***Executive Summary***

***Domestic Coffee Market Summary***

*Firm tone was witnessed in Karnataka physical market during this week, as on 29 July 2016 followed by good demand against supply. Demand seems to have improved, however arrivals is less, due to international price hike. Currently, Coffee markets are trading very low volumes, with the spread activity. Exporters are trying to finish their earlier commitments as the markets seem to rise. Approx. 8 to 12% of stocks are available with traders and farmers in the market however other sources report some 25% of old Arabica grades are still available of season 2013-2015. It is raining in coffee belts region. Coffee beans are developing slowly to its sizes of maturity. Price as of now seem to be heading higher and may remain volatile, due to shortage of crop internationally.*

*According to the weather official, India receives 4% average lower rains in the week ended July 27, 2016. So far, the June-Sept monsoon has delivered average rains. An average or normal monsoon means rainfall between 96 and 104 percent of a 50-year average of 89 centimetres. As per trade and industry players, the new season Indian coffee crop size is expected to reach approximately 5.5 million bags and made up from a 29 to 71 ration of Arabica and Robusta coffees respectively.*

*According to USDA report, Coffee production of India is forecast down at 5.17 million for the season 2016/17on account of poor blossom showers which may cause lower coffee yield of both the types of coffee trees against 5.30 million bags in 2015/16 season. Whereas, coffee exports are predicted around 5.10 million 60 kg bags against 5.30 in previous season, while domestic consumption are lower at 1.4 million bags for 2016/17 against 1.35 million bags in previous season. Lower consumption and exports estimates bring total supply down at 6.50 million bags for 2016/17 season against 6.65 million bags.*

*As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 28th July 2016 is registered higher by 16.61% at 184846 metric tons compared to 158515 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 28th July 2016 this year, recorded down by 14.31% at 14560 metric tons from preceding year volume of 16992 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 27.93% at 31874, 3.14% to 8386 metric tonnes and 31.66% at 110955 metric tons respectively against exports volume of 24914 metric ton, 8130 metric tonnes and 84269 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower at 18916 metric tonnes with a decline of 21.18%.*

***Recommendation:***

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

***International Coffee Market Summary***

*As per USDA recent report, coffee production of the world is estimated slight higher by 1.56% at 155,697 thousands 60 kg bags for 2016/17 season against 153292 thousands 60 kg bags in 2015/16.where as, 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.*

*As per the report of Safras & Mercado, currently, farmers of the country have harvested about 70% of the new Brazil crop as on July 26,2016 higher from 66% a year ago but harvest rate slightly lagging from the average of 71% at this period. Minas Gerais the state of Brazil, has finished 62% coffee harvesting just ahead of the 61 average for the state. While, Espirito Santo has harvested 83% of its coffee crop.*

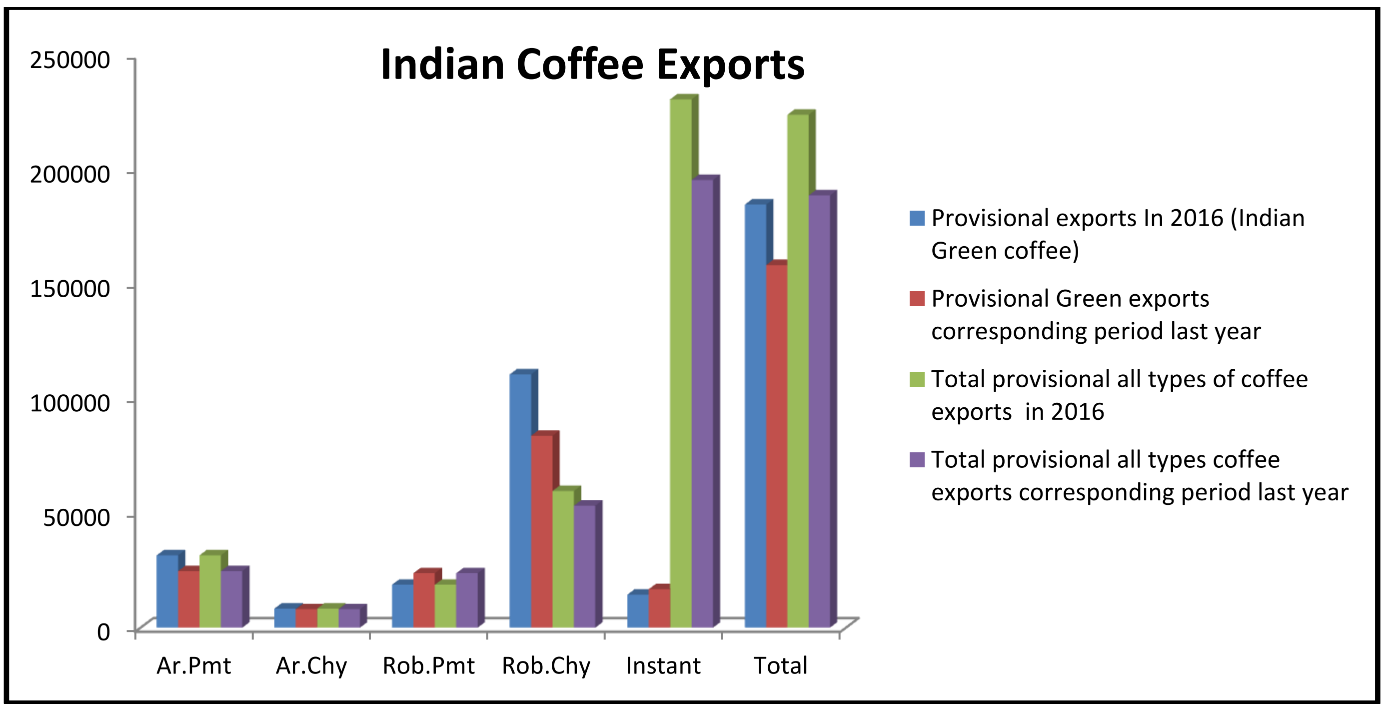
*According to International Coffee Organization, Coffee exports of the world declined by 11% to 9.03 million 60 kg bags in June 2016 compared to corresponding month in previous year, while shipments of Robusta fell 7.5 percent in the past 12 months. Coffee exports in the first nine month of 2015/16 season increased by 0.2% from the same month a year ago followed by Robusta coffee exports which stood down at 41.69 million bags against 45.07 million bags in the year prior while Arabica coffee exports stood at 71.16 million bags higher by 4% against the prior 12 month period.*

## *Domestic Coffee Exports of India -:*

Below table shows coffee exports details of India:-

| Export update: From 01st January 2016 to 28th 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) | 31874 | 8386 | 18916 | 110955 | 25 | 131 | 14560 | 184846 |
| 2 | Provisional exports corresponding period last year | 24914 | 8130 | 24002 | 84269 | 24 | 185 | 16992 | 158515 |
| 3 | Provisional re-exports | 0 | 0 | 0 | 0 | 0 | 91 | 45696 | 45786 |
| 4 | Provisional re-exports corresponding period last year | 0 | 0 | 0 | 0 | 119 | 156 | 36759 | 37034 |
| 5 | Total provisional exports (1+3) | **31874** | **8386** | **18916** | **110955** | **25** | **221** | **60256** | **230633** |
| 6 | Total provisional exports corresponding period last year (2+4) | **24914** | **8130** | **24002** | **84269** | **143** | **341** | **53751** | **195549** |

Source: The Coffee Board Of India




Source: The Coffee Board Of India

***Domestic Coffee Exports :-***

Below table shows Coffee Consumption details of India:-

| Domestic Consumption from 1991 to 2011 | | | | |
|---|---|---|---|---|
| **Calendar Year** | **Plantation** | **Arab. Cherry** | **Robusta** | **Total** |
| 1981 | 21369 | 7217 | 22210 | 50796 |
| 1982 | 22718 | 7332 | 23940 | 53990 |
| 1983 | 23934 | 7926 | 24219 | 56079 |
| 1984 | 31628 | 8137 | 13779 | 53544 |
| 1985 | 28170 | 5855 | 20849 | 54874 |
| 1986 | 25939 | 6399 | 22083 | 54421 |
| 1987 | 26360 | 6948 | 25328 | 58636 |
| 1988 | 25487 | 6036 | 24037 | 55560 |
| 1989 | 26337 | 6805 | 30186 | 63328 |
| 1990 | 22983 | 8587 | 22582 | 54152 |
| 1991 | 26500 | 11000 | 17500 | 55000 |
| 1992 | 26500 | 11000 | 17500 | 55000 |
| 1993 | 22500 | 10000 | 17500 | 50000 |
| 1994 | 22500 | 10000 | 17500 | 50000 |
| 1995 | 22500 | 10000 | 17500 | 50000 |
| 1996 | 22500 | 10000 | 17500 | 50000 |
| 1997 | 22500 | 10000 | 17500 | 50000 |
| 1998 | 22500 | 10000 | 17500 | 50000 |
| 1999 | 25000 | 10000 | 20000 | 55000 |
| 2000 | 29000 | 8000 | 23000 | 60000 |
| 2001 | 28000 | 6000 | 30000 | 64000 |
| 2002 | 30000 | 10000 | 28000 | 68000 |
| 2003 | 32000 | 10000 | 28000 | 70000 |
| 2004 | - | - | - | 75000 |
| 2005 | - | - | - | 80200 |
| 2006 | - | - | - | 85000 |
| 2007 | - | - | - | 90000 |
| 2008 | - | - | - | 94400 |
| 2009 | - | - | - | 102000 |
| 2010 | - | - | - | 108000 |
| 2011* | - | - | - | 115000 |

Source:- The Coffee Board Of India

***Domestic Raw Coffee Prices (Karnataka):-***

| Variety | 29.07.2016 | 22.07.2016 | Change |
|---|---|---|---|
| Arabica Parchment | 8310 | 8250 | 60 |
| Arabica Cherry | 3815 | 3750 | 65 |
| Robusta Parchment | 6150 | 6000 | 150 |
| Robusta Cherry | 3250 | 3225 | 25 |

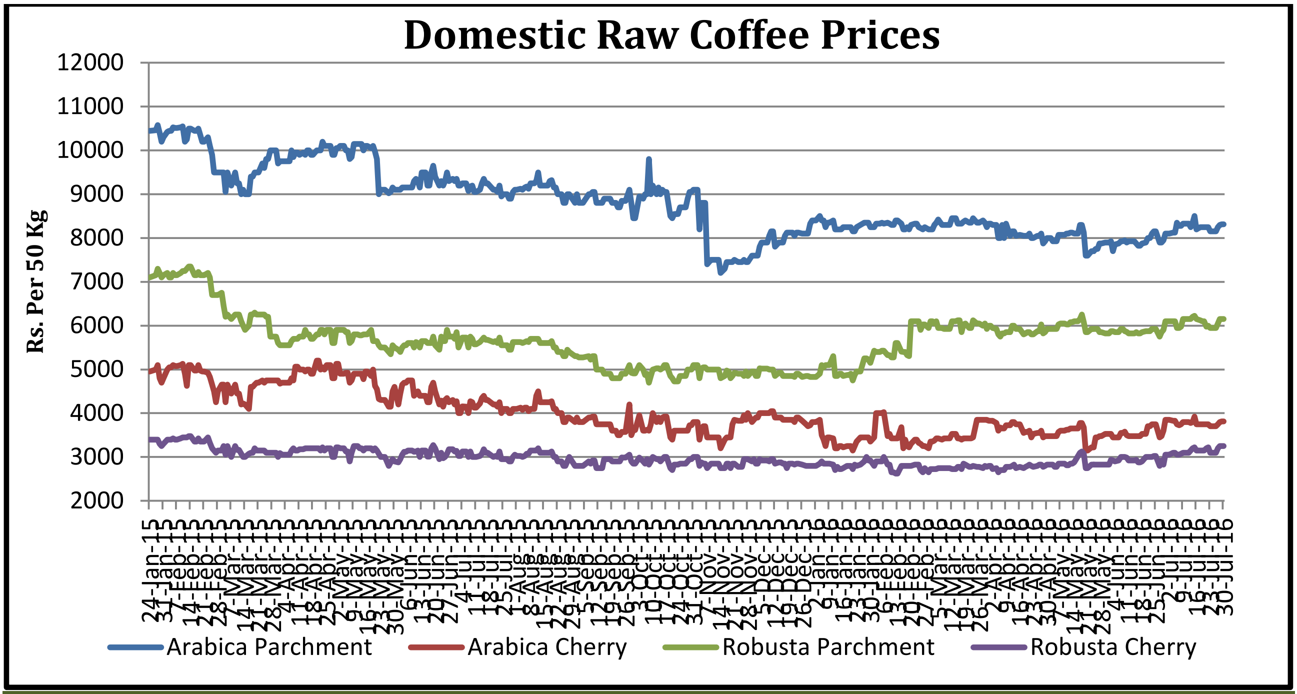
*** Values in Rs. per 50 Kg**

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

| Grade | 21.07.2016 Arabica Plantation | 14.07.2016 Arabica Plantation | Change | 14.07.2016 Arabica Cherry | 07.07.2016 Arabica Cherry | Change |
|---|---|---|---|---|---|---|
| MNEB | -- | -- | --- | --- | --- | --- |
| AA | 241 | 233.06 | 7.94 | 178 | 163 | 15 |
| PB | -- | 220 | 9 | 148 | 140.5 | 7.5 |
| A | -- | 214 | -- | --- | --- | --- |
| AB | -- | --- | --- | 163.50 | 143.56 | 19.94 |
| B | -- | 200 | --- | --- | --- | --- |
| C | -- | 176 | --- | 124 | 118.5 | 5.5 |
| BBB | 121 | 115.5 | 5.5 | 116.3 | 101 | 15.3 |
| **Grade** | **Robusta Parchment** | **Robusta Parchment** | | **Robusta Cherry** | **Robusta Cherry** | |
| RKR | --- | --- | --- | --- | --- | --- |
| A | --- | --- | --- | --- | --- | --- |
| PB | --- | 140 | --- | 127 | 124 | 3 |
| AA | --- | --- | --- | --- | 127 | --- |
| AB | --- | 146 | --- | 130 | 127 | 3 |
| B | --- | --- | --- | --- | --- | --- |
| C | ---- | 130 | --- | 123 | 120 | 3 |
| BBB | ---- | 112 | --- | 113 | 112 | 1 |

**Values in Rs. per kg**

### Coffee Prices Of Auction Market & State Wise Market




*Source: The Coffee Board Of India*

## *International Market Updates*

ICE coffee future prices slumped by 3.20% to 142.15 cents/lb in this week against 146.85 cents/lb of the last week. As per RTRS, ICE certified stocks decreased by 2475 bags to 1292999 bags as on July 29,2016 against previous day record.

**Colombia:-** According to the National Coffee Growers 's federation, Colombia, the world's biggest producer of mild tasting washed Arabicas, produced 1.16 million 60-kg bags washed Arabica coffee beans, lower by7% 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.

**Indonesia:-** According to the government trade data, Sumatra which is the main growing area of Indonesia shipped 9255.6 tonnes Robusta coffee beans in June 2016, lower by 69.46% to 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.

**Ivory Coast:-** As per sources, Ivory Coast exported coffee bean totaled 29,221 tonnes in the five months till end May, up nearly 56 percent than in the corresponding 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

**World:-** According to USDA report, coffee production of the World for 2016/17 is likely to rise by 2.4 million bags to 155.7 million bags (60 kg bags) from the previous year as record Arabica output in Brazil more than offsets lower Robusta production in Brazil, Vietnam, and Indonesia. As a result, world Arabica output is forecasted to rebound to 60 percent of total production after being below this level during the previous 5 years. While, global consumption is estimated at a record 150.8 million bags, drawing ending inventories to a 4-year low. World exports are expected to decline from last year’s record primarily due to lower shipments from Indonesia, Vietnam, and Brazil.

**Brazil:-** As per sources, Conab, government crop supply agency of Brazil reported that it would auction 693,300 bags of coffee from its stocks this year due to high coffee prices and concerns about supplies. If necessary, the remaining 679,400 bags could be auctioned in 2017. In recent auctions in early 2016 and late 2015, the government failed to register significant sales, because the minimum price for coffee on sale was above spot market prices. The government's stocks are small compared to the amount of coffee consumed in Brazil every year, and the sale of public stocks is likely to have a limited impact. In the last week, Conab held coffee stocks in hand around 13.59 million bags with a decline of 5.4% from previous year record.

## *Coffee Production Of The World:-*

Below table depicts World Coffee Production of the World:-

| Coffee Production Details Of The World | | | | | | |
|---|---|---|---|---|---|---|
| **Arabica Production** | | | | | | |
| **Country** | **2011/12** | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** |
| Brazil | 34,700 | 42,100 | 41,800 | 37,300 | 36,100 | 43,850 |
| Colombia | 7,655 | 9,927 | 12,075 | 13,300 | 13,600 | 13,300 |
| Ethiopia | 6,320 | 6,500 | 6,345 | 6,475 | 6,500 | 6,500 |
| Honduras | 5,600 | 4,725 | 4,400 | 5,100 | 5,700 | 6,100 |
| Peru | 5,200 | 4,300 | 4,250 | 2,900 | 3,500 | 3,800 |
| Guatemala | 4,400 | 4,000 | 3,500 | 3,125 | 3,275 | 3,300 |
| China | 1,090 | 1,535 | 1,947 | 2,000 | 2,100 | 2,300 |
| Mexico | 4,100 | 4,450 | 3,750 | 2,980 | 2,300 | 2,100 |
| Nicaragua | 2,100 | 1,925 | 2,000 | 2,100 | 2,000 | 2,100 |
| India | 1,690 | 1,643 | 1,703 | 1,630 | 1,490 | 1,420 |
| Costa Rica | 1,775 | 1,675 | 1,450 | 1,400 | 1,400 | 1,400 |
| Indonesia | 1,300 | 1,700 | 1,650 | 1,270 | 1,350 | 1,300 |
| Vietnam | 800 | 900 | 1,175 | 1,050 | 1,100 | 1,050 |
| Kenya | 750 | 660 | 850 | 750 | 650 | 700 |
| Papua New Guinea | 1,350 | 775 | 815 | 760 | 700 | 700 |
| Other | 5,667 | 5,757 | 4,630 | 4,498 | 4,518 | 4,146 |
| **Total** | 84,497 | 92,572 | 92,340 | 86,638 | 86,283 | 94,066 |
| **Robusta Production** | | | | | | |
| Vietnam | 25,200 | 25,600 | 28,658 | 26,350 | 28,200 | 26,225 |
| Brazil | 14,500 | 15,500 | 15,400 | 17,000 | 13,300 | 12,100 |
| Indonesia | 7,000 | 8,800 | 7,850 | 9,200 | 10,400 | 8,700 |
| India | 3,540 | 3,660 | 3,372 | 3,810 | 3,810 | 3,750 |
| Uganda | 2,200 | 2,800 | 3,000 | 2,800 | 3,600 | 3,000 |
| Cote d'Ivoire | 1,600 | 1,750 | 1,675 | 1,400 | 1,650 | 1,700 |
| Malaysia | 1,450 | 1,400 | 1,500 | 1,500 | 1,500 | 1,500 |
| Thailand | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Cameroon | 645 | 485 | 375 | 525 | 575 | 575 |
| Laos | 450 | 460 | 475 | 485 | 525 | 550 |
| Other | 3,040 | 2,591 | 2,133 | 2,547 | 2,449 | 2,531 |
| **Total** | 60,625 | 64,046 | 65,438 | 66,617 | 67,009 | 61,631 |

*Source: ICO*

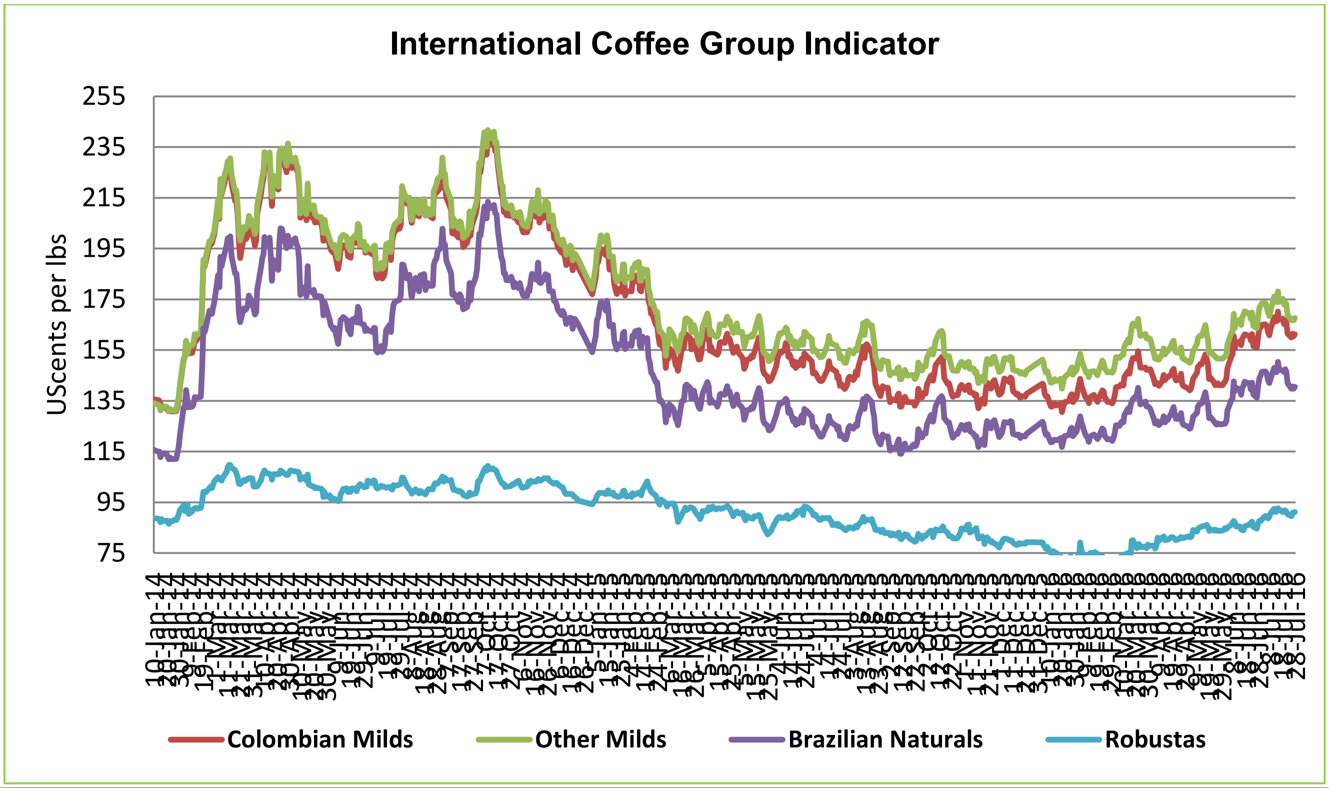
***International Coffee Price Trend:-***

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

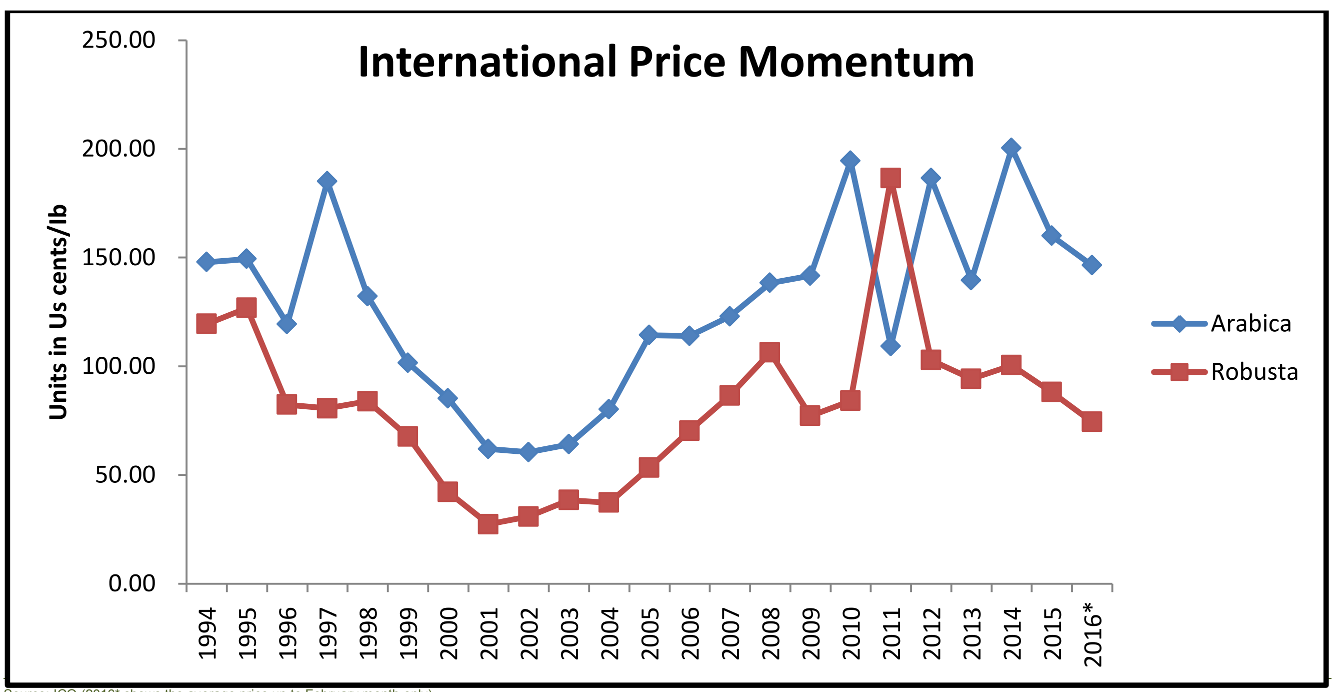
| | As on | Week Ago | Month Ago | Year Ago |
|---|---|---|---|---|
| **International Coffee Prices** | **28.07.2016** | **21.07.2016** | **28.06.2016** | **28.07.2015** |
| **ICO Composite Indicator** | 130.57 | 134.24 | 128.98 | 116.03 |
| **Colombian Milds** | | | | |
| US | 161.25 | 166.75 | 160.50 | 136.50 |
| Europe | 161.18 | 165.60 | 159.50 | 143.42 |
| Group Indicator | 161.22 | 166.80 | 160.04 | 139.98 |
| **Other Milds** | | | | |
| US | 168.69 | 172.94 | 168.69 | 148.69 |
| Europe | 166.96 | 173.58 | 167.72 | 150.79 |
| Group Indicator | 167.67 | 173.31 | 168.12 | 149.90 |
| **Brazilian Naturals** | | | | |
| US | 126.25 | 131.75 | 124.50 | 107.50 |
| Europe | 145.15 | 151.77 | 146.63 | 124.15 |
| Group Indicator | 140.51 | 146.56 | 140.73 | 119.82 |
| **Robusta** | | | | |
| US | 96.25 | 96.83 | 93.92 | 90.08 |
| Europe | 90.14 | 90.20 | 85.26 | 83.08 |
| Group Indicator | 91.18 | 91.33 | 86.73 | 84.20 |

**US cents/lb**

***International Coffee Indicators Charts:-***




Source: ICO




Source: ICO (2016* shows the average price up to February month only)

***International Future Market Prices :-***

| ICE Arabica Coffee Futures Prices | | | | |
|---|---|---|---|---|
| **Contract Months** | **Today(28-July-2016)** | **Week Ago(21-July-2016)** | **Month Ago(28-June-2016)** | **Weekly Change (%)** |
| **16-Sep** | 142.15 | 146.85 | 140.60 | **-3.20** |
| **16-Dec** | 145.35 | 149.90 | 143.25 | **-3.03** |
| **16-Mar** | 148.30 | 152.70 | 145.80 | **-2.88** |

US cents/lb

| Liffe Robusta Coffee Futures Prices | | | | |
|---|---|---|---|---|
| **Contract Months** | **Today(28-July-2016)** | **Week Ago(21-July-2016)** | **Month Ago(28-June-2016)** | **Weekly Change (%)** |
| **16-July** | 1805 | 1810 | 1672 | **-0.27** |
| **16-Sep** | 1813 | 1818 | 1701 | **-0.05** |
| **16-Dec** | 1837 | 1841 | 1716 | **-0.21** |

*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 (26/06/2016)** | **Average Prices In** | **Prices This Auction In (19/06/2016)** |
| 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 (Sep'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 slight up at 142.24 against 136.05 in the market hints upward momentum in the market.
- Higher volume and prices indicates further long build up phase of the market.
- On the other hand, RSI is higher at 62.23 compared to 63.05 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** |
| 123.47 | 132.24 | 146.20 | 154.82 | 181.92 |

### Technical Analysis Of Coffee Future Market (Sep'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 upward momentum in the market.
- However, 14-days EMI is moving higher at 1762 against last week records i.e.1661, indicating further higher tone in the market.
- On the other hand, RSI is lower at 72.89 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 long in the short period of time.*

***Coffee Future Market(ICE Market)***

| Support and Resistance | | | | |
|---|---|---|---|---|
| **S2** | **S1** | **PCP** | **R1** | **R2** |
| 1688 | 1723 | 1805 | 1850 | 1890 |

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