Executive Summary

Domestic Coffee Market Summary

Karnataka physical market witnessed firm tone during this week, as on 6th August 2016 due to strong demand. As per the government data Water levels in India's main reservoirs is recorded at 45 percent of their storage capacity in the week to Aug. 4, down 2 percentage points from a year earlier. The latest levels were lower than the last 10 years' average of 47 percent, but 7 percentage points higher compared with the previous week.

According to recently released data by the Coffee Board Of India, India is likely to produce lower crop size by 8.04% to 320000 tonnes in 2016/17 season as compared to 348000 tonnes in 2015/16 due to delayed blossom and backing showers coupled with high temperature mainly in the coffee belts. Arabica crop size is estimated down by 3.38% to 100000 tonnes against 103500 tonnes in previous season and Robusta crop production is expected to fall by 10.02% to 220000 tonnes compared to 244500 tonnes. The drop in 2016-17 season estimates has mainly come from Karnataka to the tune of 22175 MT followed by 6730 MT in Kerala. Apart from that, Tamil Nadu is expected to produce 17,560 MT which is a marginal increase of 265 MT (1.53%) as against the previous year's final estimated crop of 17,295 MT in 2016/17.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 3rd July 2016 is registered higher by 16.15% at 188384 metric tons compared to 162186 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 3rd July 2016 this year, recorded down by 14.41% at 14766 metric tons from preceding year volume of 17253 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 28.17 at 32326, 3.22% to 8426 metric tonnes and 30.81% at 113370 metric tons respectively against exports volume of 25221 metric ton, 8163 metric tonnes and 86666 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower at 19340 metric tonnes with a decline of 21.62%.

Recommendation:

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

International Coffee Market Summary

As per Sources, Indonesia is likely to produce 600,000 tonnes in 2016 which is lower than 620,000 tonnes produced in 2015 and below March forecast of 700,000 tonnes for this year due to unsupportive weather condition. Heavy rain in the current season hampered the flowers of coffee plants. As per an Industry Association, Indonesia is likely to export between 5% to 10% lesser this year from around 400,000 tonnes exported in 2015 on account of a forecast of weather and growing domestic demand. Domestic consumption is also increasing.

As per sources, Brazil exported total 1737406 60 kg bags in July 2016 with a decline of 16% against last month record i.e. 2064339 60 kg bags. The country shipped 30% down exports volume as compared to previous year record volume i.e. 2499095 60 kg bags in July 2015.

Brazil's Coffee Exports Details					
Commodity	Jul-16	Jun-16	Jul-15	% change Last month	% change Last year
Coffee	1,737,406	2,064,339	2,499,095	-16	-30

Source: Reuters

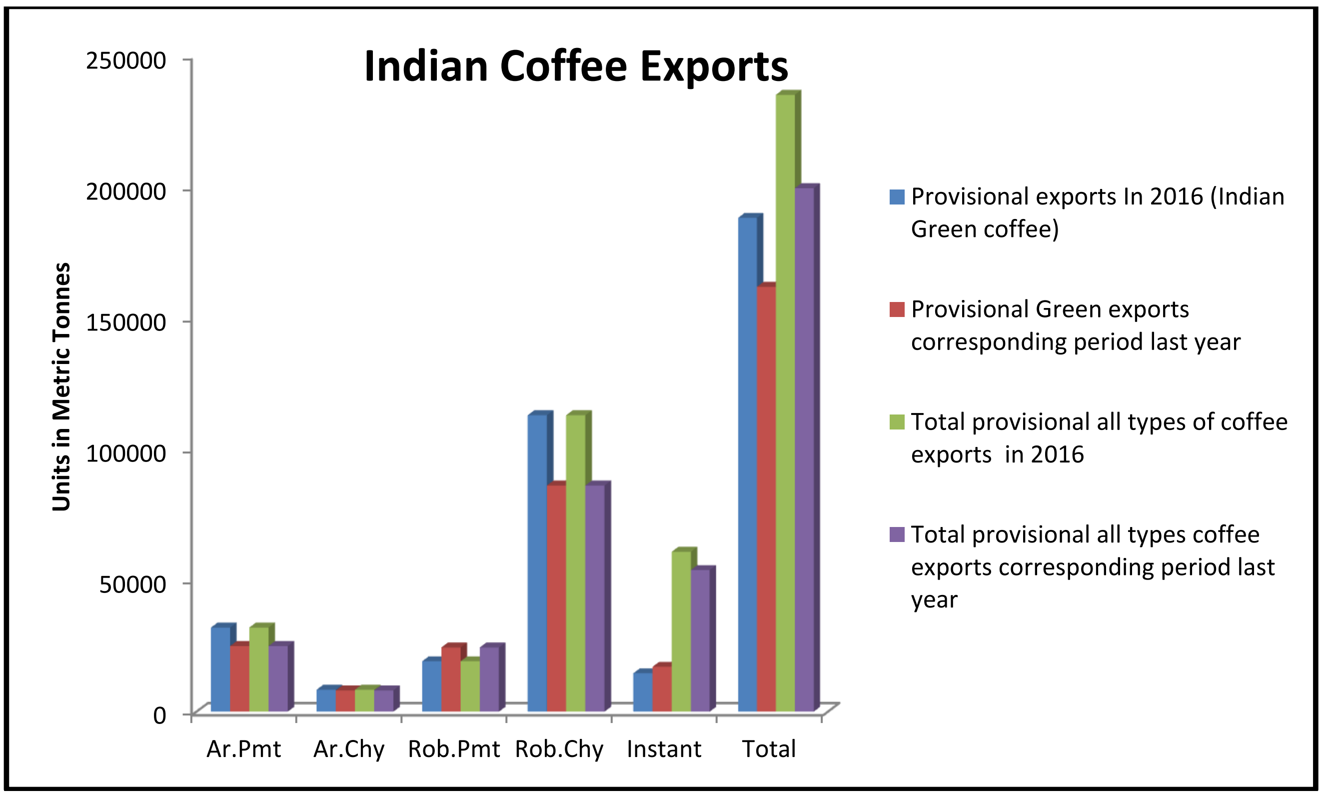
Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01st January 2016 to 3rd August 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)	32326	8426	19340	113370	25	131	14766	188384
2	Provisional exports corresponding period last year	25221	8163	24675	86666	24	185	17253	162186
3	Provisional re-exports	0	0	0	0	0	91	46690	46781
4	Provisional re-exports corresponding period last year	0	0	0	0	119	169	37112	37460
5	Total provisional exports (1+3)	**32326**	**8426**	**19340**	**113370**	**25**	**222**	**61457**	**235164**
6	Total provisional exports corresponding period last year (2+4)	**25221**	**8163**	**24675**	**86666**	**143**	**354**	**54425**	**199646**

Source: The Coffee Board Of India



Source: The Coffee Board Of India

Area Production & Yield OF Coffee In India:-

Below table shows Area Production and Yield of Coffee India:-

Coffee Area, Production and Productivity - India							
	Arabica				Robusta		
Year	Area	Production	Yield	Year	Area	Production	Yield
1950-51	67613	15511	229	1950-51	24910	3382	136
1960-61	70649	39526	559	1960-61	49672	28643	577
1970-71	80433	58348	725	1970-71	55030	51883	943
1980-81	98005	61262	625	1980-81	92071	57384	623
1985-86	108476	72311	667	1985-86	106000	50139	473
1986-87	108500	88975	820	1986-87	107000	103119	964
1987-88	108500	64556	595	1987-88	109500	58157	531
1988-89	108500	94781	874	1988-89	112500	119934	1066
1989-90	108500	62572	577	1989-90	112500	55481	493
1990-91	108500	78311	722	1990-91	115000	91415	795
1991-92	108500	88320	814	1991-92	115000	91680	797
1992-93	108500	73120	674	1992-93	115000	96275	837
1993-94	108500	98300	906	1993-94	118000	113700	964
1994-95	108500	79000	728	1994-95	120000	101100	843
1995-96	120100	103250	860	1995-96	121900	119750	982
1996-97	125017	90450	724	1996-97	126267	114550	907
1997-98	130664	99300	760	1997-98	154988	129000	832
1998-99	143007	97000	678	1998-99	159227	168000	1055
1999-00	146052	119000	815	1999-00	162381	173000	1065
2000-01	146502	104400	713	2000-01	167432	196800	1175
2001-02	149056	121050	812	2001-02	171681	179550	1046
2002-03	146780	102125	696	2002-03	173835	173150	996
2003-04	148389	101950	687	2003-04	176735	168550	954
2004-05	153280	103400	675	2004-05	180058	172100	956
2005-06	151547	94000	620	2005-06	189804	180000	948
2006-07	151861	99700	657	2006-07	191179	188300	985
2007-08	151013	92500	613	2007-08	193495	169500	876
2008-09	156421	79500	508	2008-09	194079	182800	942
2009-10	159828	94600	592	2009-10	195674	195000	997
2010-11	163737	94140	575	2010-11	196748	207860	1,056
2011-12	169906	101500	597	2011-12	198781	212500	1,069
2012-13	176131	98600	560	2012-13	200174	219600	1,097
2013-14	181129	102200	564	2013-14*	200175	202300	1011
2014-15	185978	98000	527	2014-15	200217	229000	1144
2015-16	192734	103500	537	2015-16	204413	244500	1196

Source:- The Coffee Board Of India

Domestic Raw Coffee Prices (Karnataka):-

Variety	05.08.2016	29.07.2016	Change
Arabica Parchment	8310	8310	15
Arabica Cherry	3825	3815	10
Robusta Parchment	6225	6150	75
Robusta Cherry	3275	3250	25

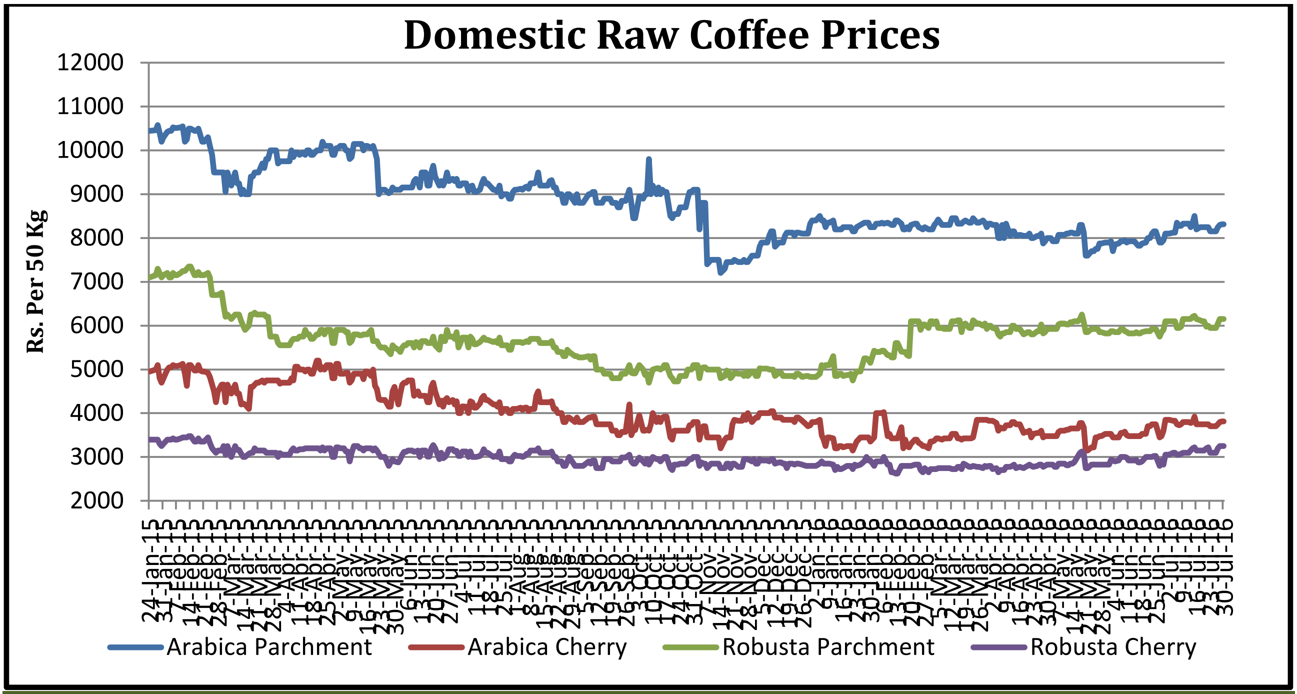
*** Values in Rs. per 50 Kg**

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

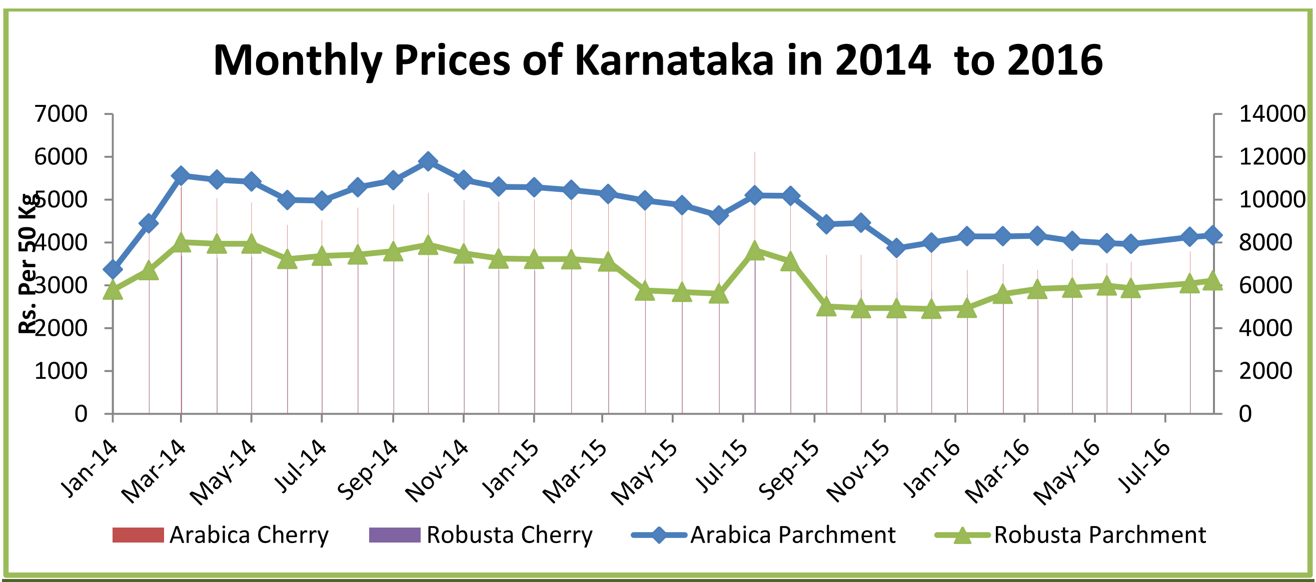
Grade	28.07.2016	21.07.2016	Change	28.07.2016	21.07.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	--	---	---	---	---
AA	---	241	----	----	178	---
PB	218	--	---	---	148	---
A	217	--	---	---	---	---
AB	---	--	---	---	163.50	---
B	---	--	---	---	---	---
C	---	--	---	---	124	---
BBB	---	121	---	115	116.3	-1.3
Grade	**Robusta Parchment**	**Robusta Parchment**		**Robusta Cherry**	**Robusta Cherry**	
RKR	147	---	---	---	---	---
A	---	---	---	---	---	---
PB	137	---	---	---	127	---
AA	149	---	---	---	---	---
AB	146	---	---	---	130	---
B	---	---	---	---	---	---
C	---	----	---	----	123	---
BBB	113.26	----	---	113	113	Unchanged

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 showed a slight decline by 0.03% to 142.10 cents/lb in this week against 142.15 cents/Ib of the last week. As per RTRS, ICE certified stocks decreased by 2384 bags to 1292031 bags as on August 05,2016 against previous day record. There was meanwhile a smaller in number 825 bags increase to the number of bags pending grading for this exchange to register these pending grading stocks at 4,967 bags. Speculators cut their long position on the exchange for Coffee future and options.

Brazil:- According to Cooxupe, as of now farmers in Brazil have harvested about 68% of coffee crop which is higher than last year record i.e.53% during the same period of time. The South Minas areas are most advanced with 71.4 pct harvested. The Mogiana region of sau polo state is not far behind with 69.3 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.

Vietnam:- According to recent released data by USDA, coffee production in Vietnam is likely to stand up by 7%at 29.3 million bags for marketing year (MY) 2015/16 which is revised upwards from 28.6 million bags as given earlier. It is about a 7 percent increase from the current MY2014/15 estimate, due to adequate water supply both through good water management practices by farmers and rainfall during some critical stages of the coffee growing season. The coffee production for the season 2014/15 is also forecasted and revised down from 28.17 million bags to 27.4 million bags, due to low production attributed to drought conditions in mainly Robusta planted areas. In the northern mountainous area, such as Son La and Dien Bien Provinces, planted area is increasing from 10,650 to 12,000 hectares and 3,385 to 4,500 hectares respectively. Domestic Coffee consumption of Vietnam is forecast to continue to grow, reflecting the expanding retail coffee shops and robust growth of other retail food service subsectors serving coffee in Vietnam. The expanding coffee retail sector will contribute to stronger consumption for the foreseeable future. In view of traders in Vietnam, coffee exports of the country is expected to touch the level in the range of 150,000 and 170,000 tonnes (2.5 million and 2.83 million 60 kg bags) in June 2016 against 170,000 tonnes

Others:-

1) As per sources, Coffee revenue of Burundi declined by 13% to $ 45.9 million for 2015/16 season after selling 16984 tonnes of coffee beans which is higher than the quantity of 13883 tonnes, however the country received higher revenue at $52.9 in 2014/15 season on account of oversupply in the market. As per sources, world's top producers, such as Brazil, Colombia and Costa Rica, flooded the market with their previous stocks, causing a drop in world prices. This has had a negative impact on Burundi coffee prices.

2) As per the sources, Costa Rica exported higher coffee beans by16.31% to 15860 bags in July 2016 against the same month last year, at a total of 113,074 bags. This number contributes to the countries cumulative coffee exports for the first ten months of the present October 2015 to September 2016 coffee year to be 49,156 bags or 4.66% higher than the same period in the previous coffee year, at a total of 1,104,100 bags.

3) According to the National Coffee Growers 's federation, Colombia, the world's biggest producer of mild tasting washed Arabicas, produced 7% lesser washed Arabica coffee beans by at 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 lower 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.

4) As per the national Coffee Institute IHCAFE, Coffee exports from Honduras went up by 22 percent in July 2016, compared with the corresponding period last year. July exports from Central America's top coffee exporter reached 378,800 60-kg bags, up from 310,477 bags in the same month last year. Total coffee exports in the current 2015/2016 harvesting season is likely to stand between 5.283 million and 5.216 million bags, lower than the original projection due to the smuggling of Honduran beans into Guatemala and Mexico.

Vietnam's Coffee Crop:-

Below table depicts Vietnam's coffee Crop details:-

Vietnam's Coffee Production, Supply and Demand						
Coffee, Green Market Year Begins Vietnam	2013/2014		2014/2015		2015/2016	
Market Year Begins	Oct 2013		Oct 2014		Oct 2015	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Tree Population	0	0	0	0	0	0
Beginning Stocks	1.946	1.946	2.130	2.130	2.407	5.831
Arabica Production	1.175	1.175	1.050	1.050	1.100	1.100
Robusta Production	28.658	28.658	27.117	26.350	27.500	28.200
Other Production	0	0	0	0	0	0
Total Production	29.833	29.833	28.167	27.400	28.600	29.300
Bean Imports	476	476	450	450	200	200
Roast & Ground Imports	12	12	10	10	10	10
Soluble Imports	160	160	160	130	160	160
Total Imports	648	648	620	590	370	370
Total Supply	32.427	32.427	30.917	30.120	31.377	35.501
Bean Exports	27.269	27.269	25.000	20.333	25.500	26.667
Rst-Grnd Exp.	120	120	130	457	140	550
Soluble Exports	900	900	1.300	1.282	1.400	1.500
Total Exports	28.289	28.289	26.430	22.072	27.040	28.717
Rst,Ground Dom. Consum.	1.788	1.788	1.830	1.917	1.900	2.250
Soluble Dom. Cons.	220	220	250	300	260	350
Domestic Use	2.008	2.008	2.080	2.217	2.160	2.600
Ending Stocks	2.130	2.130	2.407	5.831	2.177	4.184
Total Distribution	32.427	32.427	30.917	30.120	31.377	35.501

Source: ICO

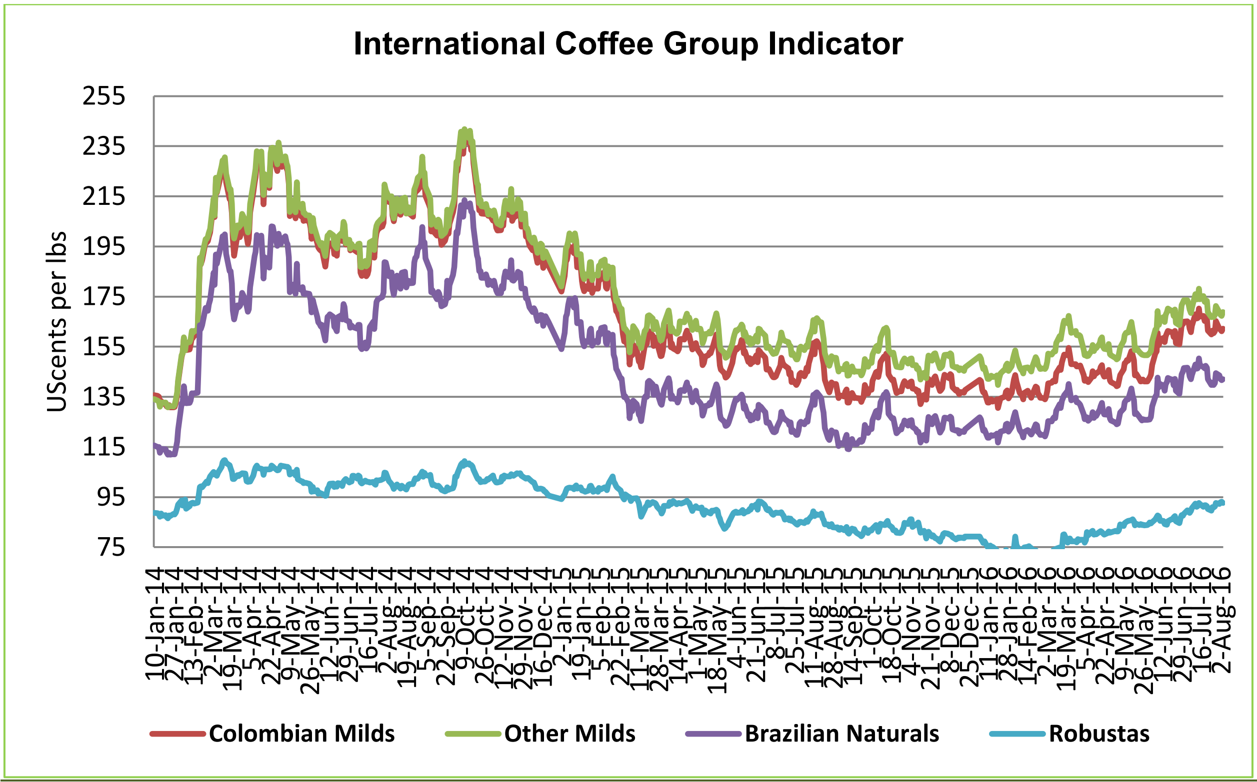
International Coffee Price Trend:-

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

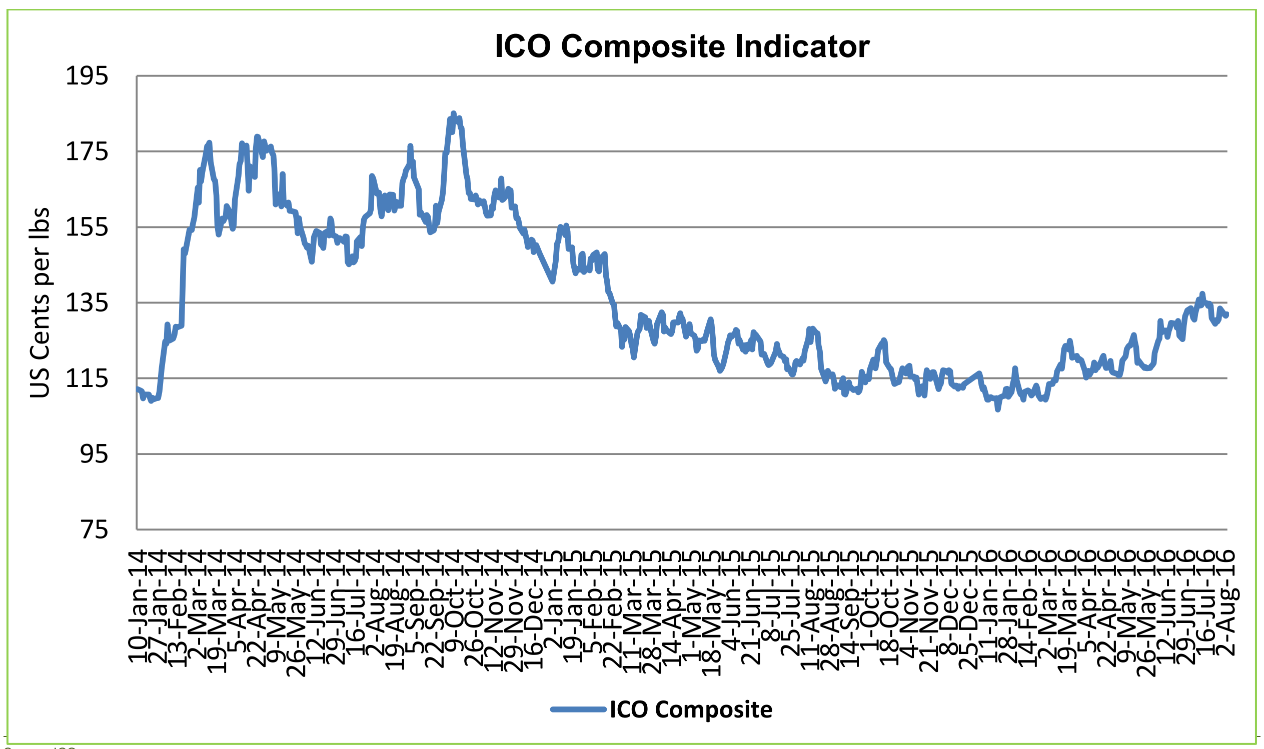
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	**04.08.2016**	**28.07.2016**	**04.07.2016**	**04.08.2015**
ICO Composite Indicator	131.92	130.57	133.60	119.40
Colombian Milds				
US	164.75	161.25	165.50	141
Europe	159.08	161.18	164.53	147.47
Group Indicator	162.14	161.22	165.15	143.97
Other Milds				
US	172.19	168.69	173.44	154.44
Europe	166.49	166.96	172.90	154.62
Group Indicator	168.83	167.67	173.57	154.55
Brazilian Naturals				
US	129.75	126.25	131.50	114
Europe	146.32	145.15	151.49	128.51
Group Indicator	142.01	140.51	146.59	124.74
Robusta				
US	97.75	96.25	96.42	90.58
Europe	91.58	90.14	88.12	84.22
Group Indicator	92.63	91.18	89.70	85.24

US cents/lb

International Coffee Indicators Charts:-



Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	**Today(04-Aug-2016)**	**Week Ago(28-July-2016)**	**Month Ago(04-July-2016)**	**Weekly Change (%)**
16-Sep	142.10	142.15	129.05	**-0.03**
16-Dec	145.70	145.35	131.55	**0.24**
16-Mar	148.80	148.30	134.20	**0.33**

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	**Today(04-Aug-2016)**	**Week Ago(28-July-2016)**	**Month Ago(04-July-2016)**	**Weekly Change (%)**
16-July	1817	1805	1768	**0.22**
16-Sep	1846	1813	1781	**0.48**
16-Dec	1865	1837	1758	**1.52**

USD/T

International Coffee Prices

	02.08.2016	28.07.2016	02.07.2016	02.07.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	38100	38300	-	-
Vietnam FOB (2-5 pct)* (Saigon port)	1775.5	1789	-	1810
Indonesian FOB (4-80 defects)** (Lampung Port)	1840	1790	-	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 142.32 against 140.66 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 58.58 compared to 59.51 of last week momentum indicating weak 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**
126.79	132.54	141.90	154.78	168.40

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 1780 against last week records i.e.1745, indicating further higher tone in the market.
- On the other hand, RSI is higher at 74.11 in neutral region against 71.15 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**
1681	1729	1823	1882	1933

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