

Executive Summary

Domestic Coffee Market Summary

Mixed trend were featured in Karnataka physical market during this week, as on 30th June 2016 due to ups and downs in arrivals and demand. Coffee prices are rising on account of BREXIT. India receives good rainfall which will be beneficial to grow coffee beans. Arabica picking in India is likely to start in November 2016. As per Indian government data, India's main reservoirs receives the water level at 15% of their storage capacity in the week to June 30, 2016 while down 17 percentage points from a year earlier. The latest levels were lower than the last 10 years' average i.e. 22 percent, but remained unchanged against last week. Monsoon arrived at India's southern Kerala coast on June 8, a day later than forecast, however rain is likely to pick up in July 2016.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 30th June 2016 is registered higher by 26.90% at 29592 metric tons compared to 23319 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 30th June 2016 this year, recorded down by 4.57% at 12578 metric tons from preceding year volume of 13181 metric tons. Total provisional exports of Arabica parchment and Robusta Cherry is placed higher by 26.90% at 29592 and 35.19% at 99675 metric tons respectively against exports volume of 23319 metric ton and 73727 metric tons respectively in the corresponding period of last year. However, Arabica cherry is placed lower at 8029 metric tonnes with a decline of 1.54% and Robusta parchment to 16310 metric tonnes with a decline of 22.95%.

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 ICO report, Coffee exports of the World slipped by 6.8 percent in May 2016 from the same month last year to total 9.32 million 60-kg bags followed by Robusta coffee exports which stood at 3.37 million bags with a decline of 9.6% and Arabica coffee exports stood down by 5.1% to 5.95 million bags in May 2016. For the first eight months of the 2015/16 season, which began on Oct. 1 last year, coffee exports were up 1.6 percent at 75.95 million bags. Robusta coffee exports fell 9.6 percent in May from a year earlier to 3.37 million bags followed by Robusta coffee exports i.e. 27.53 million bags down by 5.1% and Arabica coffee exports volume which stood higher by 6.0% to 48.42 million bags.

As per sources, Brazil shipped total 2.06 Million 60 kg bags of coffee in June compared to 2.17 million bags in May 2016 and 2.39 million bags a year ago in the corresponding period of time. As per Cooxupe, Brazil has harvested 25.7 pct of the 2016/2017 crop which is higher than last year record i.e. 15.5 pct of the harvested crop, and in 2014, 35.5 pct had been harvested. As per coop said recently that as much as 30 pct of the crop had been knocked to the ground by rains over the past month, which would cause the loss in quality in the beans. According to market forecaster, Brazil's current coffee crop is estimated to be between 50 million and 60 million 60-kg bags.

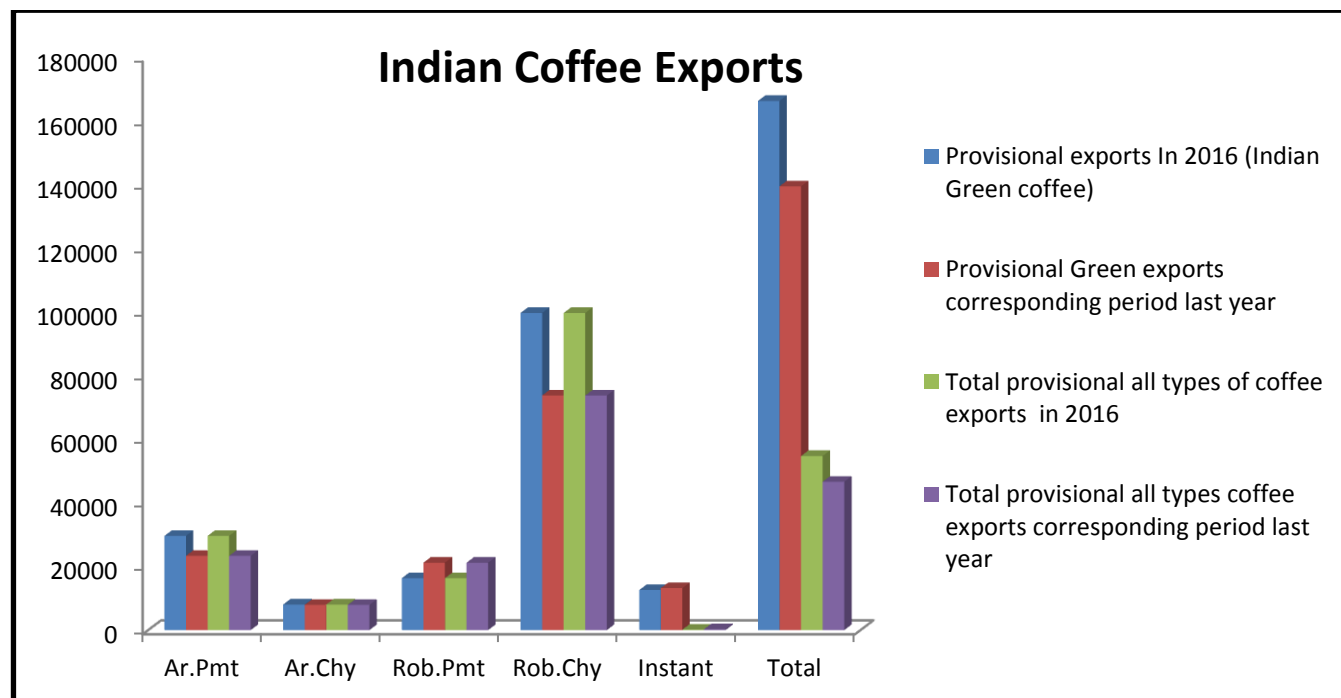
As per sources, Vietnam, the world's largest Robusta producer, is likely to ship total 160,000 tonnes (2.67 million 60-kg bags) of coffee in June 2016 with an increase of 45.8 percent against last year record. The June shipments will bring the country's coffee exports so far in the 2015/2016 season to 1.32 million tonnes, up 32 percent from a year ago. Traders in Vietnam expected the exports volume of the country in the range of 150,000 and 170,000 tonnes of Coffee in June 2016. The coffee crop year runs from October to September in Vietnam, which ranks behind Brazil in overall coffee output.

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 1st January 2016 to 30th 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)	29592	8029	16310	99675	20	97	12578	166302
2	Provisional exports corresponding period last year	23319	7907	21170	73727	15	148	13181	139468
3	Provisional re-exports	0	0	0	0	0	48	42137	42185
4	Provisional re-exports corresponding period last year	0	0	0	0	119	114	33431	33665
5	Total provisional exports (1+3)	29592	8029	16310	99675	20	144	54716	208487
6	Total provisional exports corresponding period last year (2+4)	23319	7907	21170	73727	134	262	46612	173132

Source: The Coffee Board Of India



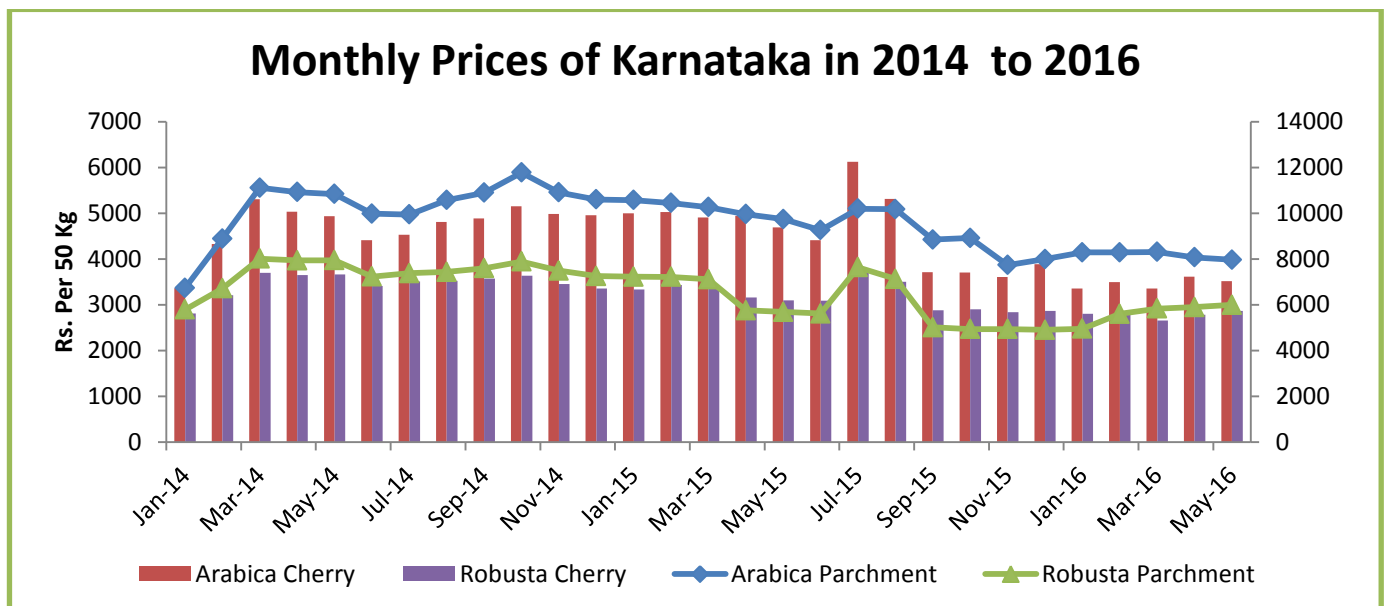
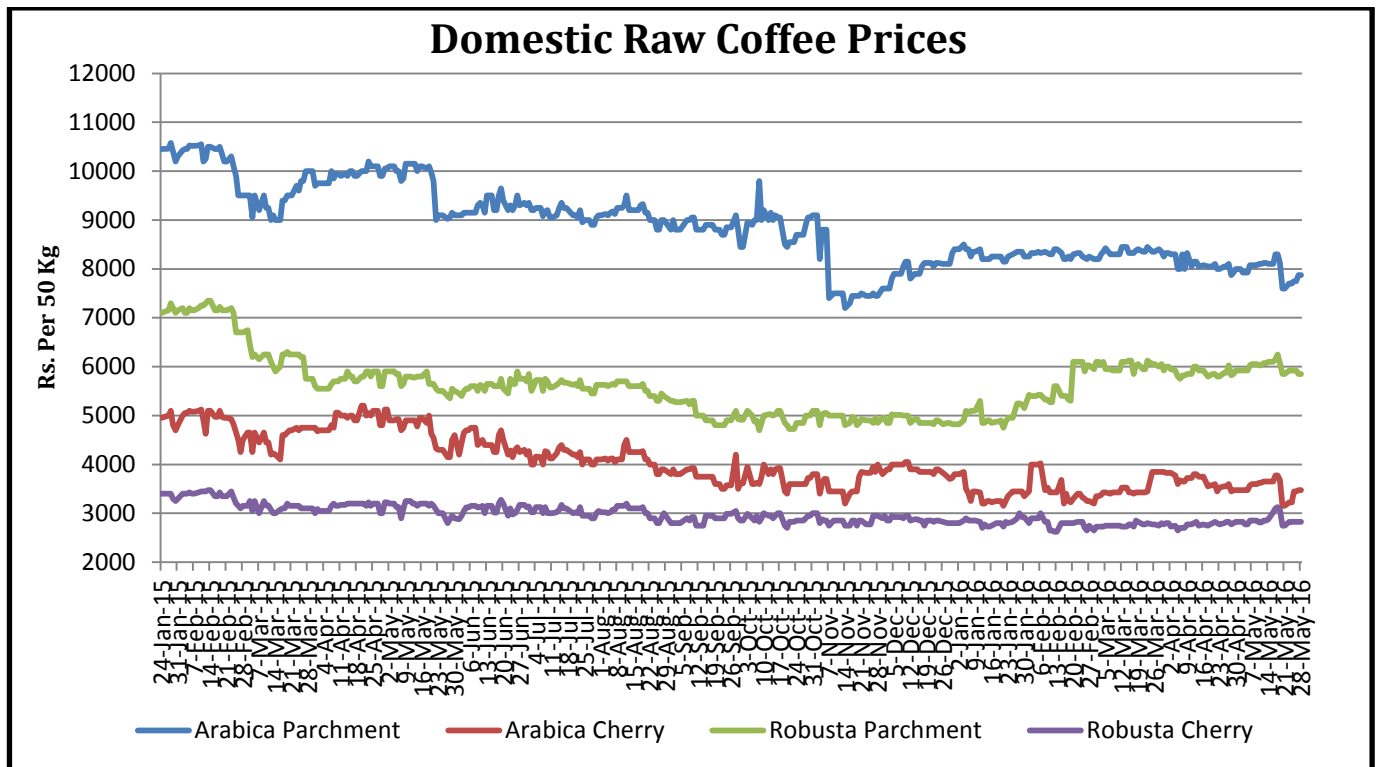
Source: The Coffee Board Of India

State-wise Coffee Production in India :-

Coffee Area, Production and Productivity - India									
	Bearing Area (ha.)			Production (MT)			Productivity		
Season	Arabica	Robusta	Total	Arabica	Robusta	Total	Arabica	Robusta	Overall
1950-51	67613	24910	92523	15511	3382	18893	229	136	204
1960-61	70649	49672	120321	39526	28643	68169	559	577	567
1970-71	80433	55030	135463	58348	51883	110231	725	943	814
1980-81	98005	92071	190076	61262	57384	118646	625	623	624
1985-86	108476	106000	214476	72311	50139	122450	667	473	571
1986-87	108500	107000	215500	88975	103119	192094	820	964	891
1987-88	108500	109500	218000	64556	58157	122713	595	531	563
1988-89	108500	112500	221000	94781	119934	214715	874	1066	972
1989-90	108500	112500	221000	62572	55481	118053	577	493	534
1990-91	108500	115000	223500	78311	91415	169726	722	795	759
1991-92	108500	115000	223500	88320	91680	180000	814	797	805
1992-93	108500	115000	223500	73120	96275	169395	674	837	758
1993-94	108500	118000	226500	98300	113700	212000	906	964	936
1994-95	108500	120000	228500	79000	101100	180100	728	843	788
1995-96	120100	121900	242000	103250	119750	223000	860	982	921
1996-97	125017	126267	251284	90450	114550	205000	724	907	816
1997-98	130664	154988	285652	99300	129000	228300	760	832	799
1998-99	143007	159227	302234	97000	168000	265000	678	1055	877
1999-00	146052	162381	308433	119000	173000	292000	815	1065	947
2000-01	146502	167432	313934	104400	196800	301200	713	1175	959
2001-02	149056	171681	320737	121050	179550	300600	812	1046	937
2002-03	146780	173835	320615	102125	173150	275275	696	996	859
2003-04	148389	176735	325124	101950	168550	270500	687	954	832
2004-05	153280	180058	333338	103400	172100	275500	675	956	826
2005-06	151547	189804	341351	94000	180000	274000	620	948	803
2006-07	151861	191179	343040	99700	188300	288000	657	985	840
2007-08	151013	193495	344508	92500	169500	262000	613	876	761
2008-09	156421	194079	350500	79500	182800	262300	508	942	748
2009-10	159828	195674	355502	94600	195000	289600	592	997	815
2010-11	163737	196748	360485	94140	207860	302000	575	1056	838
2011-12	169906	198781	368687	101500	212500	314000	597	1069	852
2012-13	176131	200174	376305	98600	219600	318200	560	1097	846
2013-14	181129	200175	381304	102200	202300	304500	564	1011	799
2014-15	185978	200217	386195	98000	229000	327000	527	1144	847

Source: The Coffee Board Of India

Prices Of Auction Market & State Wise Market



Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

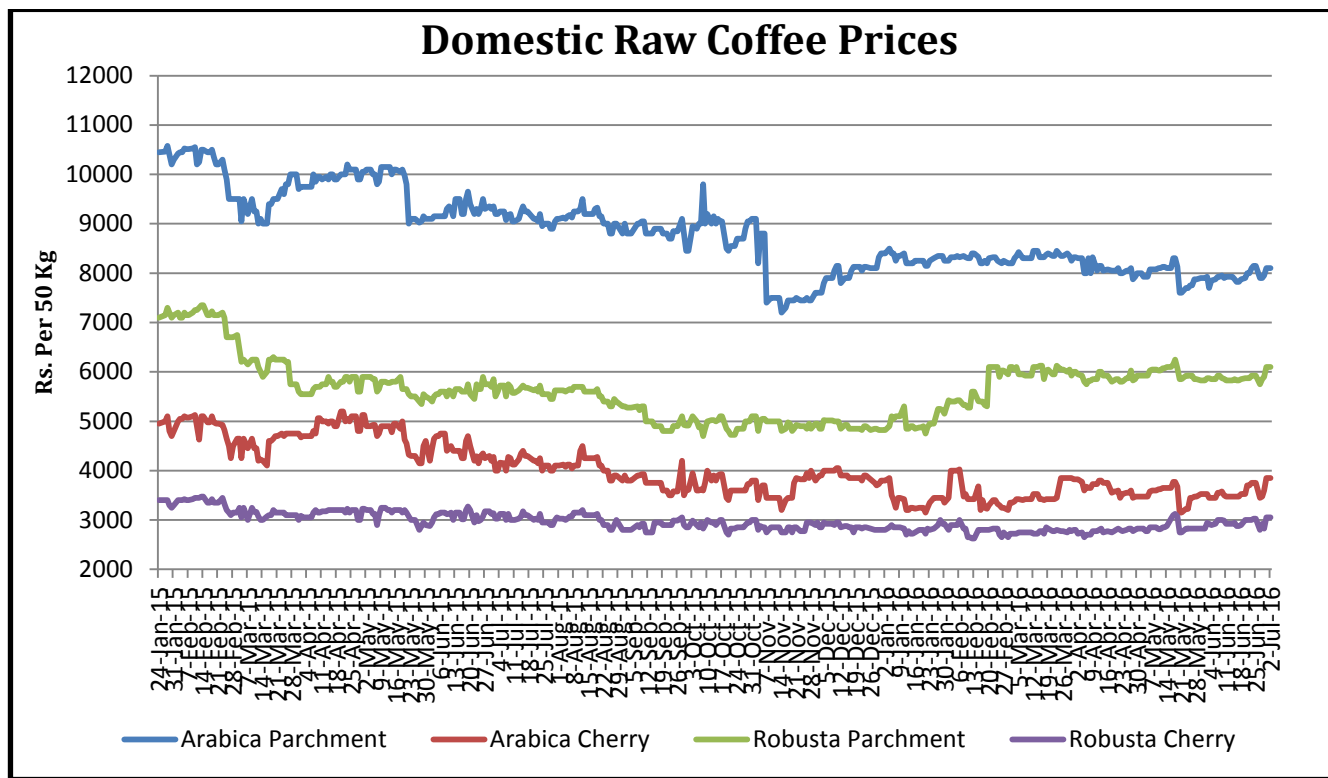
Variety	02.07.2016	25.06.2016	Change
Arabica Parchment	8100	8150	-50
Arabica Cherry	3850	3750	100
Robusta Parchment	6100	5925	175
Robusta Cherry	3050	3025	25

* Values in Rs. per 50 Kg

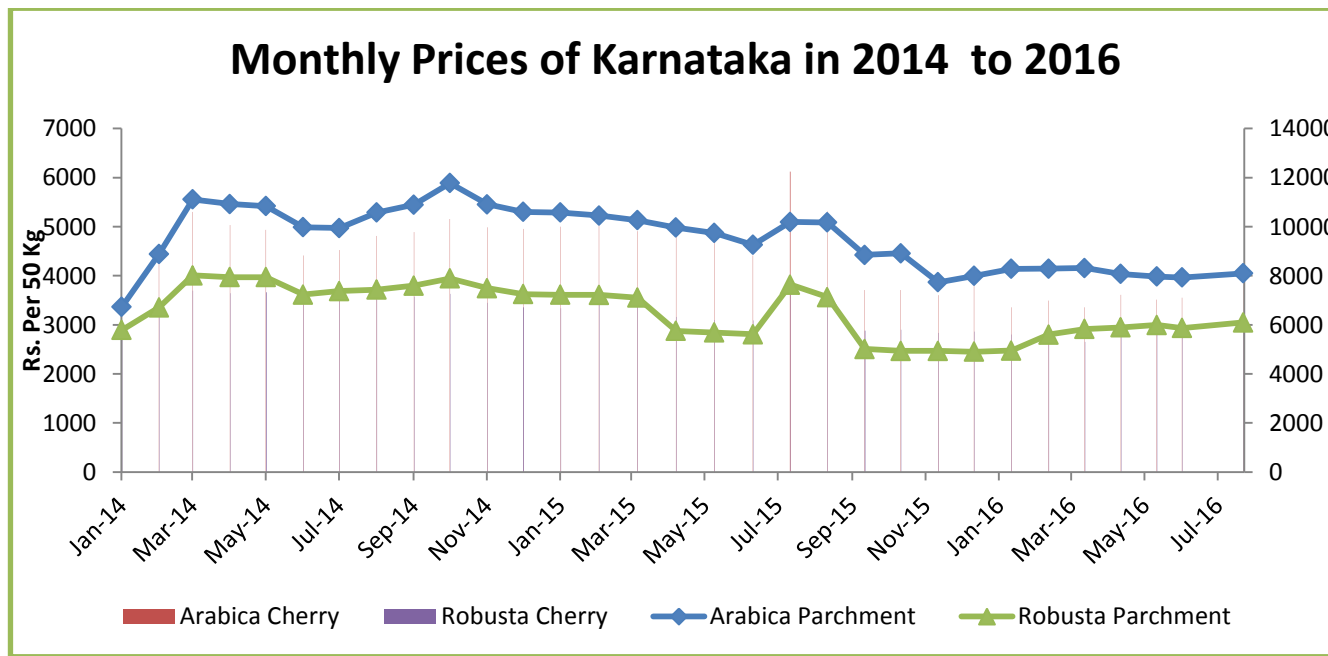
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	23.06.2016	16.06.2016	Change	23.06.2016	16.06.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	---	---	---	---
AA	248	248	Unchanged	---	---	---
PB	---	---	---	---	---	---
A	---	---	---	---	---	---
AB	---	---	---	---	---	---
B	---	---	---	---	---	---
C	---	---	---	---	---	---
BBB	---	---	---	---	---	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	---	---	---	---
A	---	---	---	---	120	---
PB	139	----	---	117.76	118.26	-0.5
AA	----	----	---	---	125.9	---
AB	146	----	---	118	117.5	0.5
B	----	----	---	---	---	---
C	130	----	---	115	114	1
BBB	106	---	---	103	101.5	1.5

Values in Rs. per kg

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch



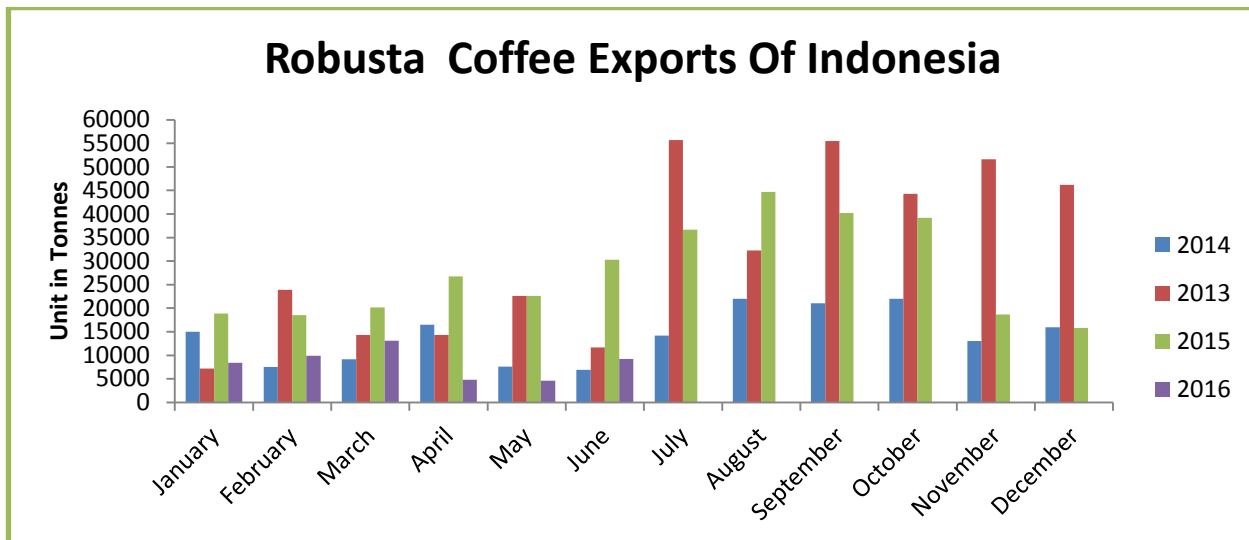
Source: Agriwatch

International Market Updates

ICE coffee future prices surged by 4.02% to 144.85 cents/lb in this week against 139.25 cents/lb of the last week. As per RTRS, ICE certified stocks declined by 1575 bags to 1,304,181 bags as on July 1, 2016 against 1,305,756 bags as on June 30, 2016. Speculators increased their net long position in Arabica coffee by 2037 to 29036 contracts.

Indonesia:-

According to the government trade data, Sumatra main growing area of Indonesia shipped lower Robusta coffee beans by 69.46% to 9255.6 tonnes in June 2016 as compared to last year record volume i.e. 30314.60 tonnes in the same month. Shipment of Indonesia went up by 99.61% against 4637.2 tonnes of May month exports volume. Below table shows Coffee exports details of Indonesia:-



Source: Reuters

Others:-

1) The National Coffee Institute IHCAFE, Honduras shipped lower coffee beans by 18.5 percent in June compared with the period last year prompting exporters to cut their forecasts for foreign shipments this season. Relatively, Central America's top coffee exporter declined at 592,530 60-kg bags in June 2016 against 726,893 60-kg bags in the same month last year. Honduras is likely to export 5.52 million 60-kg bags this season compared with 5.02 million in the 2014-2015 cycle. 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. Honduras, Central America and Mexico is recovering from the Roya blight.

2) As per sources, Ivory Coast exported coffee bean totalled 29,221 tonnes in the five months to end May, up nearly 56 percent on the same period last year. Below table depicts port data for coffee beans exports:-

State	May 2016	April 2016	May 2015
Abidjan	6712	4456	3821
San Pedro	1046	676	902
Total	7758	5132	4723
Cumulative	29221	21463	18743

Source: Reuters

Coffee Production Details of The World:-

Below table depicts coffee Production details of the World:-

Coffee Beans Imports Of The World						
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 (June)
Bean Imports						
European Union	43,950	45,070	44,650	45,110	45,000	44,500
United States	23,700	23,360	24,550	23,525	24,500	24,550
Japan	5,965	7,520	6,890	7,150	7,420	7,375
Canada	2,225	2,330	2,525	2,450	2,600	2,600
Switzerland	2,140	2,310	2,300	2,420	2,450	2,500
Algeria	2,240	1,915	2,265	2,165	2,200	2,250
Other	12,478	13,412	12,580	12,567	12,655	12,235
Total	98,343	101,907	102,705	103,097	104,875	104,285
Roast and Ground Imports						
Canada	780	675	730	765	500	600
China	74	79	93	141	300	300
Russia	165	180	215	260	250	275
Ukraine	310	340	340	275	275	250
Australia	155	170	180	190	175	200
Korea, South	110	110	125	155	170	175
Japan	125	135	140	110	115	125
Norway	105	110	110	120	120	120
Mexico	25	55	64	70	75	75
Taiwan	45	55	50	70	85	75
Other	224	277	342	378	211	229
Total	2,118	2,186	2,389	2,534	2,276	2,424
Soluble Imports						
Philippines	2,770	3,400	3,025	3,660	4,500	4,000
Russia	1,980	1,900	1,735	1,550	1,800	1,800
China	396	615	791	984	1,500	1,500
Canada	1,165	1,225	1,350	1,280	1,100	1,200
Other	2,119	2,100	2,288	1,992	2,166	2,181
Total	11,165	12,315	12,149	12,581	13,896	13,556
Imports						
European Union	43,950	45,070	44,650	45,110	45,000	44,500
United States	23,825	23,700	24,915	24,010	24,950	25,000
Japan	6,680	8,405	7,870	8,075	8,335	8,325
Canada	4,170	4,230	4,605	4,495	4,200	4,400
Russia	3,865	4,130	4,230	4,050	4,450	4,375
Philippines	3,280	3,880	3,185	3,845	5,000	4,300
Other	18,568	19,289	19,234	19,692	19,337	19,385
Total	111,626	116,408	117,243	118,212	121,047	120,265

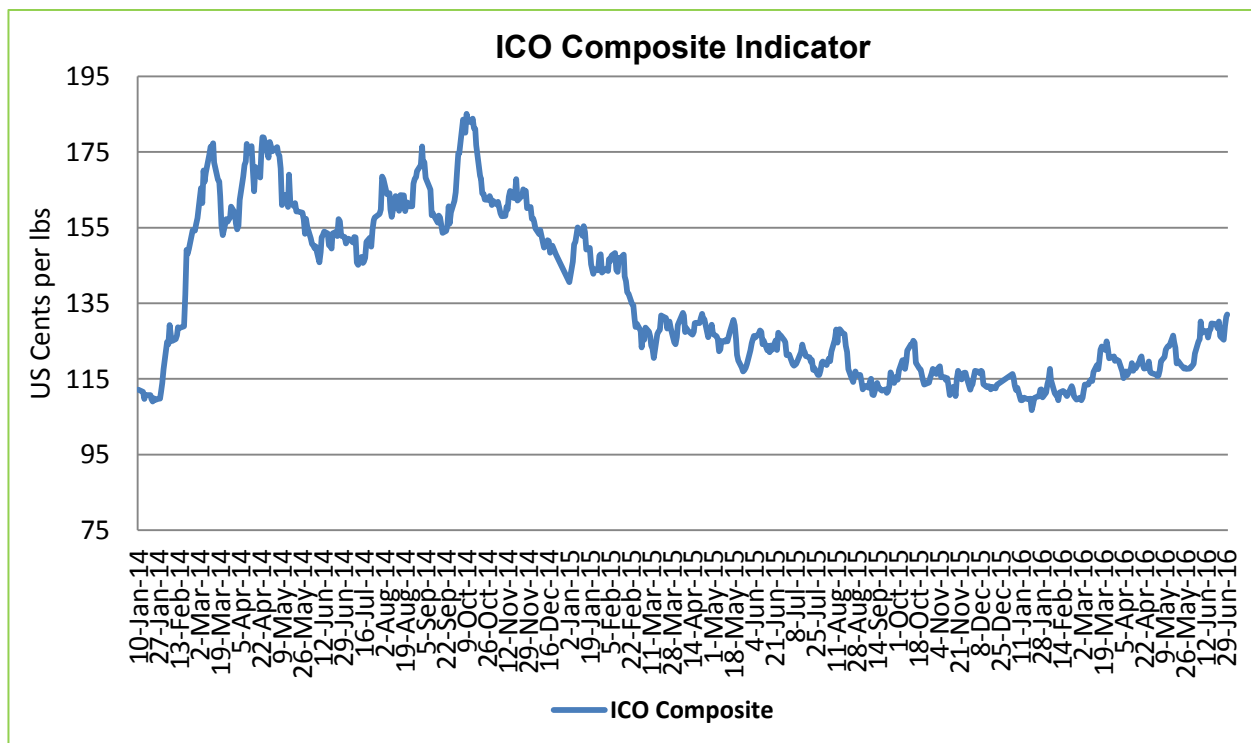
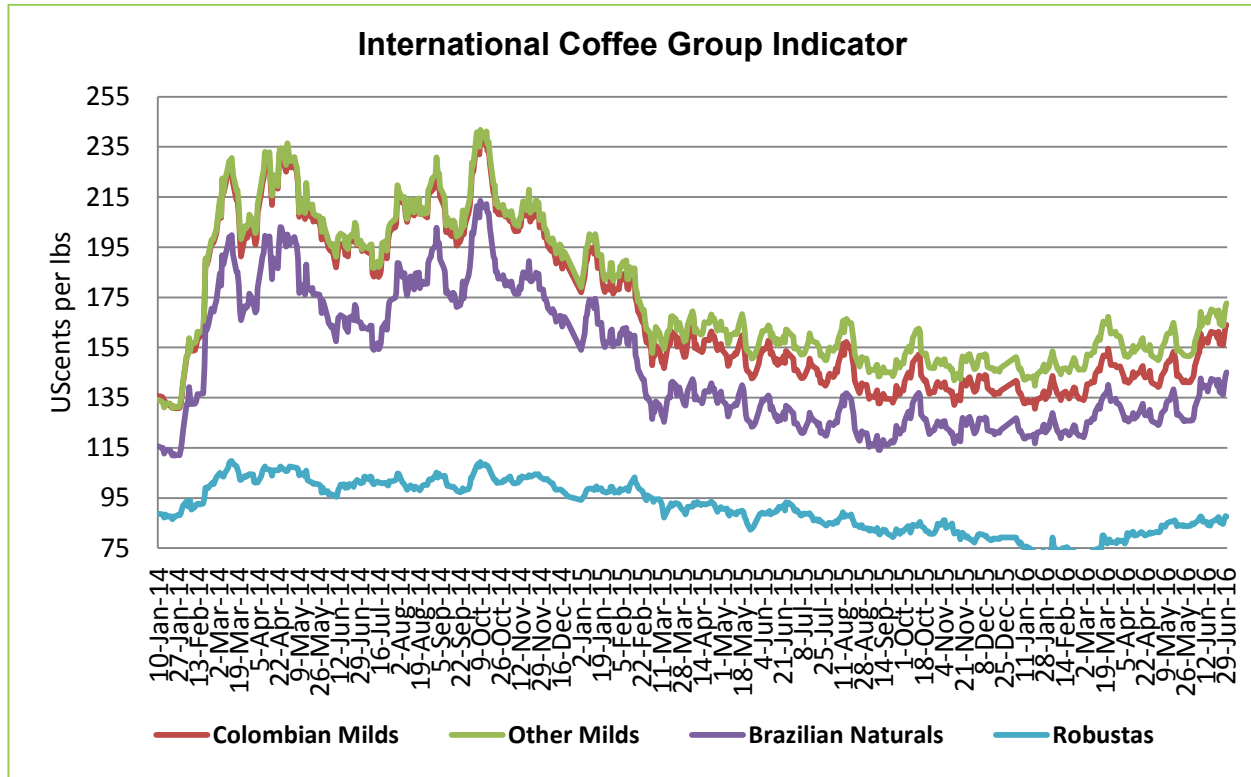
Source: USDA

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	30.06.2016	23.06.2016	30.05.2016	30.06.2015
ICO Composite Indicator	132.04	130.16	117.72	124.66
Colombian Milds				
US	164.75	162	141.25	149.50
Europe	163.13	160.48	140.93	151.82
Group Indicator	164.01	161.30	141.12	150.57
Other Milds				
US	173.69	170.19	151.19	159.19
Europe	171.98	169.50	151.82	159.57
Group Indicator	172.98	169.78	151.56	159.43
Brazilian Naturals				
US	130.75	126	111.25	119.50
Europe	150.10	147.82	130.89	132.20
Group Indicator	145.07	142.15	125.79	128.90
Robusta				
US	94.67	93.67	90.83	97.75
Europe	86.13	86.10	82.33	90.15
Group Indicator	87.58	87.39	83.80	91.37

US cents/lb

International Coffee Indicators Charts:-



International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(30-June-2016)	Week Ago(23-June-2016)	Month Ago(30-May-2016)	Weekly Change (%)
16-Jul	144.10	139.25	121.30	4.02
16-Sep	145.65	142.90	123.25	1.92
16-Dec	148.30	145.55	126	1.88

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(30-June-2016)	Week Ago(23-June-2016)	Month Ago(30-May-2016)	Weekly Change (%)
16-Jul	1688	1684	1640	0.23
16-Sep	1717	1718	1661	-0.01
16-Dec	1731	1734	1673	-0.173

USD/T

International Coffee Prices

	30.06.2016	23.06.2016	30.05.2016	30.06.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	37250	37250	36000	38650
Vietnam FOB (2-5 pct)* (Saigon port)	1747	1738	1690	1550
Indonesian FOB (4-80 defects)** (Lampung Port)	1860	1840	1850	1890

*FOB Values are in USD/T

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (21/06/2016)	Average Prices In	Prices This Auction In (14/06/2016)
Arabica AA	57-305	216.16	51-300
Arabica AB	57-272	202.16	50-262
Arabica C	54-235	179.27	20-216
Arabica PB	48-254	198.37	50-240
Arabica T	8-151	104.92	18-149
Arabica TT	52-220	136.73	50-217

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.
- Relatively,14 days EMI stood up at 136.05 against 132.50 in the market hints upward momentum in the market.
- Lower volume however higher prices indicates further short covering phase of the market.
- On the other hand, RSI is up at 63.05 compared to 57.03 of last week 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
125.71	129.12	134.35	144.85	149.60

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 steady to upside in next week.

- Candlestick chart shows slight upward momentum in the market.
- However, 14-days EMI is moving higher at 1661 against last week records i.e.1632, indicating further upper tone in the market.
- On the other hand, RSI is lower at 71.82 in neutral region against 63.56 of last week hinting a further upward momentum of the market in upcoming week.

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

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
1535	1591	1734	1768	1841

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