Executive Summary

Domestic Coffee Market Summary

Karnataka physical market featured mixed trend, as on 10th June 2016 on improved demand and affected by international sentiments. Demand seems to increase, as International prices are moving higher. Crop Season 2015-16 is about to complete supplies as most of the producers have released their holdings due to good prices during April and May 2016. Allanasons, Lois Dreyfurs, Ned commodities, ITC, Ruchi commodities and SLN are remain big players in India. Coffee prices are likely to remain as normal movement for the week ahead. Robusta beans are maturing. However, Arabica trees are on flowering stage.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 8th June 2016 is registered higher by 20.72% at 145663 metric tons compared to 120653 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 8th June 2016 this year, recorded higher by 16.39% at 10329 metric tons from preceding year volume of 8874 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 26.82% at 26862 and 34.63% at 87469 metric tons respectively against exports volume of 21181 metric ton and 64966 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 7352 metric tonnes with a decline of 0.63% and Robusta parchment to 13551 metric tonnes with a decline of 18087%.

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.

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.

Recommendation:

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

International Coffee Market Summary

According to Local Analyst Safras e Mercado, Brazil's 2016-17 coffee harvest is estimated to have reached 26 percent of the 56.4 million bag crop by June 7,2016 slightly ahead of the 28 percent harvest rate a year ago followed by 18 percent of the 42.8 million bags Arabica crop had been harvested by the start of the month up from the average 15 percent and last year's 16 percent by June 7.while Robusta crop has been completed approx. 49 percent, or 13.6 million bags almost on par with an average of 50 percent but behind the 64 percent last year this time.

Forecasts are calling for rains to ease later in the week for Brazil's southeast coffee farms. Some isolated regions of the Arabica coffee belt, which covers northern Sao Paulo and southern Minas Gerais States, have reported delays in harvest due to wet weather over the past two weeks. Wet weather during harvest causes beans to take on a bitter taste, relegating them to the lower coffee grades of Rio and Riada, which do not fetch the best price on the market. Rains during the post-harvesting curing process of coffee cherries on outdoor patios causes them to ferment in a way that detracts from their flavor. Sunny and dry weather is ideal for harvesting coffee. Brazil's typical May-September dry season tends to favor harvesting by creating excellent arid conditions for curing.

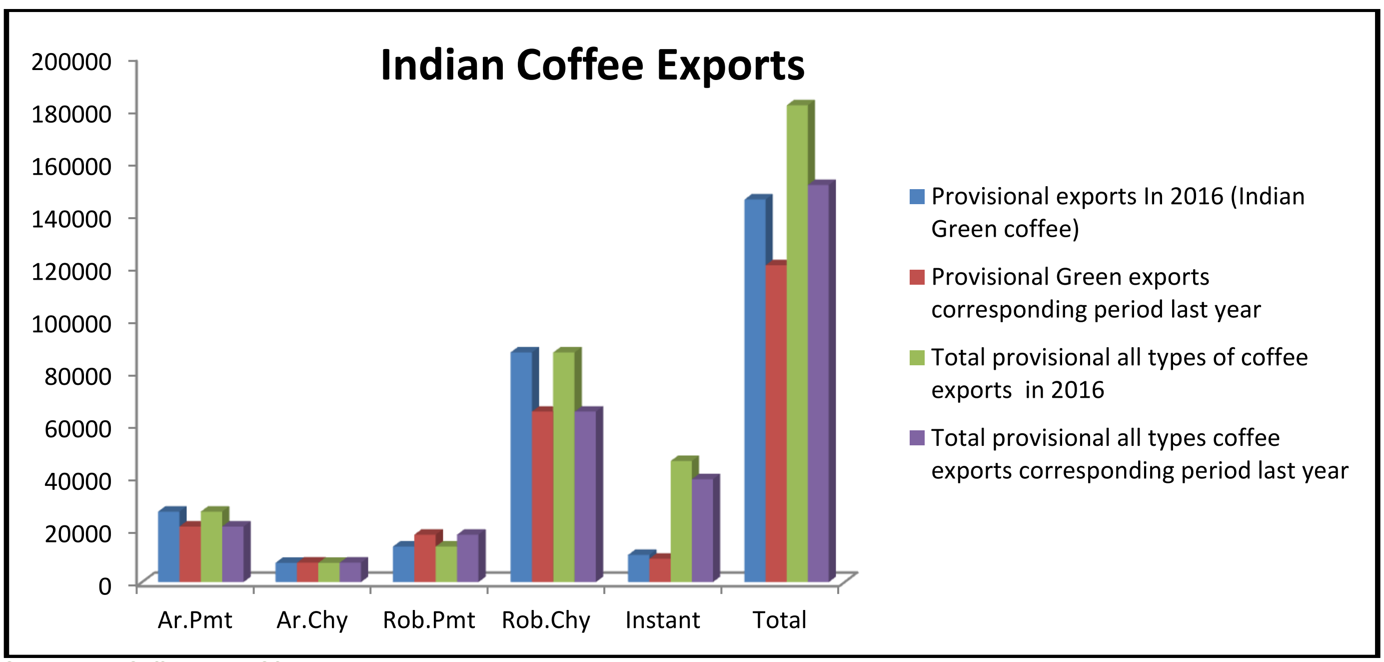
Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 1st January 2016 to 8th June 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)	26862	7352	13551	87469	18	82	10329	145663
2	Provisional exports corresponding period last year	21181	7399	18087	64966	12	134	8874	120653
3	Provisional re-exports	0	0	0	0	0	48	35802	35850
4	Provisional re-exports corresponding period last year	0	0	0	0	119	91	30335	30545
5	Total provisional exports (1+3)	**26862**	**7352**	**13551**	**87469**	**18**	**130**	**46131**	**181512**
6	Total provisional exports corresponding period last year (2+4)	**21181**	**7399**	**18087**	**64966**	**131**	**225**	**39209**	**151198**

Source: The Coffee Board Of India



Source: The Coffee Board Of India

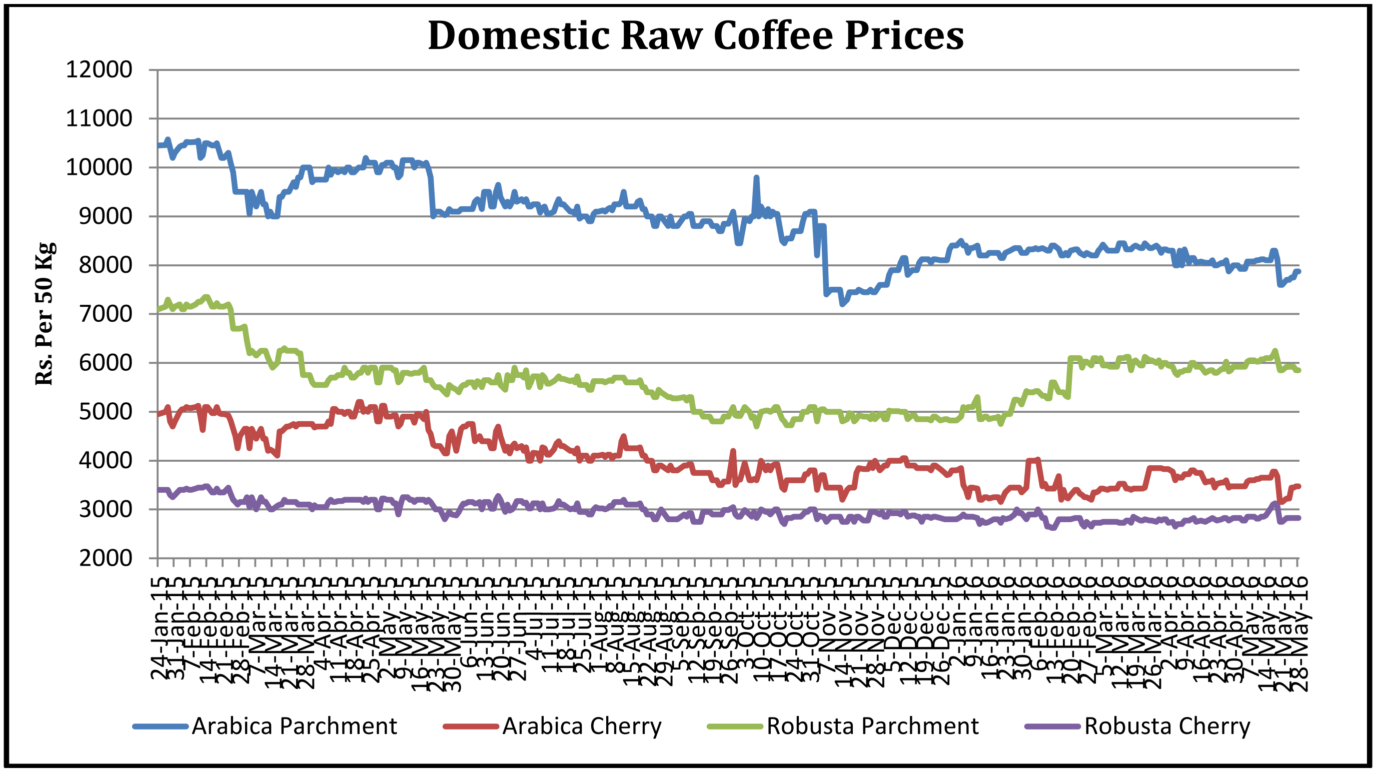
Export & Imports Scenario:-

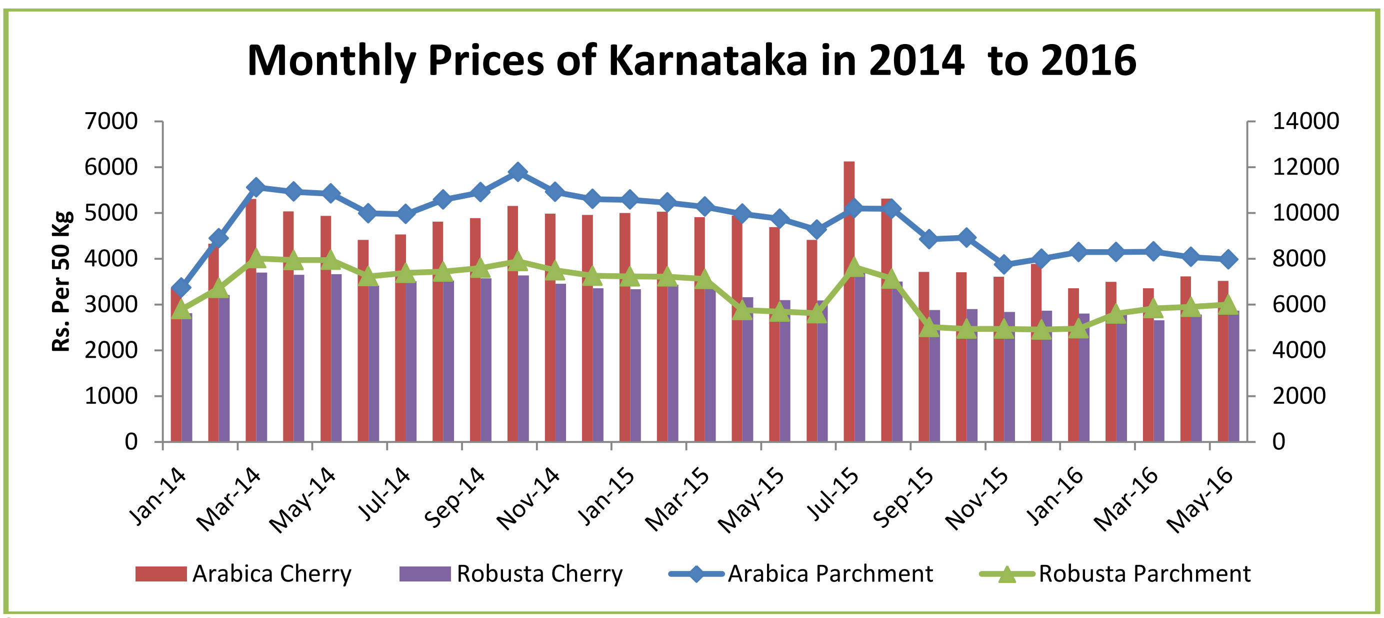
Below table shows state-wise Exports And Imports of India:-

	Target		Achievements			Realized Unit value/ Tonne
	Quantity Tonnes	Value Crores	Quantity Tonnes	Value US $ mill	Value Cores	
1990-91	100800	280	100110	108.22	278.89	27858
1991-92	120000	400	111452	69.24	349.01	31314
1992-93	120000	400	113602	101.27	381.31	33565
1993-94	150000	400	136492	164.61	585.06	42864
1994-95	150000	675	137604	342.76	1096.52	79686
1995-96	150000	1200	170990	456.03	1527.16	89312
1996-97	150000	1500	181224	451.52	1466.33	80912
1997-98	165000	1550	179054	477.04	1707.59	95367
1998-99	170000	1600	211731	417.70	1751.59	82727
1999-00	180000	1650	244941	371.62	1901.21	77619
2000-01	190500	1700	246908	242.87	1374.25	55658
2001-02	200000	1750	213586	216.23	1050.36	49177
2002-03	210000	1215	207333	233.89	1051.45	50713
2003-04	215000	1140	232684	262.03	1158.45	49786
2004-05	225000	1150	211670	294.45	1223.83	57818
2005-06	200000	1400	201452	352.81	1509.52	74932
2006-07	205000	1500	248962	455.00	2007.11	80619
2007-08	210000	1600	218852	502.45	2044.71	93429
2008-09	210000	2100	196762	505.21	2238.41	113762
2009-10	200000	2200	196002	430.88	2070.68	105646
2010-11	225000	2300	299778	730.78	3373.73	112541
2011-12	220000	2450	333222	999.70	4678.90	140413
2012-13	297800	3000	299288	855.46	4552.75	152119
2013-14	256000	3300	299257	774.34	4644.05	155186
2014-15	260000	3600	272001	787.44	4808.88	176796
2015-16*	265000		277696	699.67	4559.42	164187

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

Coffee Prices Of Auction Market & State Wise Market





Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

Variety	10.06.2016	03.05.2016	Change
Arabica Parchment	7900	7700	200
Arabica Cherry	3500	3450	50
Robusta Parchment	5860	5875	-15
Robusta Cherry	2990	2925	65

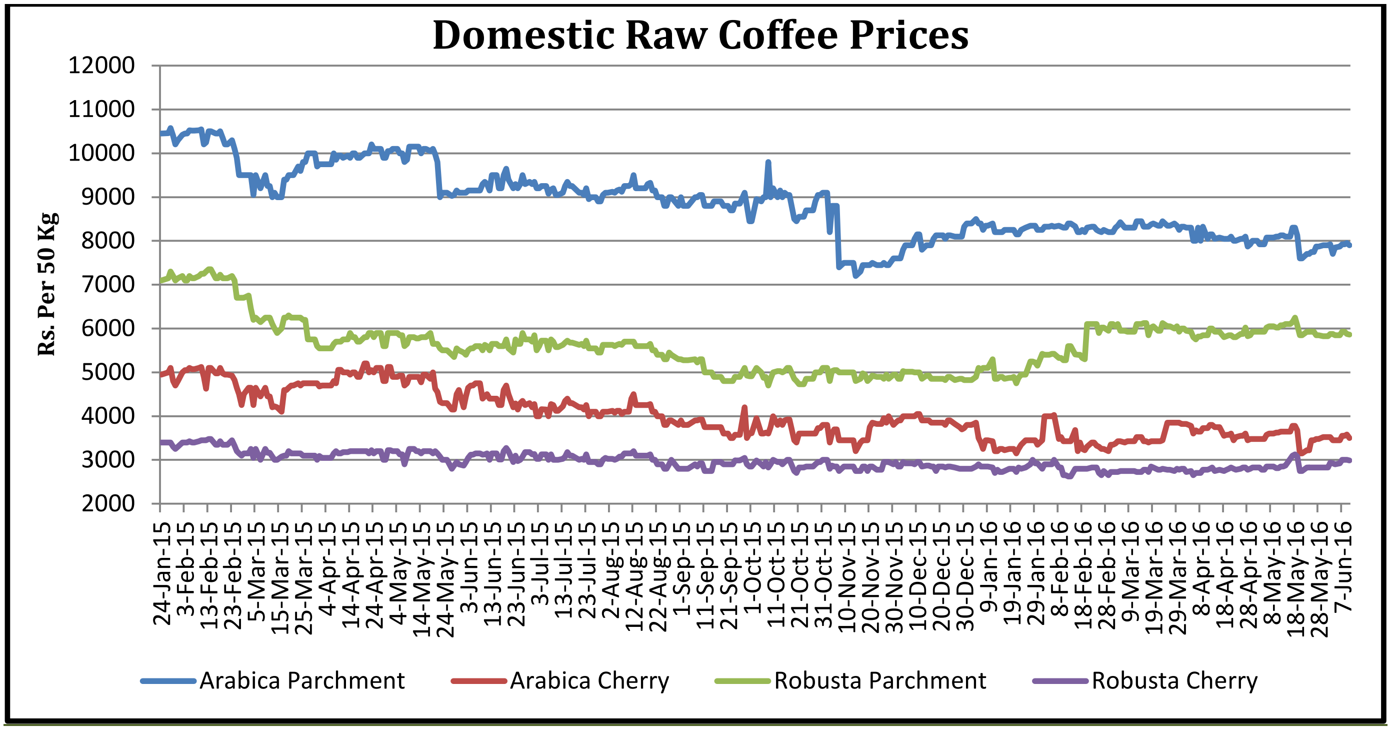
*** Values in Rs. per 50 Kg**

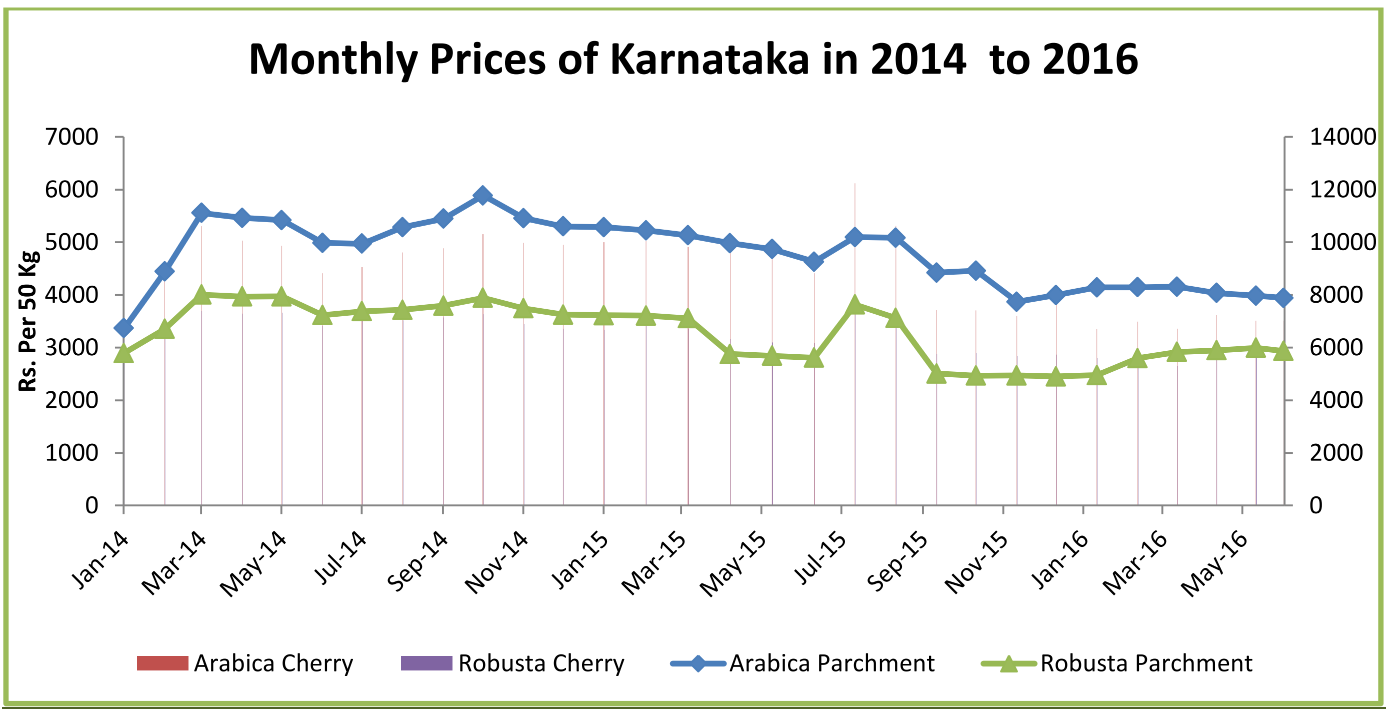
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	02.06.2016	19.05.2016	Change	26.05.2016	19.05.2016	Change
	Arabica Plantation	**Arabica Plantation**		**Arabica Cherry**	**Arabica Cherry**	
MNEB	---	---	---	---	---	---
AA	---	---	---	---	147	---
PB	---	---	---	---	137	---
A	---	---	---	---	146	---
AB	---	---	---	---	---	---
B	---	---	---	---	144	---
C	---	---	---	---	128	---
BBB	119	---	---	---	103.5	---
Grade	**Robusta Parchment**	**Robusta Parchment**		**Robusta Cherry**	**Robusta Cherry**	
RKR	---	---	---	---	---	---
A	---	---	---	---	120.5	---
PB	---	130	---	116	115	1
AA	---	164.36	---	---	124	---
AB	---	136	---	116	116.5	-0.5
B	---	---	---	---	---	---
C	---	112	---	113	114	-1
BBB	---	103	---	108	103	5

Values in Rs. per kg

Coffee Prices Of Auction Market & State Wise Market





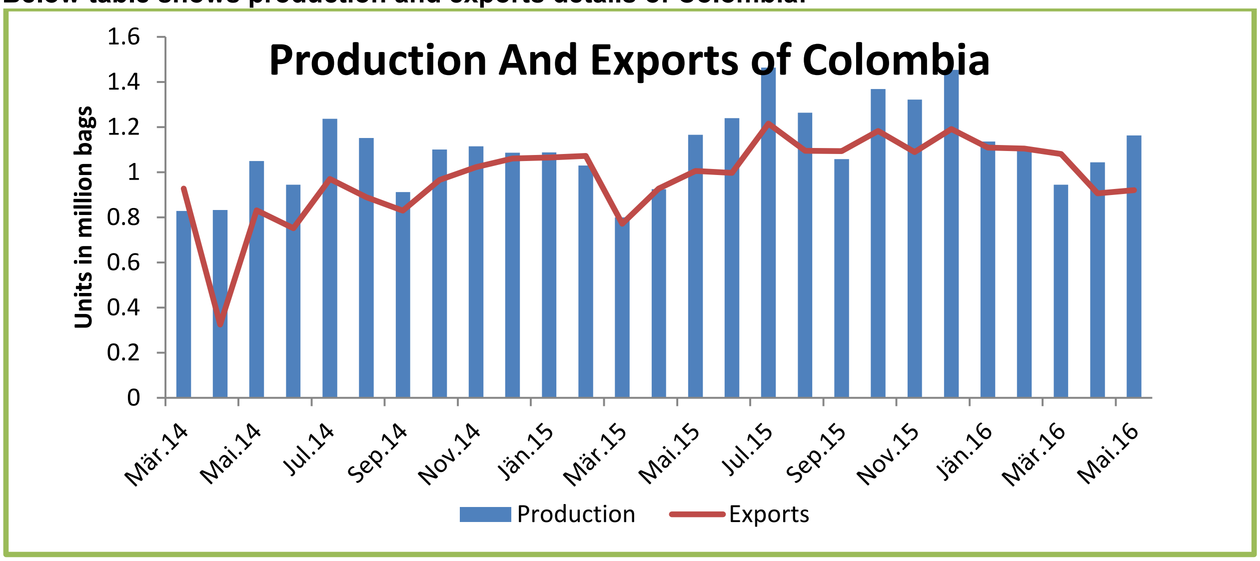
Source: Agriwatch

International Market Updates

ICE coffee future prices increased by 9.36% to 139 cents/lb in this week against 127.10 cents/lb of the last week. As per RTRS, ICE certified stocks went up by 1382 bags to 1309190 bags as on June 9,2016 against 1313669 bags as on June1, 2016. Arabica coffee futures on ICE extended gains to a 13-month high on Thursday of this week after weather service Somar forecast a risk of isolated frost in Brazil. Speculative buying supported Arabica coffee prices. Speculative buying and strength in Brazil's real currency (BRL)supported ICE coffee futures prices.

Colombia:- According to the National Coffee Growers' Federation, coffee production in Colombia stood slight lower by 0.17% to 1.163 million bags 60-kg bags from the same month in last year i.e. 1.165 million bags. Twelve-month production through April was 14.55 million bags, an increase of 16 percent over the previous year. The figures come as coffee growers in Colombia, the world's biggest producer of mild-tasting washed Arabica. While, exports volume of May month is placed at 0.920 million bags with an increase of 1.54% against last month record i.e. 0.906 million bags. It is also down by 8% compared to 1.006 million bags of previous year record during the same month.

Below table shows production and exports details of Colombia:-



Sources: Reuters

Others :-

1) CPC(The Climate Prediction Center) gives weather forecasts for the possibility of a new La Nina phenomenon within the Pacific Ocean this year, with the announcement yesterday that there is now a 75% chance for the El Nino to come into play by September and to become more intense during the last quarter of this year. This phenomenon should it so develop, is likely to bring with it and in terms of coffee producing countries some increased and beneficial rains for Colombia and Indonesia, but drier conditions for the South East Brazil Arabica coffee districts for the coming summer rain season. This would not be too much of a concern, but should it prove to be a very intense La Nina, it could become damaging for crops in the coming years for all of these producers and is a factor that to be closely watched over the next few months.

2) Famers in Vietnam are offloading their stock at the current prices on account of good prices and robust demand. In Indonesia, premiums widened ahead of the peak harvest next month on rising demand amid sufficient stocks. Exports volume of both countries also went up during this week.

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

Brail's Coffee Estimates:-

Below table depicts Brazil's coffee estimates by sources:-

Source	Date Issued	Brazil Output 2015-16	Brazil Output 2016-17	Brazil Robusta	Brazil Arabica
Conab	24th May 2016	43.24	49.67	9.4	40.27
U.S. Attach	19th May 2016	49.4	55.95	12.1	43.85
Wolthers	18th May 2016	45.6	55.73	13.98	41.75
Douque Armajaro	6th May 2016	51.7	55.5	13.5	42
IBGE	7th April 2016		50.2	11	39.2
Mercon	23rd March 2016		58.05	12.3	45.75
Marex Spectrum	11th March 2016	50	56.5	-	-
Rabobank	9th March 2016	49.2	51.8	12.6	39.2
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
CNC	7th Dec 2015	-	47-49	11	37
Volcafe	18th Nov 2015	48.3	-	15.7	32.6
Cooxupe	18th Nov 2015	-	50-55	12	38-43
Rabobank	14th Nov 2015	48.4	58	16	42
Olam	13th Nov 2015	-	60-62	-	-
Marex Spectrum	12th Nov 2015	49	-	-	-
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

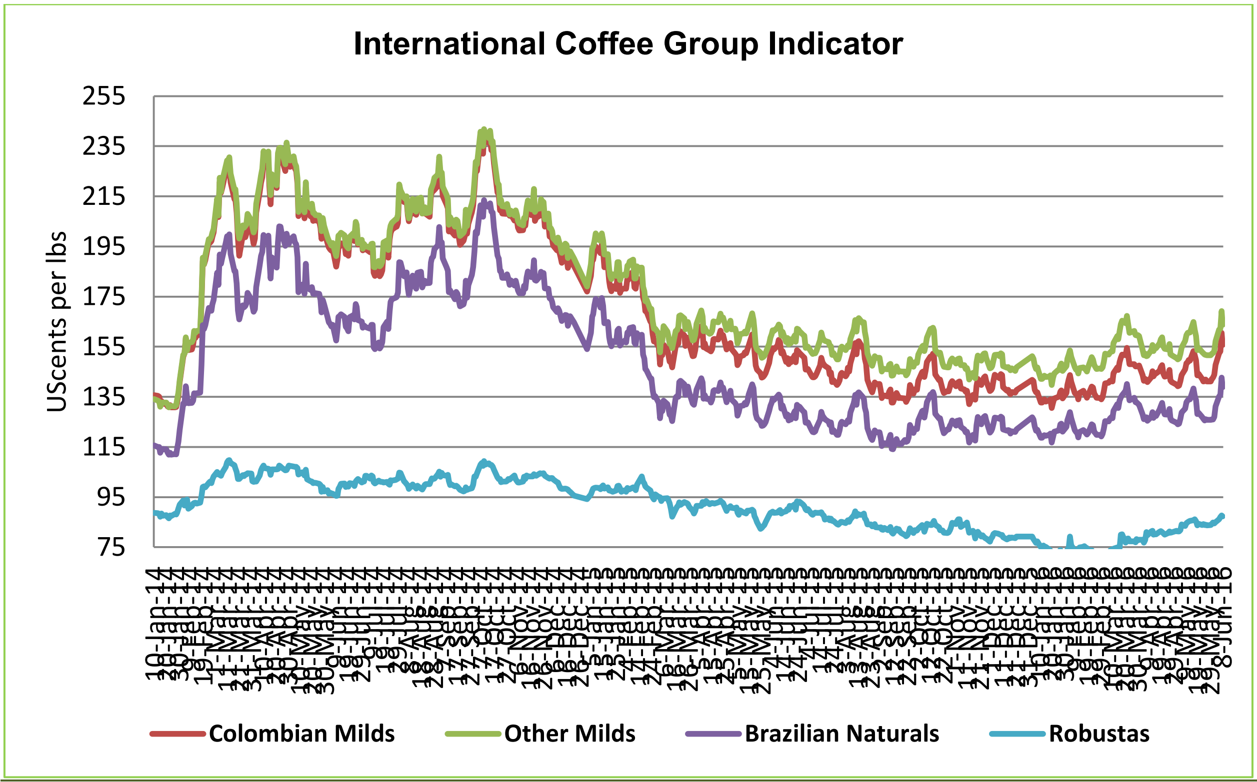
International Coffee Price Trend:-

Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

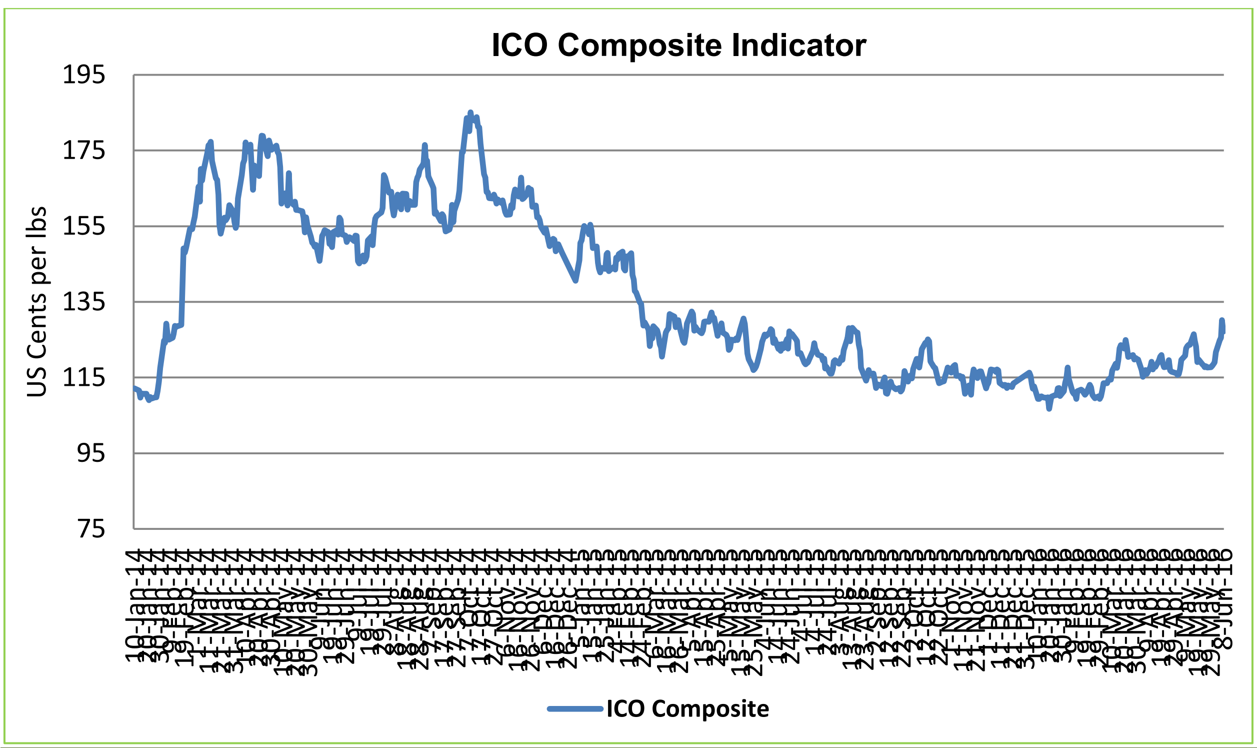
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	**09.06.2016**	**02.06.2016**	**09.05.2016**	**09.06.2015**
ICO Composite Indicator	127.17	118.98	120.78	127.83
Colombian Milds		**127.17**		
US	155.75	145	146.50	157.50
Europe	155.6	142.50	145.42	158.08
Group Indicator	155.68	143.85	146	157.77
Other Milds				
US	163.44	154.19	156.69	164.69
Europe	163.93	152.67	157.89	163.38
Group Indicator	163.75	153.29	157.40	163.88
Brazilian Naturals				
US	121.75	112	115.50	129.50
Europe	144.76	132.23	135.45	138.03
Group Indicator	138.78	126.97	130.27	135.03
Robusta				
US	93.75	91.33	90.58	96.33
Europe	85.99	83.05	82.04	88.65
Group Indicator	87.31	84.46	83.50	89.88

US cents/lb

International Coffee Indicators Charts:-



Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	**Today(9-June-2016)**	**Week Ago(2-June-2016)**	**Month Ago(9-May-2016)**	**Weekly Change (%)**
16-Jul	139	123	126.45	**9.36**
16-Sep	145	125	128.10	**12.36**
16-Dec	134	127.55	130.50	**1.52**

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	**Today(9-June-2016)**	**Week Ago(2-June-2016)**	**Month Ago(9-May-2016)**	**Weekly Change (%)**
16-Jul	1707	1632	1635	**4.02**
16-Sep	1718	1656	1650	**2.99**
16-Dec	1682	1668	1663	**Unchanged**

USD/T

International Coffee Prices

	31.05.2016	**24.05.2016**	**31.04.2016**	**31.05.2015**
Vietnam (Robusta Beans Spot) (Dong/Kg)	36000	36000	34400	34950
Vietnam FOB (2-5 pct)* (Saigon port)	1690	1678	1628	1715
Indonesian FOB (4-80 defects)** (Lampung Port)	1850	1850	1810	1640

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

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	**Prices This Auction In (07/06/2016)**	**Average Prices In**	**Prices This Auction In (31/05/2016)**
Arabica AA	51-300	206.15	46-263
Arabica AB	50-262	170.51	34-257
Arabica C	20-2016	150.26	28-219
Arabica PB	200-271	264.07	51-245
Arabica T	18-149	76.88	33-150
Arabica TT	50-217	149	39-211

Units-$/50 kg bags

Technical Analysis Of Coffee Future Market (July'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 upper side in the market.

- Candlestick chart depicts uptrend in the market.
- 14 days EMI stood down at 128.03 against 124.64 in the market hints upward momentum in the market.
- High volume and prices indicates further long build up phase of the market.
- On the other hand, RSI is up at 6068 compared to 53.69 of last strong momentum indicating strong 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**
113.01	120.01	136.35	149.85	155.93

Technical Analysis Of Coffee Future Market (July'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.
- However, 14-days EMI is moving higher at 1621 against last week records i.e.1612, indicating further higher tone in the market.
- On the other hand, RSI is higher at 63.74 in neutral region against 63.55 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**
1539	1583	1643	1748	1789

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