

Executive Summary**Domestic Coffee Market Summary**

Mixed trend were extended in Karnataka physical market during this week, as on 18th June 2016 on mixed demand. As per the government data, In India water level in the main reservoirs noticed at 15% percent of their storage capacity in the week to June 16, down 12 percentage points from a year earlier. The latest levels were lower than the last 10 years' average of 19 percent, and 1 percentage point down compared with the previous week. Monsoon rains, crucial for India's farm sector, arrived at India's southern Kerala coast on June 8, a day later than forecast. Water levels in reservoirs are important primarily for irrigation during the summer and winter months and for hydropower generation.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 16th June 2016 is registered higher by 20.38% at 153737 metric tons compared to 127952 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 16th June 2016 this year, recorded higher by 6.71% at 11045 metric tons from preceding year volume of 10350 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 26.60% at 27946 and 34.68% at 92143 metric tons respectively against exports volume of 22074 metric ton and 19223 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 7797 metric tonnes with a decline of 0.76% and Robusta parchment to 14703 metric tonnes with a decline of 23.51%.

As per DGCIS latest report, India received around Rs.502.11 crore as the total coffee exports revenue which is 75.05 million in USD in May 2016. This is lower by 11.59 % in Rs. and 15.68% in USD respectively as against Rs.567.91 crore and USD 89.01 million respectively in the corresponding month of previous year. It stood at Rs.1053.01 crore and the value in USD at 157.93 million since April-2015 to May 2016 lower by 0.15% in Rs. and 5.18% in USD as against the last year revenue i.e. Rs.1054.57 crore and in USD 166.56 million in corresponding period of time.

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 the coffee Export Association, Brazil shipped 2.18 million bags green coffee in May 2016 down against 2.15 million bags in April 2016 followed by Arabica beans exports volume i.e. 2.11 million bags and 66,868 bags of Robusta Conillon. Soluble coffee exports stood at 238,178 bags. Total coffee exports, including a small volume of roasted coffee, amounted to nearly 2.42 million bags in May 2016. Brazil's coffee belt exported a record volume of beans in the year ending in the first quarter of 2016 but shipments have tapered off in recent months due to dwindling stocks. The new crop harvest of beans is in its early stages and exports are expected to pick up from current levels in the coming months.

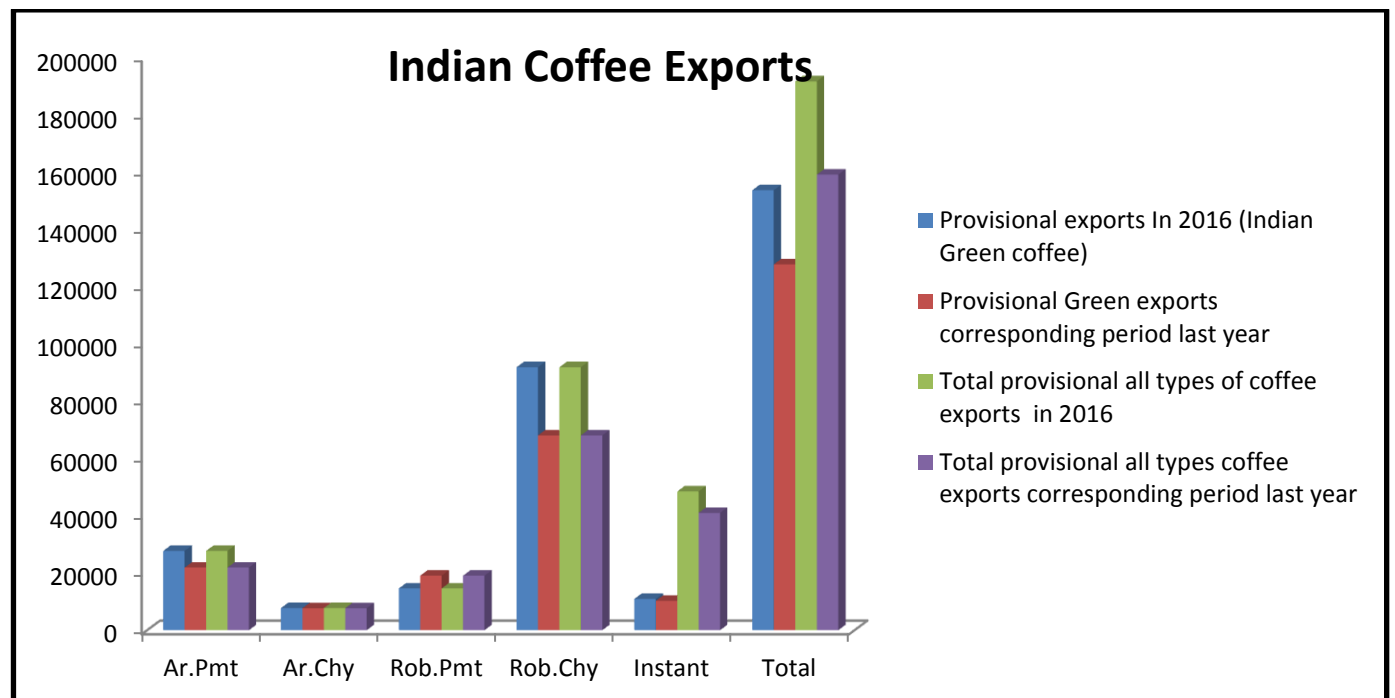
As per Somar, local forecaster, the brunt of a serious cold front over the weekend missed Brazil's coffee and cane belts in large part, and minimum temperatures are forecast to slowly rise through the week. A few isolated cases of frost may have damaged some coffee trees near Pocos de Caldas and Sao Sebastiao de Paraíso regions of South Minas and along the border of Parana and Sao Paulo. Temperatures over Brazil's southern coffee, sugar cane and corn areas are expected to slowly warm through the week with no rains seen interrupting harvest in the coffee region.

Domestic Coffee Exports of India :-

Below table shows coffee exports details of India:-

Export update: From 1st January 2016 to 16th 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



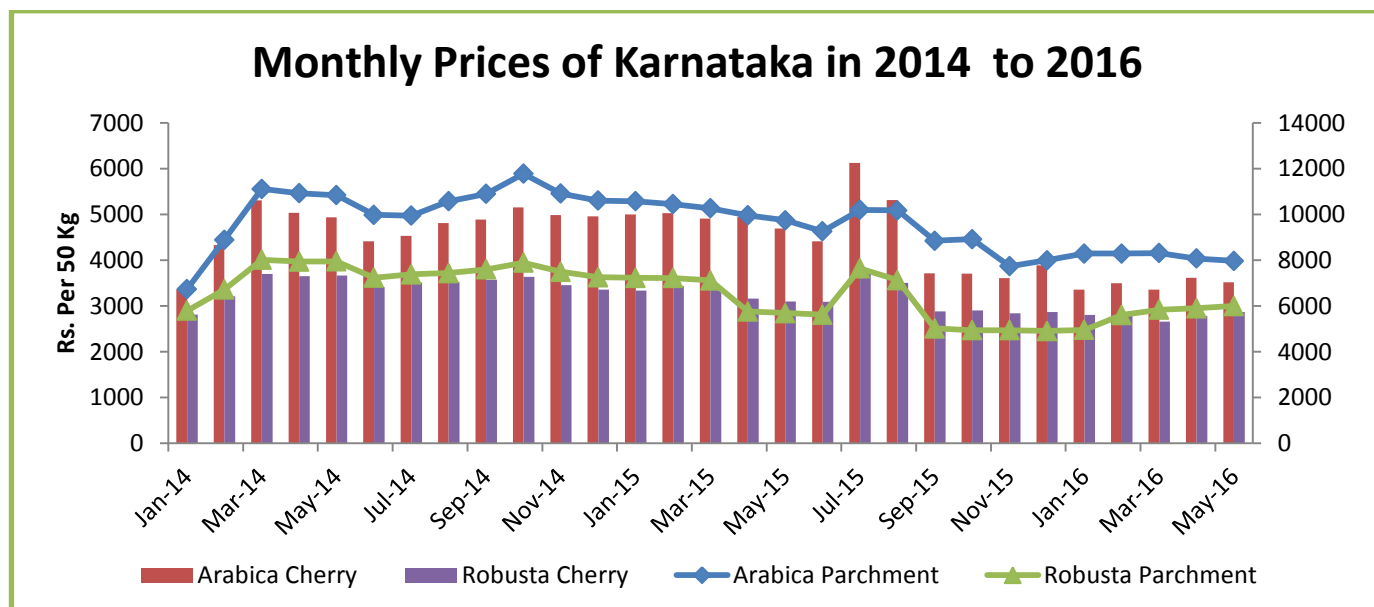
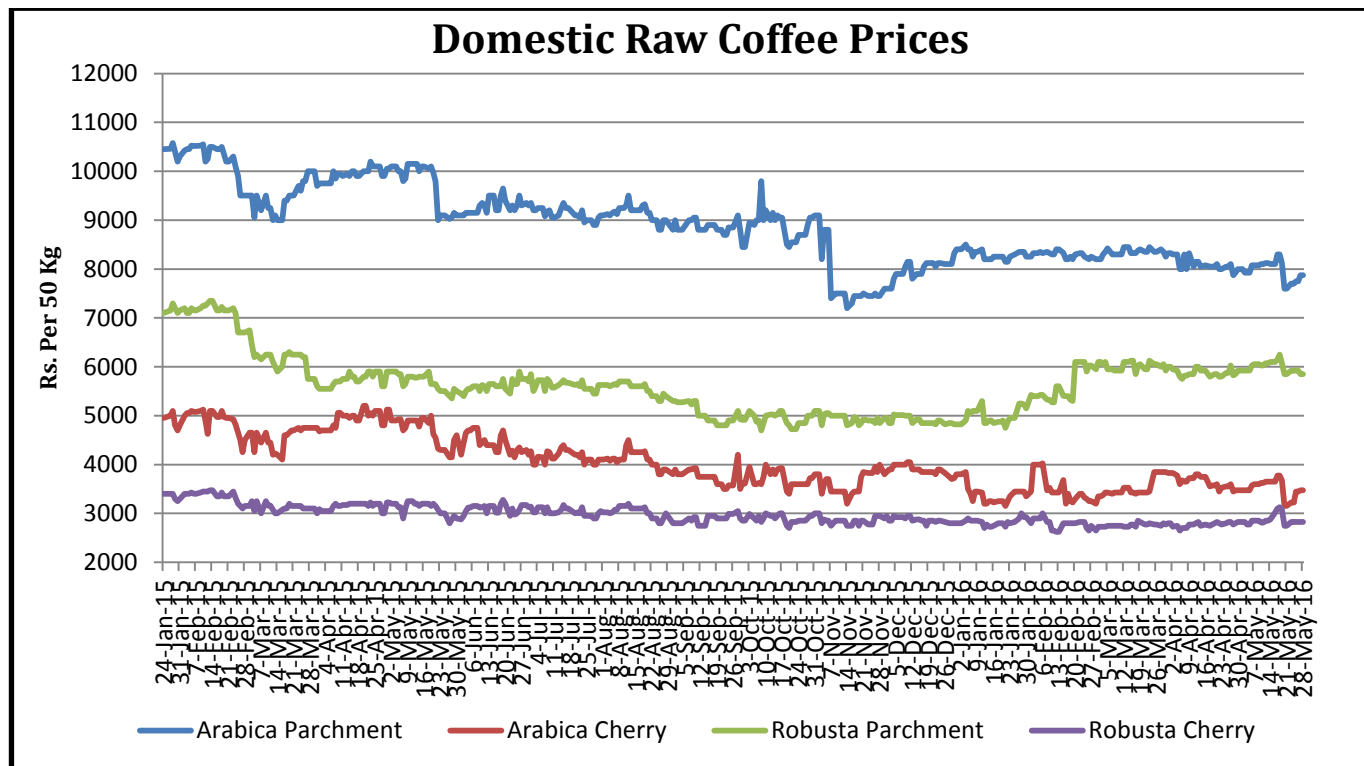
Source: The Coffee Board Of India

State-wise Coffee Production in India :-

Below table shows production of coffee in major states/districts (zones) of India -

Production of Coffee in Major States/Districts (Zones) of India							
	State/District	2015-16#			2014-15@		
		Arabica	Robusta	Total	Arabica	Robusta	Total
I.	Karnataka						
	1 Chikmagalur	42,425	41,385	83,810	38,200	40,880	79,080
	2 Kodagu *	21,085	116,620	137,705	18,030	1,04,090	1,22,120
	3 Hassan	18,950	12,875	31,825	18,525	13,505	32,030
	Sub total	82,460	170,880	253,340	74,755	1,58,475	2,33,230
II.	Kerala						
	1 Wyanad	0	57,370	57,370	0	56,675	56,675
	2 Travancore	1,000	7,380	8,380	880	7,370	8,250
	3 Nelliampathies	1,200	1,700	2,900	1,175	1,600	2,775
	Sub total	2,200	66,450	68,650	2,055	65,645	67,700
III.	Tamilnadu						
	1 Pulneys	7,135	345	7,480	7,300	325	7,625
	2 Nilgiris	1,475	3,825	5,300	1,550	3,850	5,400
	3 Shevroys (Salem)	3,475	70	3,545	3,400	50	3,450
	4 Anamalais (Coimbatore)	1,300	500	1,800	900	500	1,400
	Sub total	13,385	4,740	18,125	13,150	4,725	17,875
	Total for Traditional Areas	98,045	2,42,070	3,40,115	89,960	2,28,845	3,18,805
IV.	Non Traditional Areas						
	1. Andhra Pradesh	9,050	50	9,100	7,370	55	7,425
	2. Odisha	600	0	600	550		550
	Sub Total	9,650	50	9,700	7,920	55	7,975
	North Eastern Region	105	80	185	120	100	220
	Grand Total (India)	1,07,800	2,42,200	3,50,000	98,000	2,29,000	3,27,000

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

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

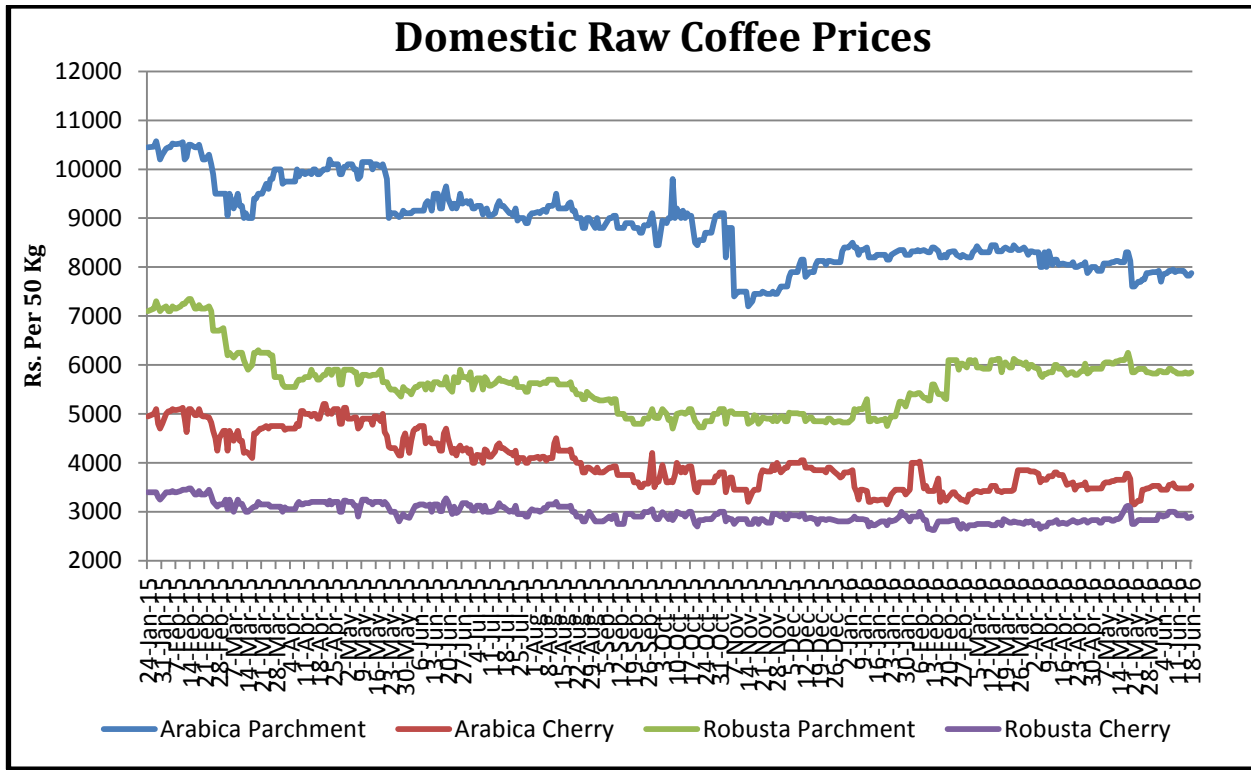
Variety	18.06.2016	10.05.2016	Change
Arabica Parchment	7875	7900	-25
Arabica Cherry	3525	3500	25
Robusta Parchment	5850	5860	-10
Robusta Cherry	2900	2990	-90

* Values in Rs. per 50 Kg

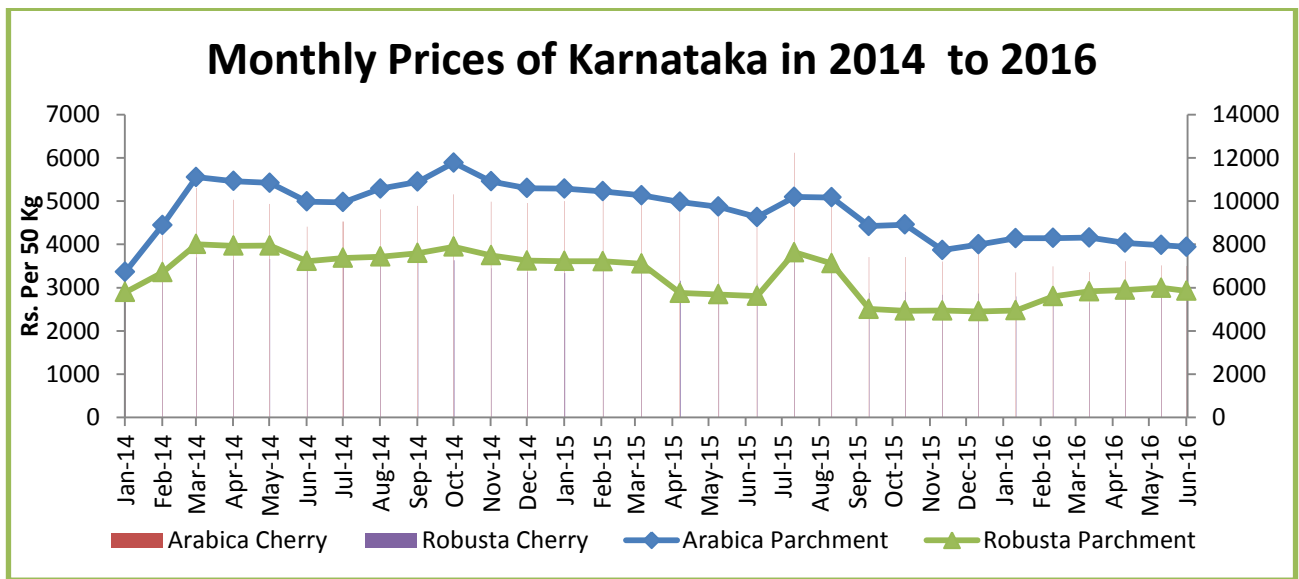
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	09.06.2016	02.06.2016	Change	09.06.2016	02.06.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	245	---	---	---	---	---
AA	245.4	---	---	---	---	---
PB	209.96	---	---	---	---	---
A	---	---	---	---	---	---
AB	191	---	---	---	---	---
B	150.5	---	---	---	---	---
C	120	---	---	---	---	---
BBB	---	119	---	---	---	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	144.5	---	---	---	---	---
A	---	---	---	124	120.5	---
PB	137.5	---	---	---	115	---
AA	148.5	---	---	---	124	---
AB	143.5	---	---	---	116.5	---
B	---	---	---	---	---	---
C	127.5	---	---	---	114	---
BBB	100.5	---	---	---	103	---

Values in Rs. per kg

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch

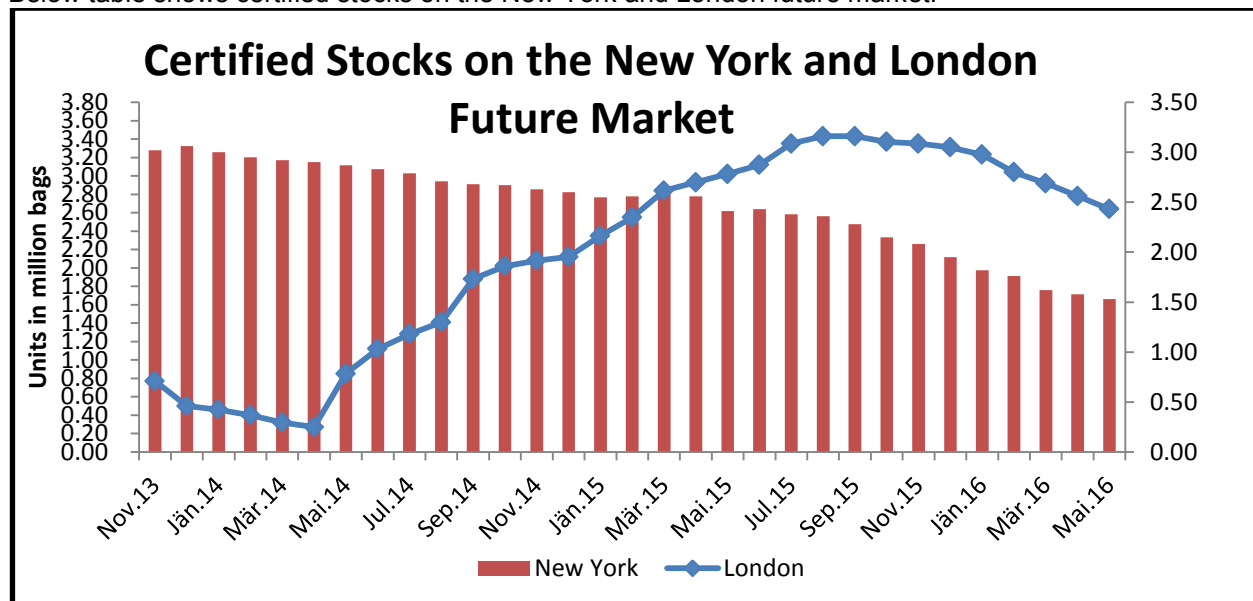


International Market Updates

ICE coffee future prices surged by 4.32% to 139.50 cents/lb in this week against 133.95 cents/lb of the last week. As per RTRS, ICE certified stocks went up by 3575 bags to 1321232 bags as on June 16, 2016 against 1317657 bags as on June 9, 2016. In May month, Coffee prices moved higher, but are still below their levels of this time last year, with Robusta prices leading the charge. The daily price of the ICO composite indicator started the month relatively strongly, increasing from a low of 115.68 US cents/lb to a high of 126.47 cents halfway through the month. However, most of these initial gains were subsequently lost as the market dropped back down to 118.14 cents by the end of the month. Nevertheless, the monthly average did settle up by 1.7% to 119.91 cents, representing four consecutive months of higher monthly prices. This is therefore the highest monthly average so far in 2016, but is still slightly lower than the same time last year. It is notable that the ICO composite indicator has remained within a relatively narrow band over the last year, with the monthly averages staying between 110 and 125 cents. As per the green coffee Association, U.S. green coffee stocks rose by 61,187 bags to 6.1 million 60-kg bags by the end of May.

According to ICO released data, certified stocks on the New York is registered at 1.53 million bags with a decrease of 3.16% in May 2016 against 1.58 million bags of April month record. While, certified stocks at London future market is recorded 5.03% lower at 2.64 million bags from 2.78 million bags in April 2016.

Below table shows certified stocks on the New York and London future market:-



Source: Reuters

Vietnam: As per government estimates, Vietnam, the world's largest Robusta producer, exported 162,000 tonnes (2.7 million 60-kg bags) of coffee in May, down 12.9 percent from the previous month, the customs department said on Tuesday, slightly below government estimates. The shipment last month brought Vietnam's coffee exports between October 2015 and May, the first eight months of the 2015/2016 crop year, to 1.16 million tonnes, up 19 percent from a year ago, based on government statistics. Traders had forecast coffee shipments in May at 120,000-160,000 tonnes, while the government estimated the export volume at 170,000 tonnes.

Ethiopia:- As per USDA report, Ethiopia's coffee production this year marketing year (MY) 2015/16 is expected to climb slightly upward despite the El Nino drought. For the upcoming year, coffee production is expected to remain steady at 6.515 million bags (390,900 metric tons). Coffee exports for the current and outward year are forecast to remain largely unchanged at around 3.52 million bags (212,000 metric tons), which is a little more than half of total production.

Brazil's Coffee Estimates:-

Below table depicts monthly coffee exports of the World:-

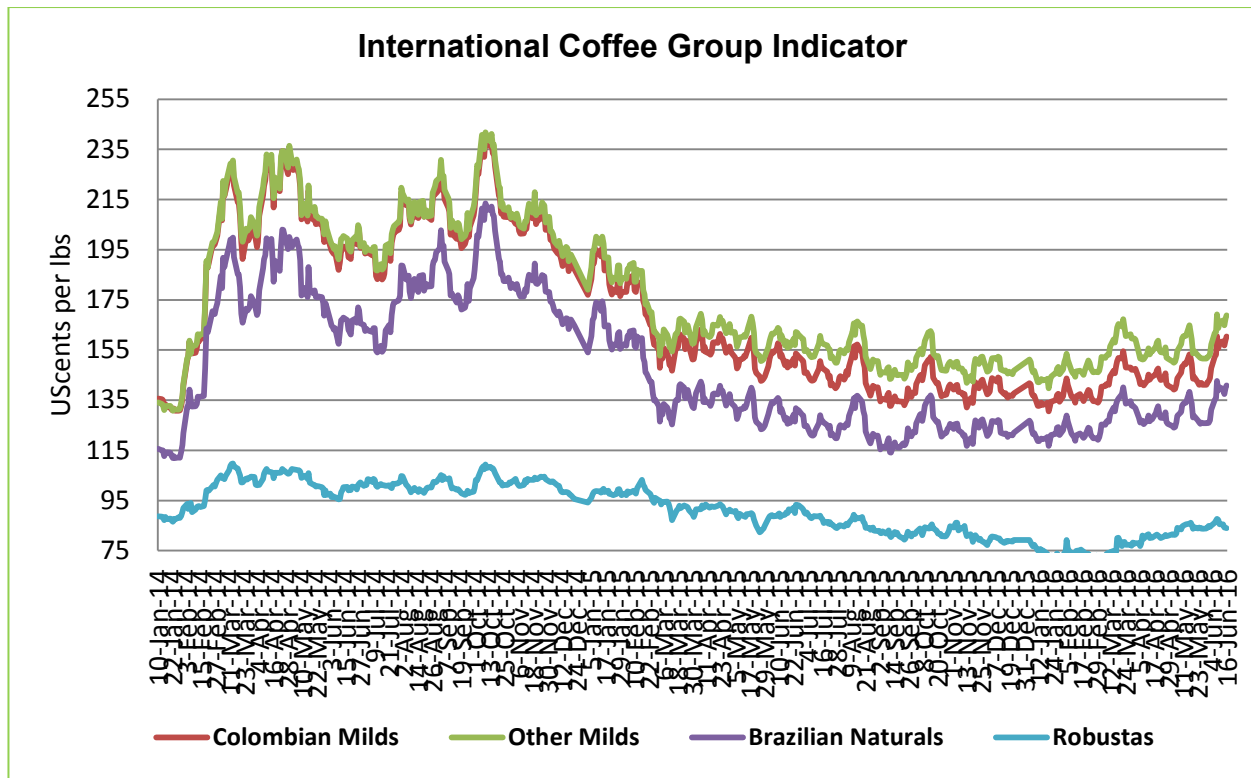
Monthly export statistics - April 2016 (In Thousands 60 kg bags)						
	April 2015	April 2016		October - April		
			% change	2014/15	2015/16	% change
TOTAL	10 144	9 324	-81.0%	64 734	65 197	0.7%
Arabicas	6 134	5 879	-42.0%	39 420	41 998	65.0%
Colombian Milds	1 090	1 073	-16.0%	7 648	8 537	11.6%
Other Milds	2 256	2 389	59.0%	11 790	12 633	72.0%
Brazilian Naturals	2 788	2 416	-13.3%	19 982	20 828	42.0%
Robustas	4 010	3 444	-14.1%	25 313	23 199	-84.0%
Brazil	3 206	2 406	-25.0%	21 856	21 425	-20.0%
Burundi	1	5	40.0%	137	167	21.7%
Cameroon	140	50	-64.2%	244	137	-44.0%
Central African Republic	20	17	-14.0%	21	63	19.5%
Congo, Dem. Rep. of	13	12	-10.8%	76	67	-11.5%
Colombia	958	931	-28.0%	6 903	7 715	11.8%
Costa Rica	138	170	22.9%	584	646	10.7%
Ecuador	56	63	12.1%	581	520	-10.5%
El Salvador	78	81	41.0%	384	244	-36.5%
Ethiopia	258	264	23.0%	1 239	1 503	21.2%
Guatemala	360	350	-27.0%	1 366	1 560	14.2%
Honduras	710	713	0.5%	3 076	3 053	-0.7%
India	531	600	13.0%	2 916	3 302	13.3%
Indonesia	627	150	-76.1%	4 003	2 315	-42.2%
Jamaica	1	1	-32.7%	5	4	-31.9%
Kenya	71	72	17.0%	399	394	-13.0%
Liberia	0	0		1	0	
Madagascar	8	5	-37.5%	64	72	13.0%
Malawi	1	1	0.0%	8	7	-76.0%
Mexico	247	180	-27.1%	1 353	1 198	-11.4%
Nicaragua	235	310	31.9%	971	985	15.0%
Panama	3	3	0.0%	17	21	25.0%
Papua New Guinea	54	46	-15.9%	348	324	-70.0%
Tanzania	79	90	13.9%	493	632	28.3%
Thailand	5	2	-60.0%	20	14	-28.6%
Timor-Leste	5	1	-90.0%	67	4	-94.8%
Togo	41	25	-39.2%	133	63	-52.9%
Uganda	264	327	23.8%	1 850	1 996	79.0%
Vietnam	1 832	2 175	18.7%	13 220	13 625	31.0%

Source: Reuters

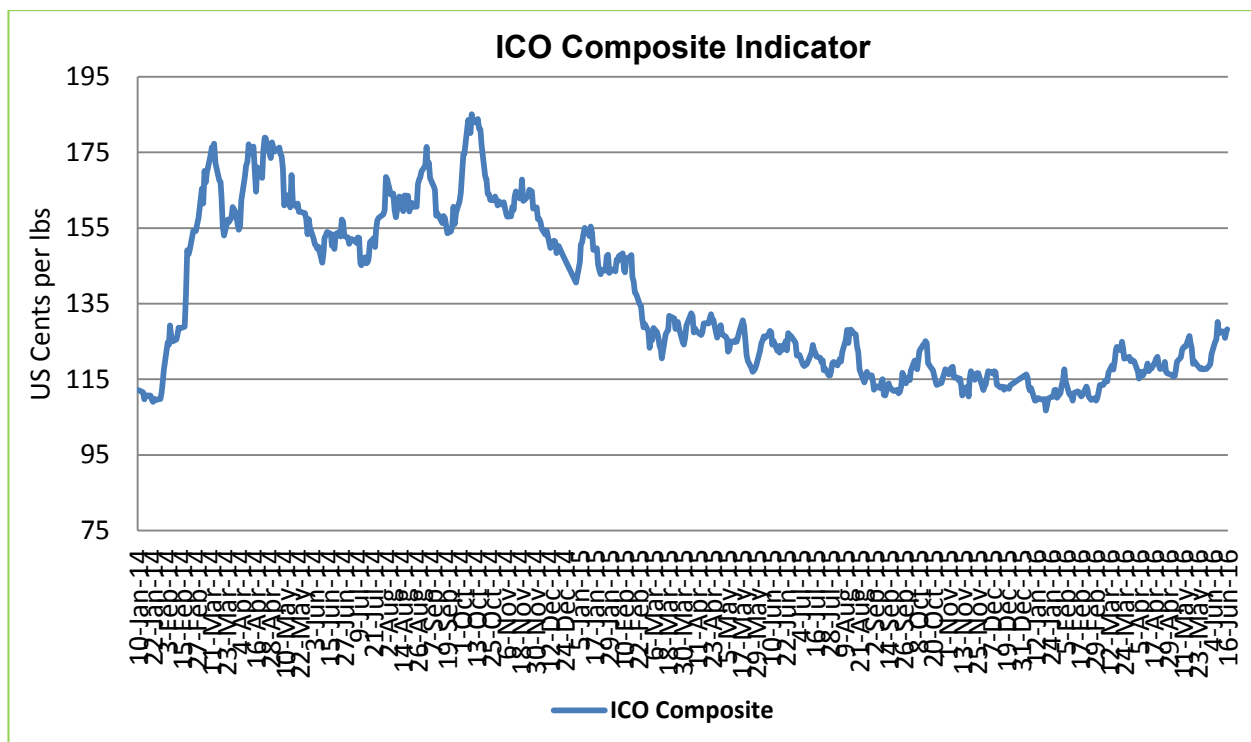
International Coffee Price Trend:-
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	16.06.2016	09.06.2016	16.05.2016	16.06.2015
ICO Composite Indicator	128.23	127.17	126.47	127.55
Colombian Milds				
US	161.50	155.75	153.50	153.25
Europe	159.01	155.6	152.96	157.91
Group Indicator	160.63	155.68	153.25	155.40
Other Milds				
US	168.94	163.44	163.44	163.69
Europe	168.76	163.93	165.78	163.46
Group Indicator	168.83	163.75	164.82	163.53
Brazilian Naturals				
US	125.50	121.75	123.50	130.25
Europe	146.32	144.76	143.53	137.80
Group Indicator	140.91	138.78	138.32	135.84
Robusta				
US	90.75	93.75	92.50	95.33
Europe	82.64	85.99	84.42	88.32
Group Indicator	84.02	87.31	85.79	89.44

US cents/lb

International Coffee Indicators Charts:-


Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(16-June-2016)	Week Ago(9-June-2016)	Month Ago(16-May-2016)	Weekly Change (%)
16-Jul	139.50	139	133.60	4.14
16-Sep	141.45	145	135.40	4.12
16-Dec	144.05	134	137.95	4.08

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	1645	1707	1658	-4.27
16-Sep	1674	1718	1686	-3.85
16-Dec	1691	1682	1698	-4

USD/T

International Coffee Prices

	16.06.2016	09.06.2016	16.05.2016	16.06.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	35950	37550	36600	32350
Vietnam FOB (2-5 pct)* (Saigon port)	1675	1751	1711	1555
Indonesian FOB (4-80 defects)** (Lampung Port)	1760	1890	1890	1890

*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 EMA stood up at 131.76 against 128.03 in the market hints upward momentum in the market.
- Lower volume and prices indicates further short covering phase of the market.
- On the other hand, RSI is up at 63.39 compared to 60.68 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
120.09	128.50	140.75	149.07	154.60

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 1628 against last week records i.e.1621, 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
1536	1568	1645	1714	1746

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