand.

Indonesia Coffee Crop Details:-

Below table depicts Indonesia coffee Crop details:-

Coffee, Green Market Begin Year Indonesia	2014/2015		2015/2016		2016/2017	
	Apr-14		Apr-15		Apr-16	
	USDA	New	USDA	New	USDA	New
	Official	Post	Official	Post	Official	Post
Area Planted	1,238	1,238	1,240	1,240	-	1,240
Area Harvested	1,200	1,200	1,200	1,200	-	1,200
Bearing Trees	1,155	1,155	1,160	1,160	-	1,160
Non-Bearing Trees	17	17	15	15	-	15
Total Tree Population	1,172	1,172	1,175	1,175	-	1,175
Beginning Stocks	48	48	53	53	-	83
Arabica Production	1,450	1,450	1,305	1,350	-	1,300
Robusta Production	7,350	7,350	9,300	10,400	-	8,700
Other Production	-	-	-	-	-	-
Total Production	8,800	8,800	10,605	11,750	-	10,000
Bean Imports	400	400	200	340	-	340
Roast. Imports & Ground	175	175	6	-	-	-
Soluble Imports	720	720	380	650	-	700
Total Imports	1,295	1,295	586	990	-	1,040
Total Supply	10,143	10,143	11,244	12,793	-	11,123
Bean Exports	5,100	5,100	5,500	7,700	-	6,100
Rst- Grnd Exp.	40	40	30	-	-	-
Soluble Exports	1,900	1,900	2,550	1,920	-	1,800
Total Exports	7,040	7,040	8,080	9,620	-	7,900
Rst,Ground Consum. Dom.	2,275	2,275	2,300	2,300	-	2,320
Soluble Dom. Cons.	775	775	790	790	-	830
Domestic Consumption	3,050	3,050	3,090	3,090	-	3,150
Ending Stocks	53	53	74	83	-	73
Total Distribution	10,143	10,143	11,244	12,793	-	11,123

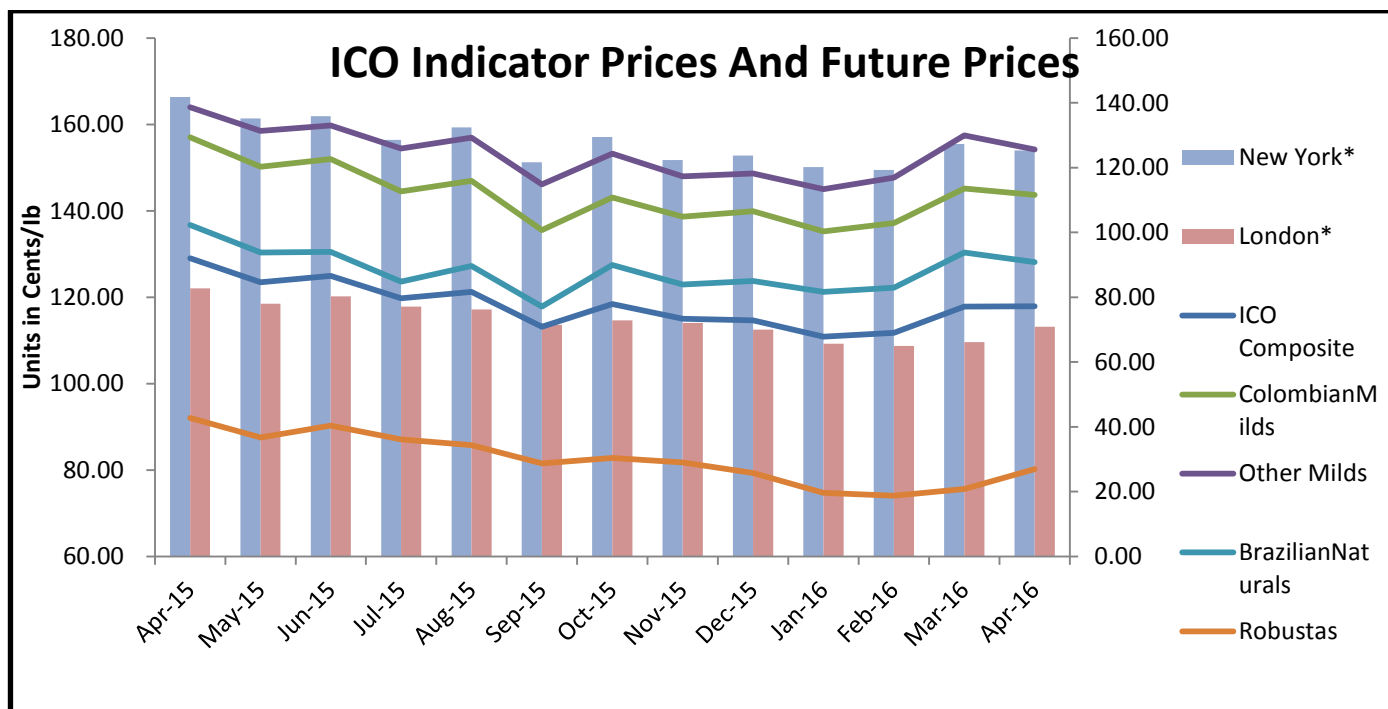
Source: USDA (Units in 1000 HA, Million Trees, 1000 60 kg bags)

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

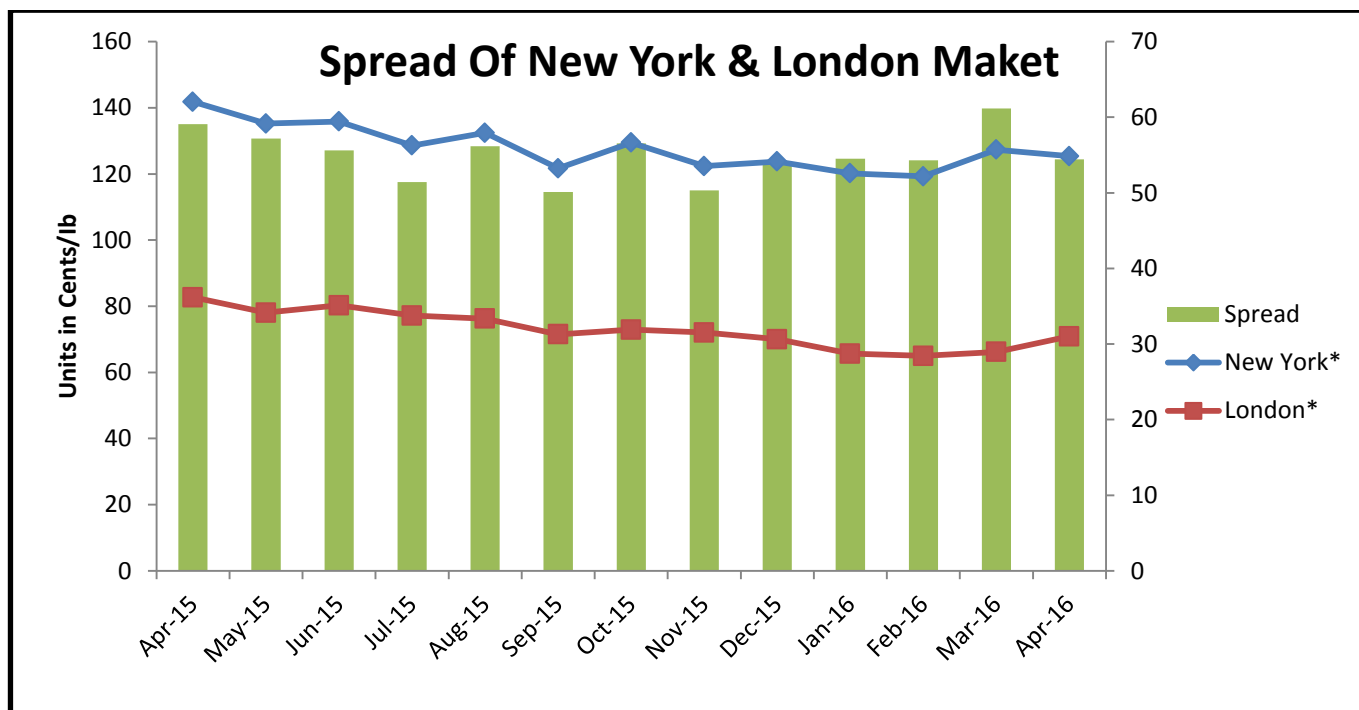
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	19.05.2016	12.05.2016	19.04.2016	19.05.2015
ICO Composite Indicator	119.11	123.65	120.53	129.14
Colombian Milds				
US	144	150	147	155.75
Europe	143.04	149.17	146.85	161.03
Group Indicator	143.56	149.62	146.93	158.18
Other Milds				
US	154.19	159.69	158.19	164.94
Europe	153.20	161.32	157.84	166.33
Group Indicator	153.61	160.65	157.98	165.80
Brazilian Naturals				
US	114	119	116	131.75
Europe	133.03	139.19	136.70	140.84
Group Indicator	128.09	133.94	131.32	138.48
Robusta				
US	90.58	92	88	95.83
Europe	82.38	83.92	80.02	88.19
Group Indicator	83.77	85.29	81.38	89.42

US cents/lb

International Coffee Indicators Charts:-



Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(19-May-2016)	Week Ago(12-May-2016)	Month Ago(19-April-2016)	Weekly Change (%)
16-May	129.30	128.20	125.85	0.86
16-Jul	123.95	130.05	127.90	-4.69
16-Sep	125.90	131.90	129.60	-4.55

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(12-May-2016)	Week Ago(12-May-2016)	Month Ago(12-April-2016)	Weekly Change (%)
16-May	1613	1649	1559	-2
16-Jul	1638	1678	1585	-2
16-Sep	1654	1690	1600	-2

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 (17/05/2016)	Average Prices In	Prices This Auction In (10/05/2016)
Arabica AA	51-320	231.74	70-300
Arabica AB	48-283	188.93	57-263
Arabica C	50-232	161.69	45-243
Arabica PB	51-251	205.42	51-269
Arabica T	47-150	77.61	38-140
Arabica TT	51-264	157.45	52-204

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 lower in the market.

- Candlestick chart depicts downtrend in the market.
- 14 days EMI stood up at 124.61 against 124.57 in the market hints upward momentum in the market.
- High volume however lower prices indicates further short build up phase of the market.
- On the other hand, RSI is up at 51.62 compared to 55.75 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
110.99	118.66	124.7	136.43	146.83

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


Outlook -Prices show slight downside momentum during the week. We expect prices to trade downside in next week.

- Candlestick chart shows downward momentum in the market on selling interests.
- Relatively 14-days EMI is moving higher at 1589 against last week records i.e.1572, indicating further higher tone in the market.
- On the other hand, RSI is higher at 62.84 in neutral region against 65.54 of last week hinting a further downward momentum of the market in upcoming week.

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

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
1553	1593	1632	1697	1743

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