Executive Summary

Domestic Coffee Market Summary

Mixed trend were featured in Karnataka physical market during this week, as on 9th June 2016 due to ups and downs in arrivals and demand. Roasters have suddenly become a bit active since the markets are climbing high, trying to cover quantities. Coffee Crop of season 2015-16,has already reached around 85% into exports and local market, still some quantities around 7-8% of season 2014-15,availlable with producers. While, 15% of 2016/17 season crops are available in the market. As per the Coffee Board of India, India is likely to harvest 320,000 tonnes of beans in 2016/17, down 8 percent from a year ago due to poor rainfall and higher temperatures. The country is likely to produce 100,000 tonnes of Arabica and 220,000 tonnes of Robusta in the 2016/17 season. The country is estimated to have produced 348,000 tonnes coffee in the current year.

Currently, Monsoon rain is ahead of average rainfall which is good news for the countries coffee farmers as they look towards the next Arabica coffee crop that starts being harvested during the last quarter of the year and followed, by the new Robusta coffee harvest. As per trade and industry players, Indian coffee crop size of the new season is expected to reach approximately 5.5 million bags and made up from a 29 to 71 ration of Arabica and Robusta coffees respectively. It is monsoon now and the rains received are definitely good, since the plants need to be manured, sprayed and pruned towards a better growth, A small break in rains for a week in between is also a blessing which will prevent plants from leaf rot etc. Arabica's beans, though blossomed late ,are growing now.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 5th July 2016 is registered higher by 18.43% at 168692 metric tons compared to 142433 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 5th July 2016 this year, recorded down by 4.47% at 12731 metric tons from preceding year volume of 13328 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 26.27% at 29776, 1.05 % to 8050 metric tonnes and 33.65% at 100984 metric tons respectively against exports volume of 23580 metric ton, 7966 metric tonnes and 75556 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower at 17010 metric tonnes with a decline of 22.11%.

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 Safras & Mercado New coffee crop beans in Brazil is likely to stand at 56.4 million bags for 2016/17. As of now farmers of the country have harvested about 52% of the new Brazil crop. Most of the Conilon Robusta coffee crop have been harvested, while 18 million bags of Arabica coffee beans have been done. It estimates Arabica stocks out of Brazil are unchanged at 42.8 million bags, but the quality of the Coffee has been downgraded because of heavy rains in the month of May 2016. Uneven rains in the main growing areas has caused the most damage. Some sources report small beans and excessive amounts of dried cherries falling from the trees prematurely, mostly due to too much rain. In addition, the crop maturity has been reported as uneven, and this has made harvesting very difficult. Ideas are that more of the lower grade Arabica will stay in Brazil due to the lack of Robusta production this year, meaning that the amount of Arabica available for export will be reduced. The industry estimates from Brazil continue to point to a very big crop, and the government estimates are below 50 million bags. Price action suggests that the production in Brazil and in all Arabica production countries is less than what industry is saying. And, even if there is good production of Brazil Arabica, a lot of the lower quality coffees are being held back to replace Robusta in blends for domestic consumption.

In view of Vietnam's traders, Vietnam is likely to ship between 145,000 and 160,000 tonnes (2.42 million and 2.67 million 60 kg bags) compared to 160,000 tonnes in June 2016 supported by good demand from the Southeast Asian nation. 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 01st January 2016 to 05th July 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)	29776	8050	17010	100984	23	118	12731	168692
2	Provisional exports corresponding period last year	23580	7966	21839	75556	15	149	13328	142433
3	Provisional re-exports	0	0	0	0	0	48	41641	44688
4	Provisional re-exports corresponding period last year	0	0	0	0	119	131	33954	34203
5	Total provisional exports (1+3)	**29776**	**8050**	**17010**	**100984**	**23**	**166**	**54372**	**210380**
6	Total provisional exports corresponding period last year (2+4)	**23580**	**7966**	**21839**	**75556**	**134**	**279**	**47282**	**176636**

Source: The Coffee Board Of India

COUNTRY WISE EXPORT OF COFFEE DURING 01/01/2016 To 05/07/2016					
[BOTH INDIAN AND RE-EXPORTED COFFEEE] [Provisional And Based On Export Permits] (Units in Tonnes)					
Both Indian and Re-exported Coffee [Provisional and based on export Permits]					
NAME OF THE COUNTRY	**ARABICA**	**ROBUSTA**	**INSTANT (GBE)**	**ROASTED (GBE)**	**TOTAL**
ITALY	6847.060	49870.360	235.968	47.681	57001.069
GERMANY	5058.480	13242.150	1269.450	0.117	19570.197
RUSSIAN FEDERATION	506.800	1462.650	13146.122	0.000	15115.572
BELGIUM	6940.660	6827.380	274.703	0.083	14042.826
TURKEY	33.720	261.480	7777.984	0.000	8073.184
SLOVENIA	0.000	7609.000	0.000	0.000	7609.000
JORDAN	4814.640	1663.200	28.080	0.000	6505.920
SPAIN	60.600	4773.600	18.720	0.000	4852.920
POLAND	15.090	830.410	3774.389	0.139	4620.028
GREECE	216.600	3880.440	85.410	0.000	4182.450
OTHERS	13332.281	27573.136	27760.711	140.557	68806.685
TOTAL	**37825.931**	**117993.806**	**54371.537**	**188.577**	**210379.851**

Source: The Coffee Board Of India

Domestic Coffee Export :-

Below table depicts Production and Exports Details of India against the World:-

Production and Exports: India Vs World * (Units in 000' bags of 60 kg each)						
	Production		India's	Exports		India's
Year	**World**	**India @**	**Share(%)**	**World#**	**India @**	**Share (%)**
1993-94	90366	3533	3.91	75168	2526	3.36
1994-95	95154	3002	3.15	70716	2488	3.52
1995-96	85250	3717	4.36	67872	3114	4.59
1996-97	101865	3417	3.35	77685	2693	3.47
1997-98	95872	3805	3.97	80414	3495	4.35
1998-99	106163	4417	4.16	80265	3637	4.53
1999-00	115117	4867	4.23	86145	4225	4.90
2000-01	116619	5020	4.30	89559	3730	4.16
2001-02	108451	5010	4.62	90859	3550	3.91
2002-03	123723	4588	3.71	88832	3707	4.17
2003-04	103982	4508	4.34	86371	3804	4.40
2004-05	116062	4592	3.96	91101	3396	3.73
2005-06	111247	4567	4.11	87562	4083	4.66
2006-07	128209	4800	3.74	91745	3569	3.89
2007-08	116455	4367	3.75	96285	3547	3.68
2008/09	128636	4372	3.40	97599	3005	3.08
2009/10	123042	4827	3.92	94631	4647	4.91
2010/11	133651	5033	3.77	103085	5414	5.25
2011/12	136571	5233	3.83	108659	5044	4.64
2012/13	147953	5303	3.58	111315	5018	4.51
2013/14	146615	5075	3.46	114916	4793	4.17
2014/15**	141376	5450	3.85	110762	5107	4.61

Source:-The Coffee Board Of India & ICO (* Production and exports of ICO members, * * Provisional, subject to revision.)

Domestic Raw Coffee Prices (Karnataka):-

Variety	09.07.2016	02.07.2016	Change
Arabica Parchment	8280	8100	2.22
Arabica Cherry	3750	3850	-2.59
Robusta Parchment	5975	6100	-2.04
Robusta Cherry	3075	3050	0.81

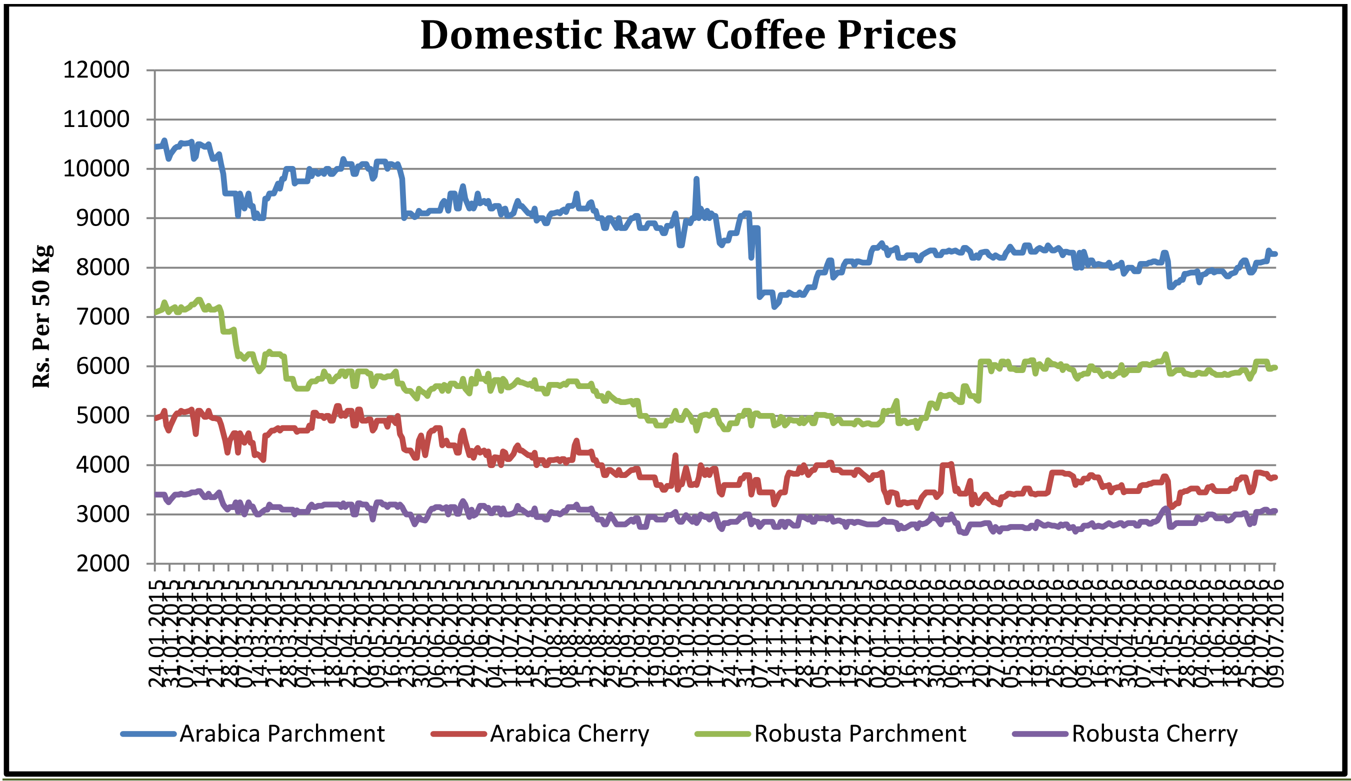
*** Values in Rs. per 50 Kg**

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

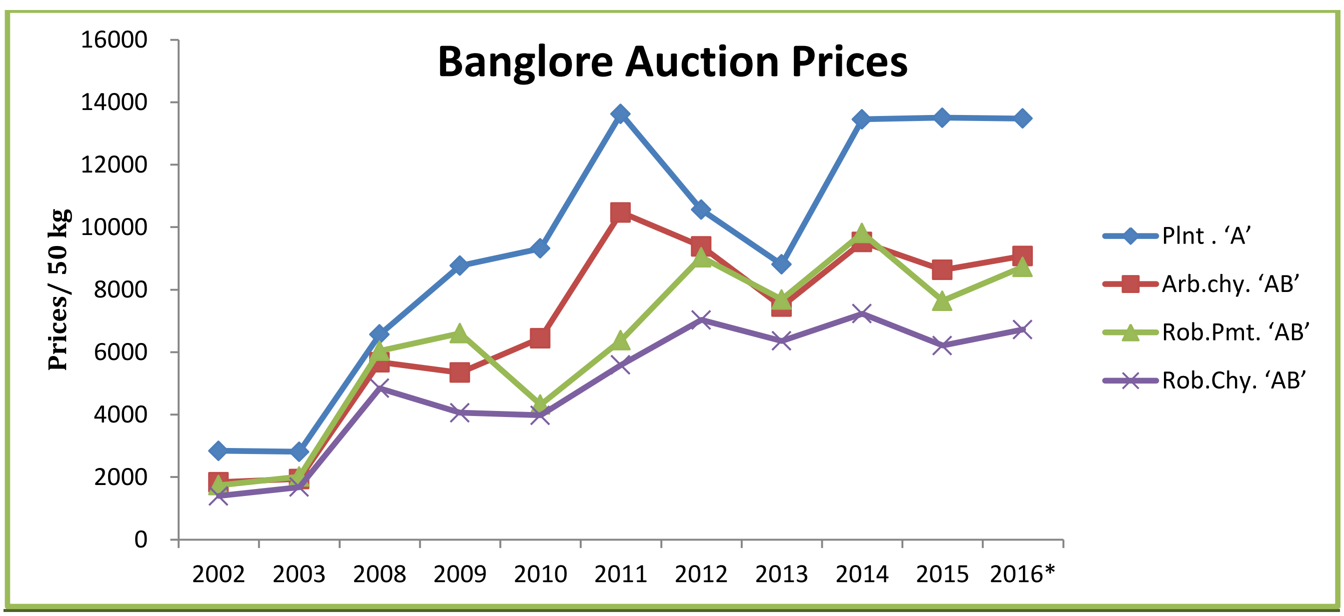
Grade	30.06.2016 Arabica Plantation	23.06.2016 Arabica Plantation	Change	30.06.2016 Arabica Cherry	23.06.2016 Arabica Cherry	Change
MNEB	---	---	---	---	---	---
AA	---	248	--	---	---	---
PB	213.1	---	---	144	---	---
A	215.3	---	---	---	---	---
AB	---	---	---	---	---	---
B	191.5	---	---	---	---	---
C	167	---	---	---	---	---
BBB	120.35	---	---	108	---	---
Grade	**Robusta Parchment**	**Robusta Parchment**		**Robusta Cherry**	**Robusta Cherry**	
RKR	---	---	---	---	---	---
A	---	---	---	---	---	---
PB	138.5	139	-0.5	118.8	117.76	1.04
AA	----	----	---	124.1	---	---
AB	144	146	-2	120.1	118	2.1
B	----	----	---	---	---	---
C	130	130	Unchaged	114.5	115	-0.5
BBB	108	106	-2	103	103	Unchanged

Values in Rs. per kg

Coffee Prices Of Auction Market & State Wise Market



Source: Agriwatch

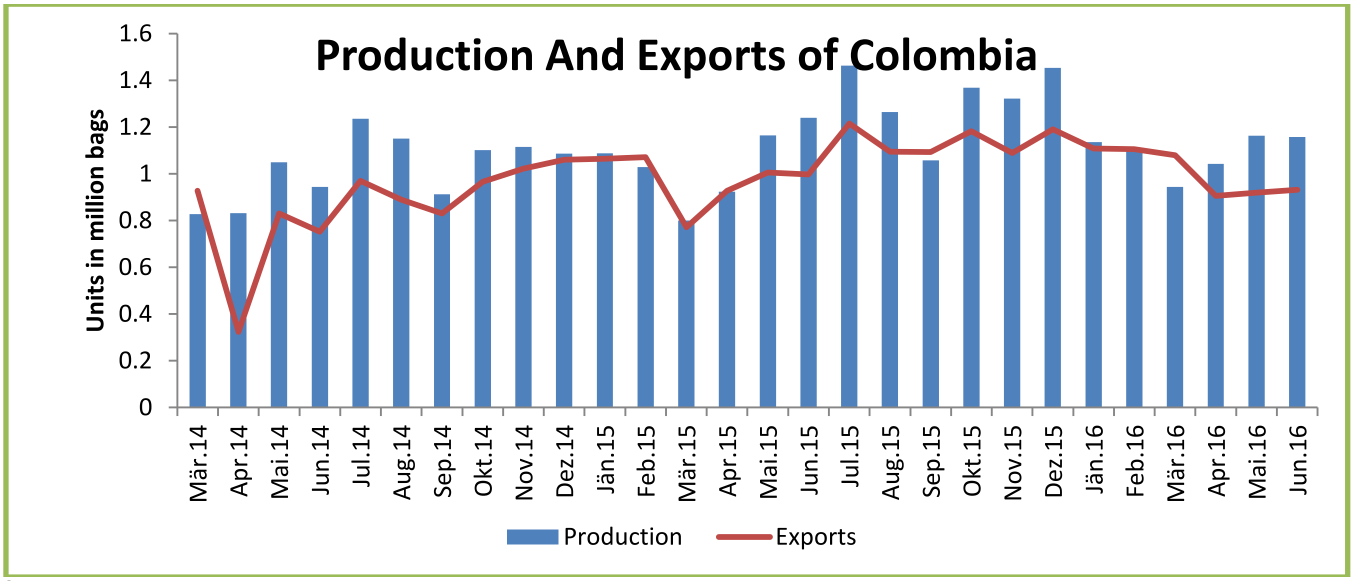


Source: The Coffee Board Of India

International Market Updates

ICE coffee future prices declined by 2.53% to 140.45 cents/lb in this week against 144.10 cents/lb of the last week. As per RTRS, ICE certified stocks increased by 435 bags to 1297352 bags as on July 8,2016 against 1296917 bags as on June 30,2016. Speculators increased their net long position in Arabica coffee by 3755 to 32792 contracts as on July 5,2016 from last week. The Coffee market has made new highs during this week. It has also continued its explosive upward trend that we began at the start of June. This has led many to believe that we are on our way to prices not seen since this time last year. Frankly, the fear that the Robusta output out of Brazil will continue to diminish and that quality Arabica beans will be in further demand are leading prices higher. The rallies for now are being led by the New York market, but London is also showing the potential to move higher and has been the strength on the market until recently.

Colombia:- According to the National Coffee Growers 's federation, Colombia, the world's biggest producer of mild tasting washed Arabicas, produced down washed Arabica coffee beans by 7% to 1.16 million 60-kg bags compared to last year's record production due to the effect of the EL Nino drought and brace for potential heavy rains influenced by the La Nina phenomenon. Relatively, coffee exports of the country is also registered down by 7% to 932,000 bags. Twelve-month production through June was 14.47 million bags, an increase of 13 percent over the previous year**.** Below table shows Coffee exports details of Colombia:-



Source: Reuters

Others:-

1) The National Coffee Institute IHCAFE revised its coffee exports of Honduras from 5.52 million bags to between 5.21 to 5.29 million bags 60-kg bags which is down by 5.6% due to coffee beans smuggling to Guatemala and Mexico. It smuggled Honduras shipped 5.02 million 60-kg bags in the 2014/2015 harvesting 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. 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.

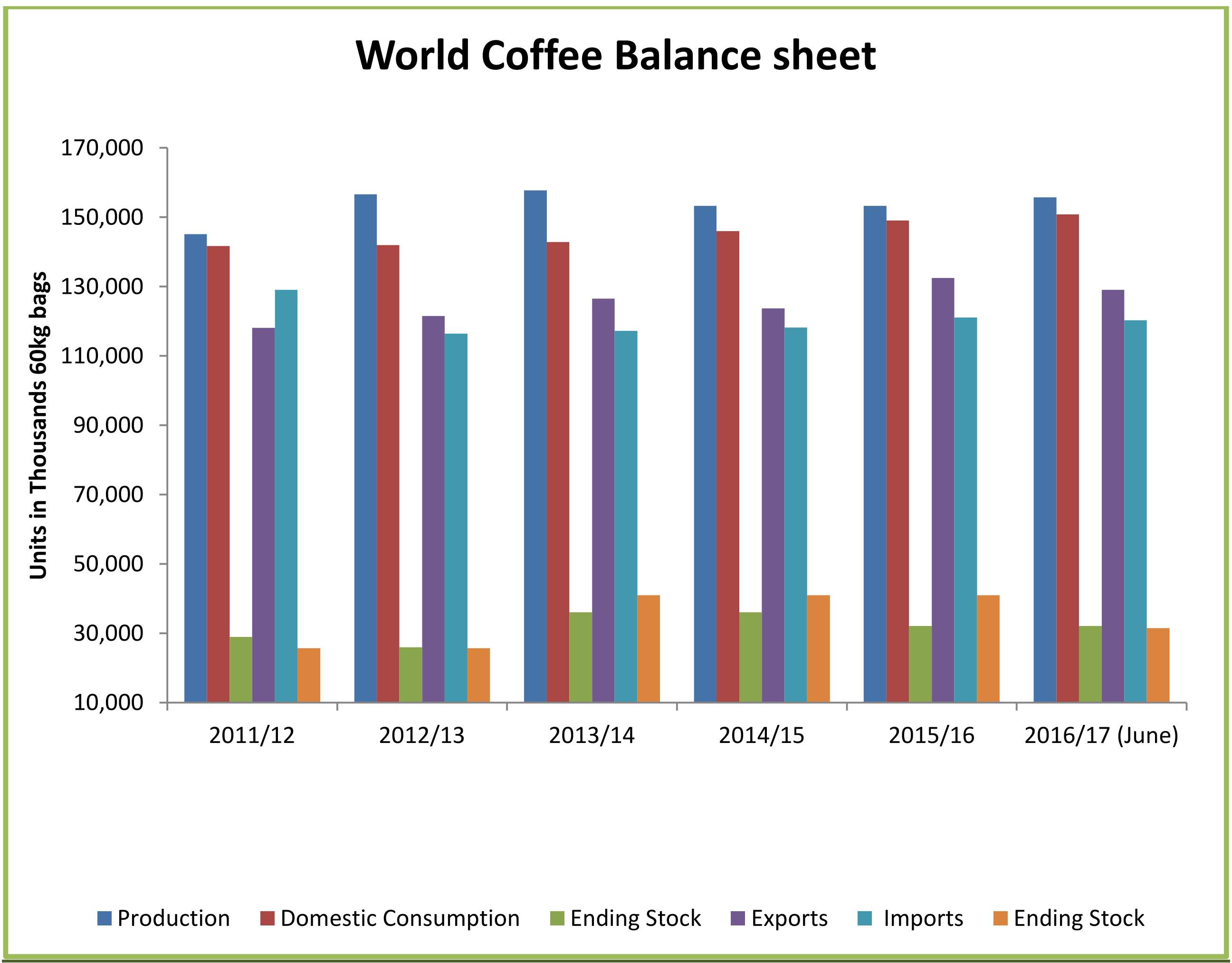
2) As per USDA recent report, coffee production of the world is estimated slight higher by 1.56% to 155,697 thousands 60 kg bags for 2016/17 season against 153292 thousands 60 kg bags in 2015/16. While, consumption of the world is placed at 150806 thousands 60 kg bags with an increase of 1.15% from last season record. However, ending stocks, exports, and imports are forecasted down by 2.59% to 129055, 0.64% to 120265 and 23% to 31499 thousands 60 kg bags respectively as compared to previous year record.

Coffee Balance Sheet Of The World:-

Below table depicts coffee balance sheet of the World:-

Coffee Balance Sheet Of The World (Thousand 60-kg bags)						
	2011/12	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17 (June)**
Production	145,122	156,618	157,778	153,255	153,292	155,697
Domestic Consumption	141,665	141,952	142,796	145,987	149,090	150,806
Ending Stock	28,955	25,946	36,006	36,029	32,116	32,116
Exports	118,050	121,527	126,536	123,745	132,495	129,055
Imports	129,055	116,408	117,243	118,212	121,047	120,265
Ending Stock	25,673	25,673	40,909	40,909	40,909	31,499

Source: USDA



Source: USDA

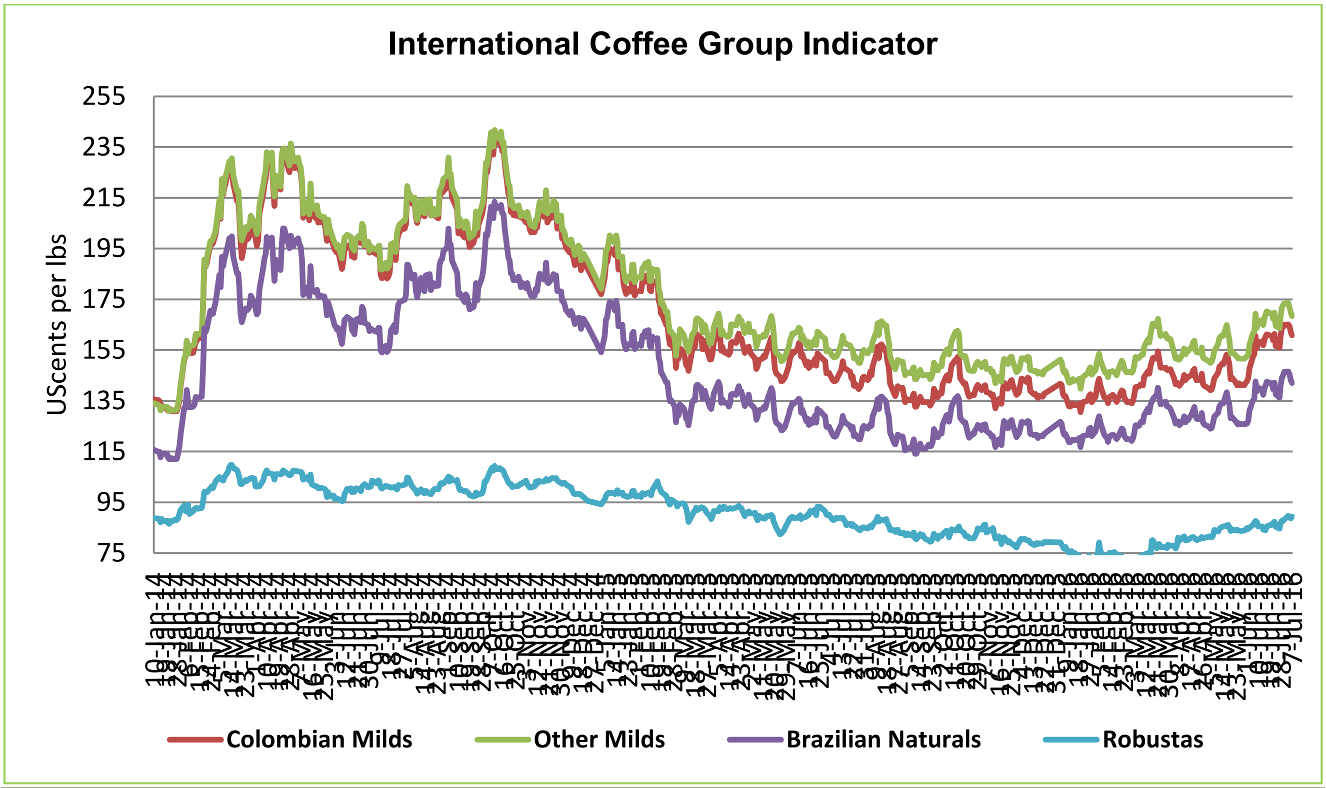
International Coffee Price Trend:-

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

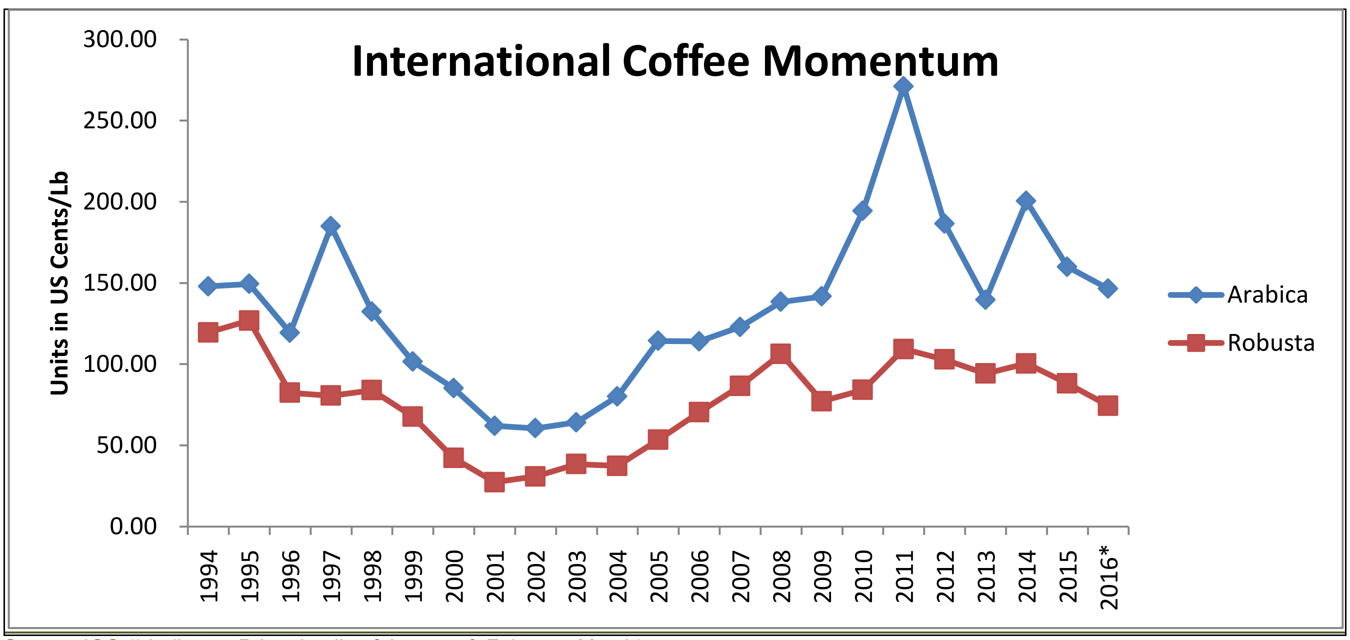
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	**7.07.2016**	**30.06.2016**	**07.06.2016**	**07.07.2015**
ICO Composite Indicator	130.50	132.04	125.55	118.52
Colombian Milds				
US	161.75	164.75	154.25	141.75
Europe	159.77	163.13	151.94	143.93
Group Indicator	160.84	164.01	153.19	142.75
Other Milds				
US	170.19	173.69	162.94	152.19
Europe	167.16	171.98	161.71	152.12
Group Indicator	168.40	172.98	162.21	152.15
Brazilian Naturals				
US	127.75	130.75	120.25	109.75
Europe	146.67	150.10	141.17	124.86
Group Indicator	141.97	145.07	135.73	120.93
Robusta				
US	96	94.67	94.08	94.17
Europe	88.08	86.13	85.58	86.78
Group Indicator	89.43	87.58	87.03	87.96

US cents/lb

International Coffee Indicators Charts:-



Source: ICO



Source: ICO (* indicates Price details of January & February Month)

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	**Today(07-July-2016)**	**Week Ago(30-June-2016)**	**Month Ago(07-June-2016)**	**Weekly Change (%)**
16-Jul	140.45	144.10	132.20	**-2.53**
16-Sep	141.80	145.65	134.15	**-2.64**
16-Dec	144.80	148.30	136.80	**-2.36**

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	**Today(07-July-2016)**	**Week Ago(30-June-2016)**	**Month Ago(07-June-2016)**	**Weekly Change (%)**
16-Jul	1760	1688	1697	**4.26**
16-Sep	1762	1717	1726	**2.62**
16-Dec	1776	1731	1740	**2.59**

USD/T

International Coffee Prices

	07.06.2016	**30.06.2016**	**07.06.2016**	**07.07.2015**
Vietnam (Robusta Beans Spot) (Dong/Kg)	37350	37250	36750	-
Vietnam FOB (2-5 pct)* (Saigon port)	-	1747	1725	1752.5
Indonesian FOB (4-80 defects)** (Lampung Port)	-	1860	1870	-

****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 downside of the market during the week. We expect prices to trade lower side in the market.

- Candlestick chart depicts downtrend in the market.
- Relatively,14 days EMI stood up at 137.95 against 136.05 in the market hints downward momentum in the market.
- Lower volume however lower prices indicates further short covering phase of the market.
- On the other hand, RSI is down at 61.51 compared to 63.05 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**
131.80	137.90	142.75	154.76	168.39

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

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

- Candlestick chart shows slight upward momentum in the market.
- However, 14-days EMI is moving higher at 1700 against last week records i.e.1661, indicating further upper tone in the market.
- On the other hand, RSI is higher at 75.87 in neutral region against 71.82 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**
1560	1672	1734	1882	1938

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