

Executive Summary

Domestic Coffee Market Summary

Steady to weak tone were featured in Karnataka physical market during this week, as on 22nd June 2016 followed by lackluster demand. Currently, domestic demand for the coffee beans is slow in the market due to the price rise in the International market. Approx. 8 to 10% of stocks are available with traders and farmers in the market. As of now, favorable weather condition for coffee trees. Small break in rainfall will help in manuring and spraying of coffee trees. Rainfall may occur again in few days ahead. Arabica are just two month into the development of fruits whereas Robusta's development are in the 4th month ahead. Plants are healthy and procedures are caring for the trees. Indian Exporters are not that active whereas International traders are going long in fear of shortage in the World production. Prices are expected to jump up for the short period of time as reporters of crop picked in Brazil is just going on estimated shortage.

As per the government data, Water levels in India's main reservoirs is recorded down by 3% to 34 percent of their storage capacity in the week to July 21 as compared to last year record. The latest levels were higher than the last 10 years' average of 33 percent, and were 5 percentage points more compared with the previous week. Monsoon rains, crucial for India's farm sector, were 7 percent below average in the week to July 20, but have been 1 percent above average since June 1, the typical onset time of the four-month long season. The monsoon arrived in India on June 8 this year, a week later than usual.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 20th July 2016 is registered higher by 17.11% at 179158 metric tons compared to 152973 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 20th July 2016 this year, recorded down by 5.17% at 14171 metric tons from preceding year volume of 14945 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 27.33% at 31126, 0.82% to 8185 metric tonnes and 30.71% at 107271 metric tons respectively against exports volume of 24444 metric ton, 8118 metric tonnes and 82063 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower at 18254 metric tonnes with a decline of 21.36%.

According to recent released data by the Coffee Board Of India, the post blossom estimates of total coffee crop size for the season 2016/17 is placed lower by 8.04% or (28,000 MT) to 320,000 MT against 348,000 MT in the current season 2015/16 due to poor rainfall and high temperature during growing period of time. While, Arabica coffee crop size for 2016-17 is placed down by 3.38% (3,500 MT) over the corresponding final estimate of 2015-16, while the Robusta estimate has shown a decrease of -10.02% (24,500 MT) over the corresponding final estimate of 2015-16. The hot and humid weather along with insufficient showers resulted in pinking and scorching of buds in Robusta.

Recommendation:

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

International Coffee Market Summary

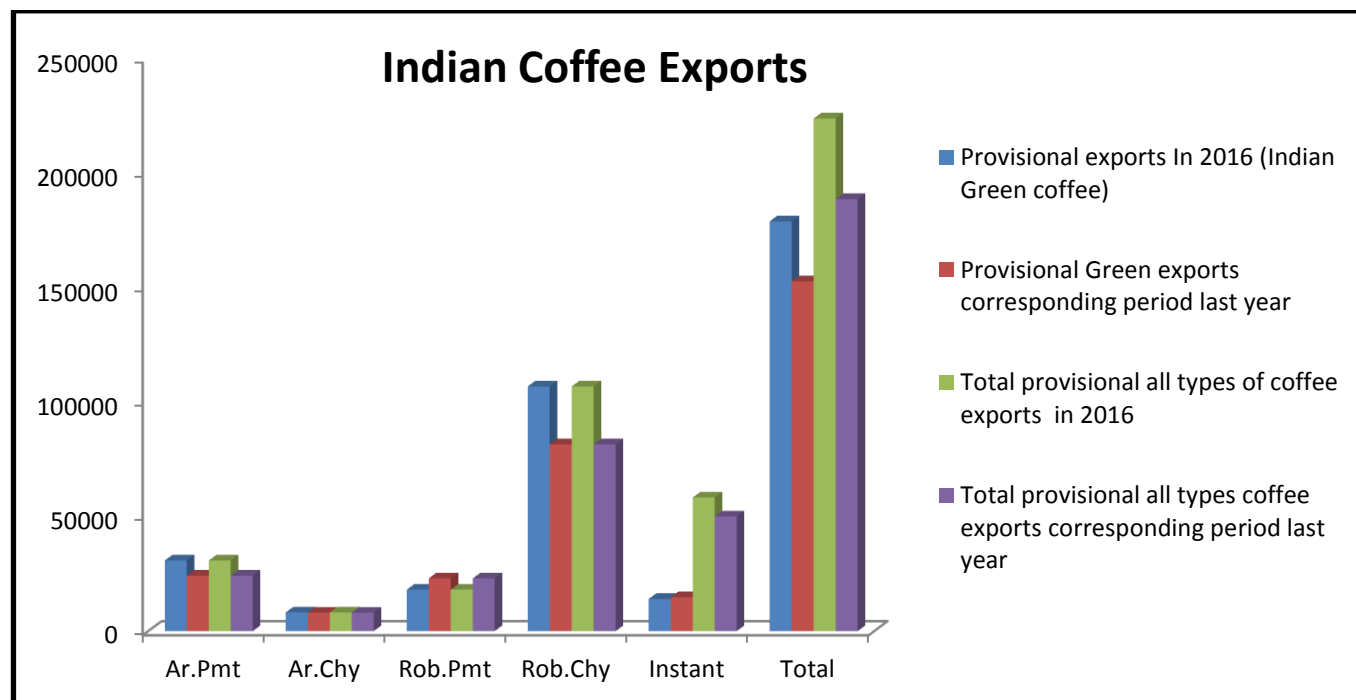
According to Cooxupe, as of now farmers in Brazil have harvested about 51% of the new Brazil crop farms belonging to members of the co-op have been harvested by July 18, which is higher against 34.2% as harvested in the same area in previous year. The South Minas areas are most advanced with 54.6 pct harvested, while the Sao Paulo coffee areas in which it is active have harvested 49.9 pct of the crop so far. The Cerrado region in Minas Gerais state is not far behind with 46 pct of members' farms harvested. Dry weather condition supported a success to harvest coffee crop. South Minas and Sao Paulo are the main coffee belts in Brazil. As per the report of Safras & Mercado, currently, farmers of the country have harvested about 64% of the new Brazil crop as on July 19, 2016 but up from 62 pct a year ago but harvest rate slightly lagging the average of 65 pct at this period. Minas Gerais the state of Brazil, has finished 55% coffee harvesting just ahead of the 54 pct average for the state. While, Espirito Santo has harvested 83% of its coffee crop.

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 st January 2016 to 20th 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)	31126	8185	18254	107271	25	126	14171	179158
2	Provisional exports corresponding period last year	24444	8118	23214	82063	15	173	14945	152973
3	Provisional re-exports	0	0	0	0	0	62	44709	44771
4	Provisional re-exports corresponding period last year	0	0	0	0	119	150	35572	35841
5	Total provisional exports (1+3)	31126	8185	18254	107271	25	188	58880	223928
6	Total provisional exports corresponding period last year (2+4)	24444	8118	23214	82063	134	323	50517	188814

Source: The Coffee Board Of India



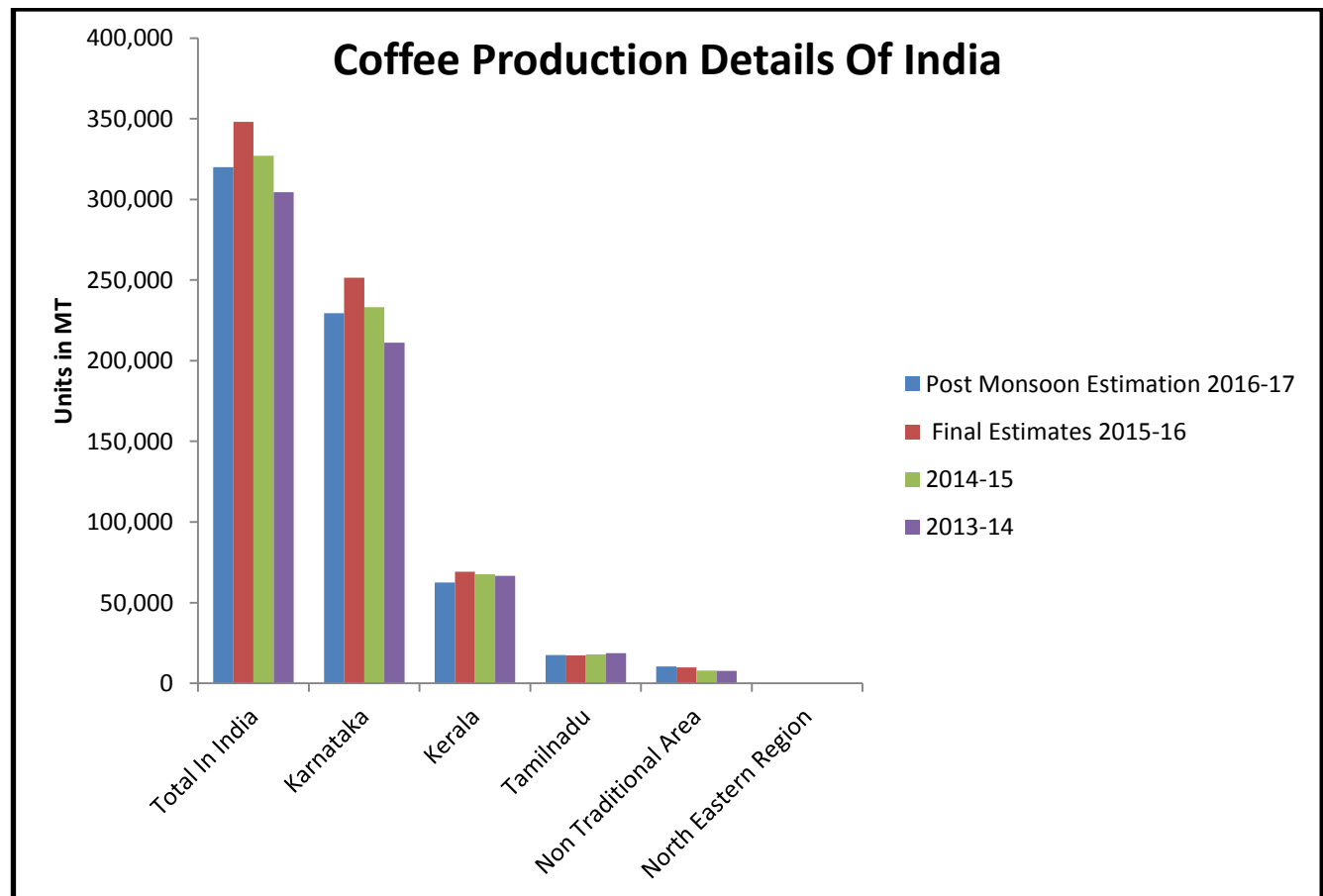
Source: The Coffee Board Of India

Domestic Coffee Export :-

Below table shows Coffee Production details of India:-

States	Post Monsoon Estimation 2016-17	Final Estimates 2015-16	2014-15	2013-14
Total In India	320,000	348,000	327,000	304,500
Karnataka	229,345	251,520	233,230	211,100
Kerala	62,440	69,230	67,700	66,675
Tamilnadu	17,560	17,295	17,875	18,775
Non Traditional Area	10,450	9,800	7,975	7,760
North Eastern Region	205	155	220	190

Source:- The Coffee Board Of India



Source: The Coffee Board Of India

Domestic Raw Coffee Prices (Karnataka):-

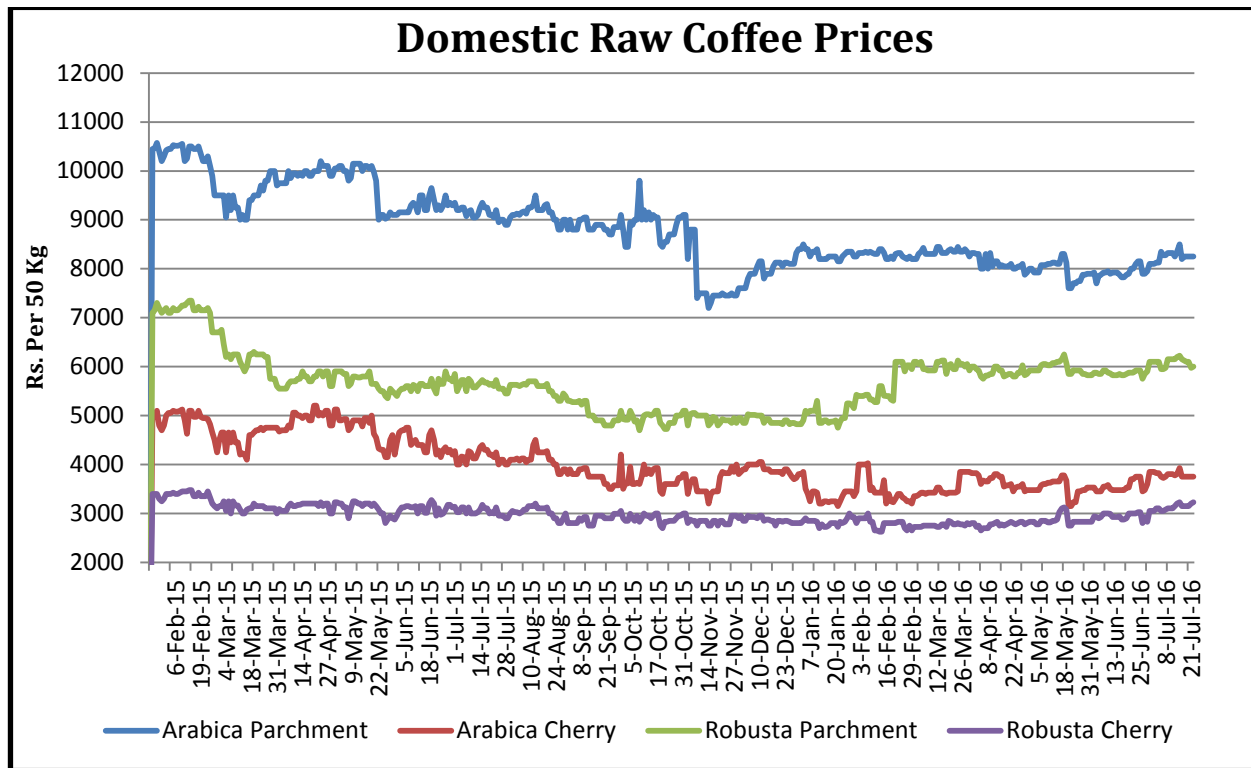
Variety	22.07.2016	15.07.2016	Change
Arabica Parchment	8250	8500	-250
Arabica Cherry	3750	3925	-175
Robusta Parchment	6000	6225	-225
Robusta Cherry	3225	3225	Unchanged

* Values in Rs. per 50 Kg

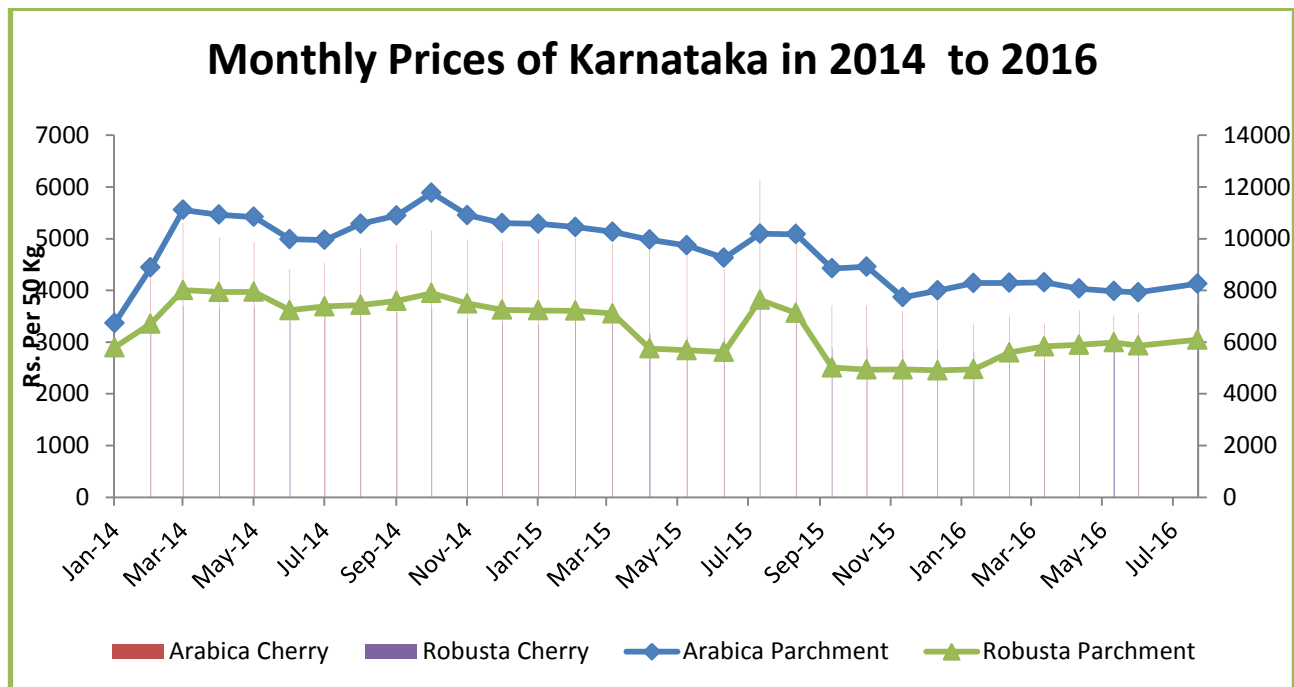
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	14.07.2016	07.07.2016	Change	14.07.2016	07.07.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	248	---	---	---	---
AA	233.06	242	-8.94	163	---	---
PB	220	211	9	140.5	---	---
A	214	220	-6	---	---	---
AB	---	---	---	143.56	---	---
B	200	---	---	---	---	---
C	176	---	---	118.5	---	---
BBB	115.5	118	-2.5	101	---	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	---	---	---	---
A	---	---	---	---	---	---
PB	140	---	---	124	120.7	3.3
AA	---	---	---	127	127.5	-0.5
AB	146	---	---	127	124.5	2.5
B	---	---	---	---	---	---
C	130	---	---	120	118.5	1.5
BBB	112	106.5	5.5	112	104.5	7.5

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 slumped by 3.48% to 146.85 cents/lb in this week against 152.15 cents/lb of the last week. As per RTRS, ICE certified stocks decreased by 550 bags to 1298086 bags as on July 22, 2016 against 1298636 bags as on July 21, 2016.

Below table depicts ICE certified stocks details of the countries:-

COUNTRIES	ANTWERP	BARCELONA	HAMBURG/BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Brazil	0	0	0	0	0	0	570	570
Burundi	55667	0	42829	0	0	0	5337	103,833
Colombia	134012	0	33281	4692	41528	550	165738	379801
Coasta Rica	250	0	0	0	0	0	0	250
El Salvador	425	0	0	0	0	0	1095	1520
Guatemala	306	0	0	25	0	3300	5274	8905
Honduras	190826	0	10450	6534	950	0	20390	229150
India	24759	0	854	0	0	0	0	25613
Mexico	137858	0	2936	1255	0	0	13341	155390
Nicaragua	39352	0	0	550	0	825	10525	51252
Peru	102161	0	52695	1373	0	0	81550	237779
Rwanda	47308	0	10713	0	0	0	640	58661
Tanzania	70	0	0	0	0	0	578	648
Uganda	20993	295	22506	0	0	0	920	44714
Total in Bags	753987	295	176264	14429	42478	4675	305958	1298086

Source: Reuters

Brazil:- The weather in Brazil turned warmer after the surprise frost on Monday as 18th July 2016, and so far there have been no specifics on losses. The frosts were reported to be widespread and damage to crops is expected. These areas will not produce for at least a couple of years. Price action still suggests that the production in Brazil and in all Arabica production countries is down. On the other hand, Conab, government crop supply agency of Brazil reported lower Brazilian coffee stocks estimates in private hand at 13.59 million 60 kg bags on March 31, 2016 as compared to 14.37 million bags a previous year ago. Arabica coffee stocks stands at 12.47 million bags and Robusta coffee stocks stands at 1.12 million bags.

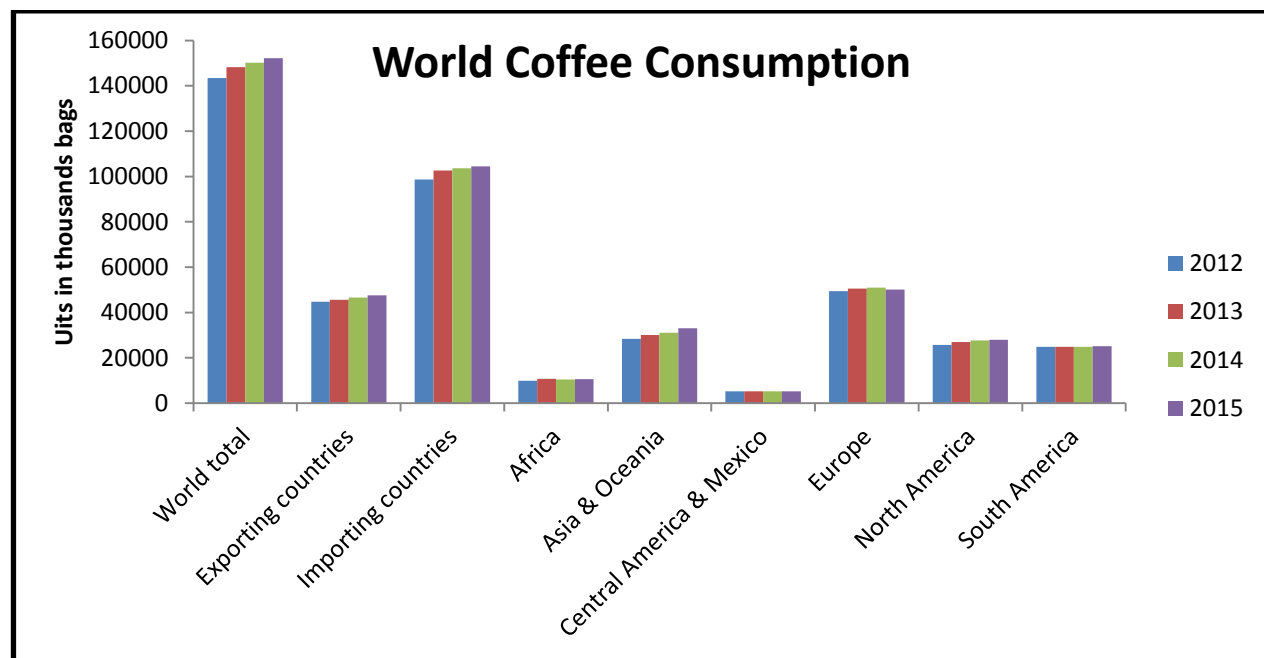
World:- As per the recent report of ICO, coffee consumption of the world continues to increase on account of good demand from Asia & Oceania. The estimate of the year 2015 is placed at 152.1 million bags with a slight downward revision in importing countries compensated by an equal increase in exporting. It is higher by 1.3% against 2014 record, representing an average annual growth rate of 2% since 2012. North America has also shown relatively strong growth in its coffee demand of 2.8% in the last four years, adding 2.2 million bags of new demand in the time period. Total demand in the EU is revised down slightly to 41.6 million bags, while in Brazil, the world's second largest consuming country after the USA, demand is maintained at 20.5 million bags. On the other hand, coffee consumption in Africa has increased the global trend, with an average rate of 2.6%. Ethiopia is the main buyers where coffee drinking has a long domestic tradition. It is also anecdotally growing in developing countries such as Kenya and Tanzania, driven in large part by the increased popularity of coffee shops in urban areas. Since, the growth rate in coffee consumption has slowed slightly, this still represents 8.7 million bags of new demand over the last four years, with indications that there is plenty of potential for further growth in the future.

Coffee Consumption Of The World:-

Below table depicts World Coffee Consumption of the World:-

World Coffee Consumption					
	2012	2013	2014	2015	CAGR (2012-2015)
World total	143396	148185	150231	152111	20.0%
Exporting countries	44711	45522	46649	47633	21.0%
Importing countries	98685	102663	103582	104478	19.0%
Africa	9839	10690	10455	10621	26.0%
Asia & Oceania	28386	30022	31099	33034	52.0%
Central America & Mexico	5151	5156	5218	5245	0.6%
Europe	49459	50499	50960	50116	0.4%
North America	25730	26931	27679	27975	28.0%
South America	24831	24888	24819	25120	0.4%

Source: ICO



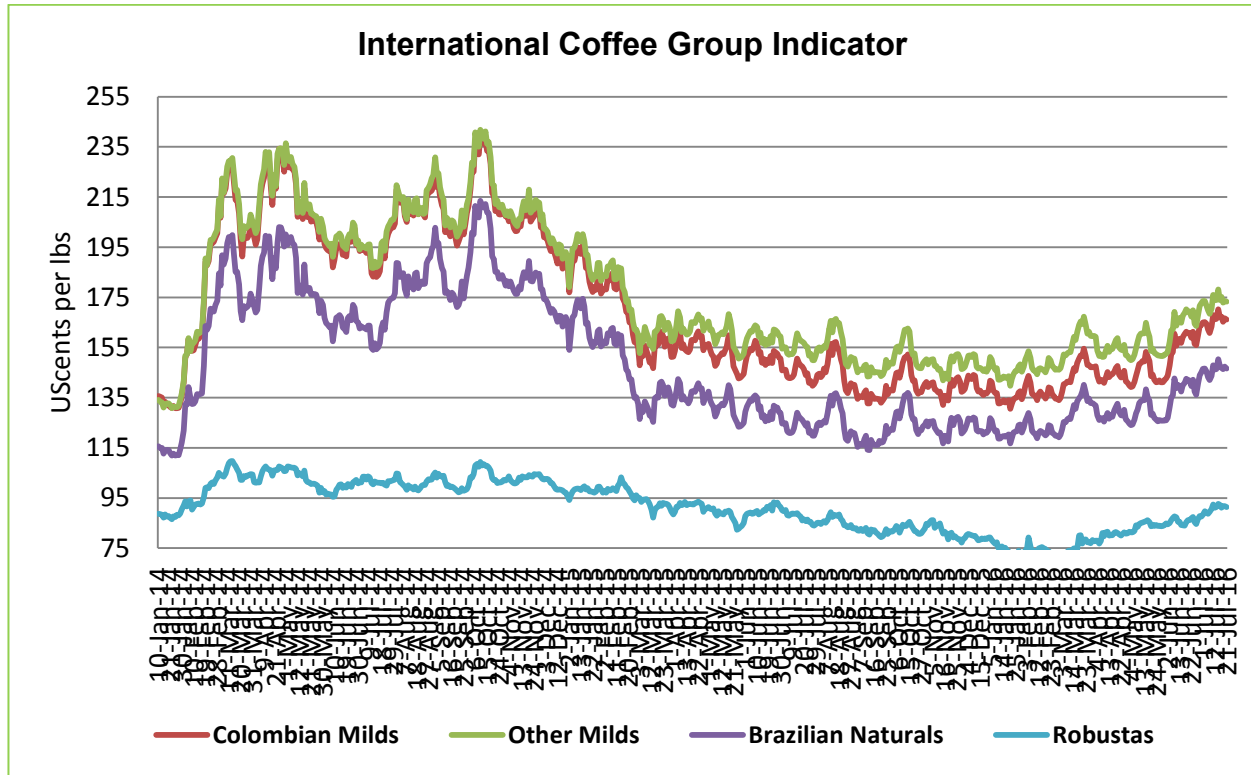
Source: ICO

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

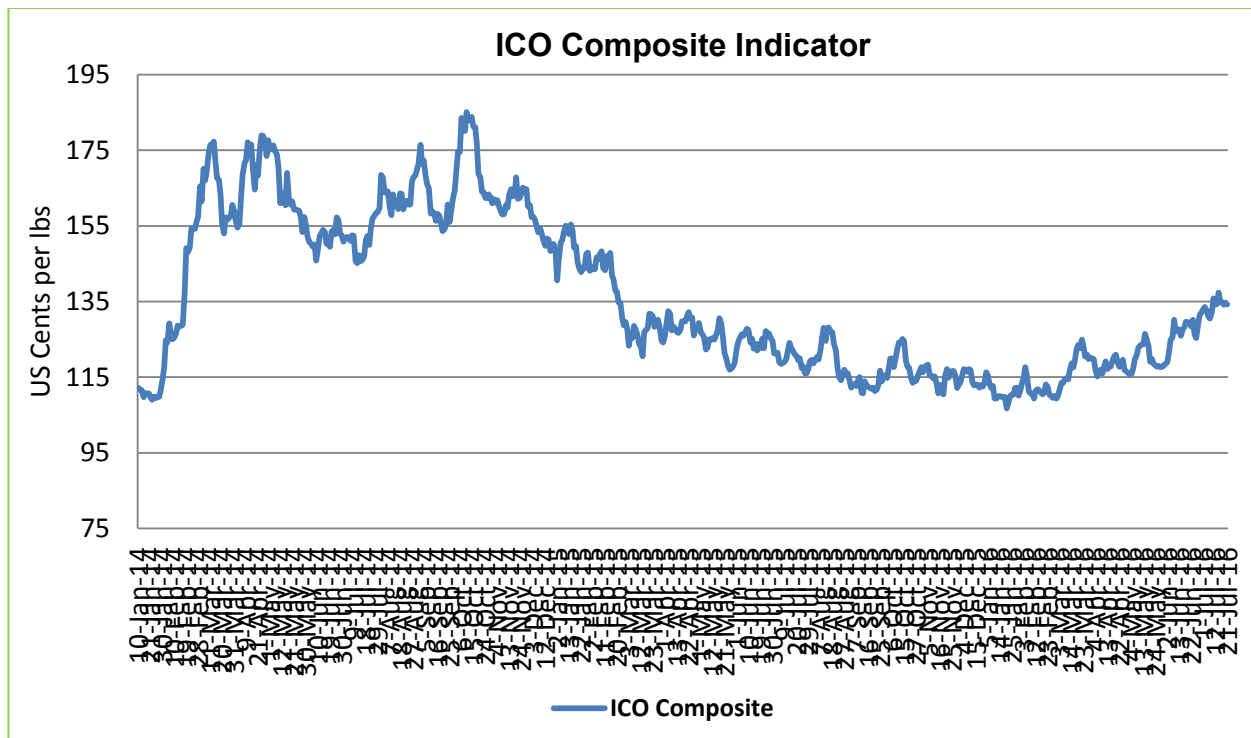
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	21.07.2016	14.07.2016	21.06.2016	21.07.2015
ICO Composite Indicator	134.24	137.36	129.47	125.15
Colombian Milds				
US	166.75	171.25	161.25	150.50
Europe	165.60	168.92	160.11	152.91
Group Indicator	166.80	170.18	160.73	151.61
Other Milds				
US	172.94	178.44	169.19	158.94
Europe	173.58	177.92	169.53	159.76
Group Indicator	173.31	178.13	169.39	159.45
Brazilian Naturals				
US	131.75	137.25	126.25	117.50
Europe	151.77	154.95	147.37	133.33
Group Indicator	146.56	150.35	141.88	129.21
Robusta				
US	96.83	99.17	92.75	98.75
Europe	90.20	91.28	84.80	90.92
Group Indicator	91.33	92.62	86.15	92.17

US cents/lb

International Coffee Indicators Charts:-



Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(21-July-2016)	Week Ago(14-July-2016)	Month Ago(21-June-2016)	Weekly Change (%)
16-Sep	146.85	150.30	140.95	-3.48
16-Dec	149.90	152.15	143.55	-3.35
16-Mar	152.70	155.10	146.00	-3.20

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(21-July-2016)	Week Ago(14-July-2016)	Month Ago(21-June-2016)	Weekly Change (%)
16-July	1810	1836	1683	-1.41
16-Sep	1818	1842	1715	-1.30
16-Dec	1841	1860	1730	-1.02

USD/T

International Coffee Prices

	21.07.2016	14.07.2016	21.06.2016	21.07.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	38300	38100	36850	35800
Vietnam FOB (2-5 pct)* (Saigon port)	1801	1791	1725	1743
Indonesian FOB (4-80 defects)** (Lampung Port)	1790	1940	1820	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 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 slight up at 140.66 against 140.16 in the market hints upward momentum in the market.
- Higher volume however lower prices indicates further short build up phase of the market.
- On the other hand, RSI is down at 59.51 compared to 63.25 of last week momentum indicating weak tone in the next week.

Strategy: Market participants are advised to stay away for the short period of time.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
129.89	134.48	141.90	159.31	178.62

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


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

- Candlestick chart shows downward momentum in the market.
- However, 14-days EMI is moving higher at 1745 against last week records i.e.1731, indicating further highr tone in the market.
- On the other hand, RSI is lower at 71.15 in neutral region against 7665 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
1692	1729	1780	1883	1955

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