

Executive Summary

Domestic Coffee Market Summary

Karnataka physical market extended firm tone during this week, as on 11th August 2016 due to strong demand. 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.

As per DGCIS latest report, India received around Rs.603.49 crore as the total coffee exports revenue which is 89.68 million in USD in June 2016. This is higher by 19.74 % in Rs. and 13.63% in USD respectively as against Rs.503.98 crore and USD 78.92 million respectively in the corresponding month of previous year. It stood at Rs.1656.50 crore and the value in USD at 247.61 million since April-2015 to June 2016 higher by 6.28% in Rs. and 0.87% in USD as against the last year revenue i.e. Rs.1558.55 crore and in USD 245.48 million in corresponding period of time.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2016 to 11 August 2016 is registered higher by 28.17% at 32326 metric tons compared to 25221 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 11th August 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 21.62 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 the sources, Guatemala shipped higher coffee beans by 6.23% or 20009 bags to 340964 bags in July 2016 against the same month in previous year. The cumulative coffee exports volume for the first ten months of the present October 2015 to September 2016 coffee year stood up by 0.54% or 13563 bags to 2521219 bags as compared to last season in the corresponding period of time.

According to recent estimates of Safras & Mercado, Brazil is likely to harvest 54.9 million bags and 81% of this new crop has so far been harvested. As a result, coffee harvesting may be finished at the end of this month. Hence, coffee trees will start flowering soon for the next season 2017 crop due to start of the spring and summer rain season which may begin in late September 2016.

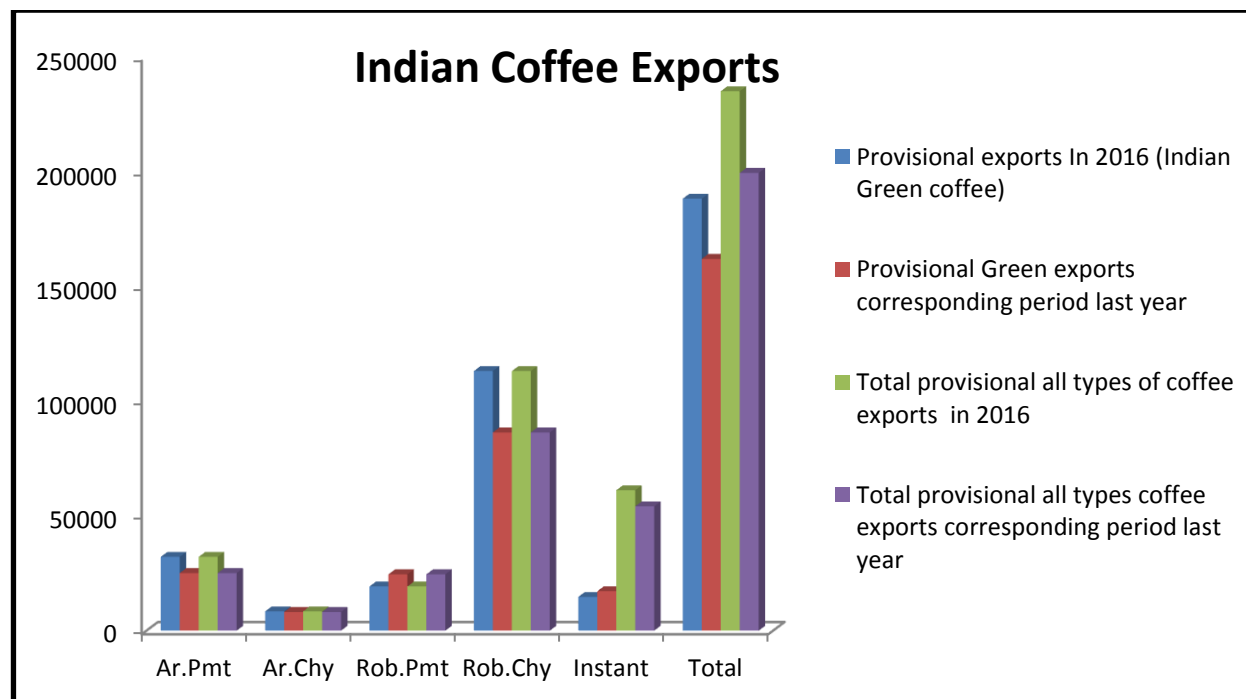
As per sources, Vietnam, the world's largest Robusta producer, is likely to ship total 160,000 tonnes (2.67 million 60-kg bags) of coffee in June 2016 with an increase of 45.8 percent against last year record. The June shipments will bring the country's coffee exports so far in the 2015/2016 season to 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 01 st January 2016 to 11th 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 & Exports Of Coffee In India:-

Below table shows Production and Exports : India Vs World*

Production and Exports: India Vs World *						
	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	140617	5233	3.72	108659	5044	4.64
2012/13	144960	5303	3.66	111315	5018	4.51
2013/14	146506	5075	3.46	114916	4794	4.17
2014/15	142278	5450	3.83	110762	5102	4.61
2015/16**	143306	5800	4.05	NA	4506	NA

Source:- The Coffee Board Of India

Domestic Raw Coffee Prices (Karnataka):-

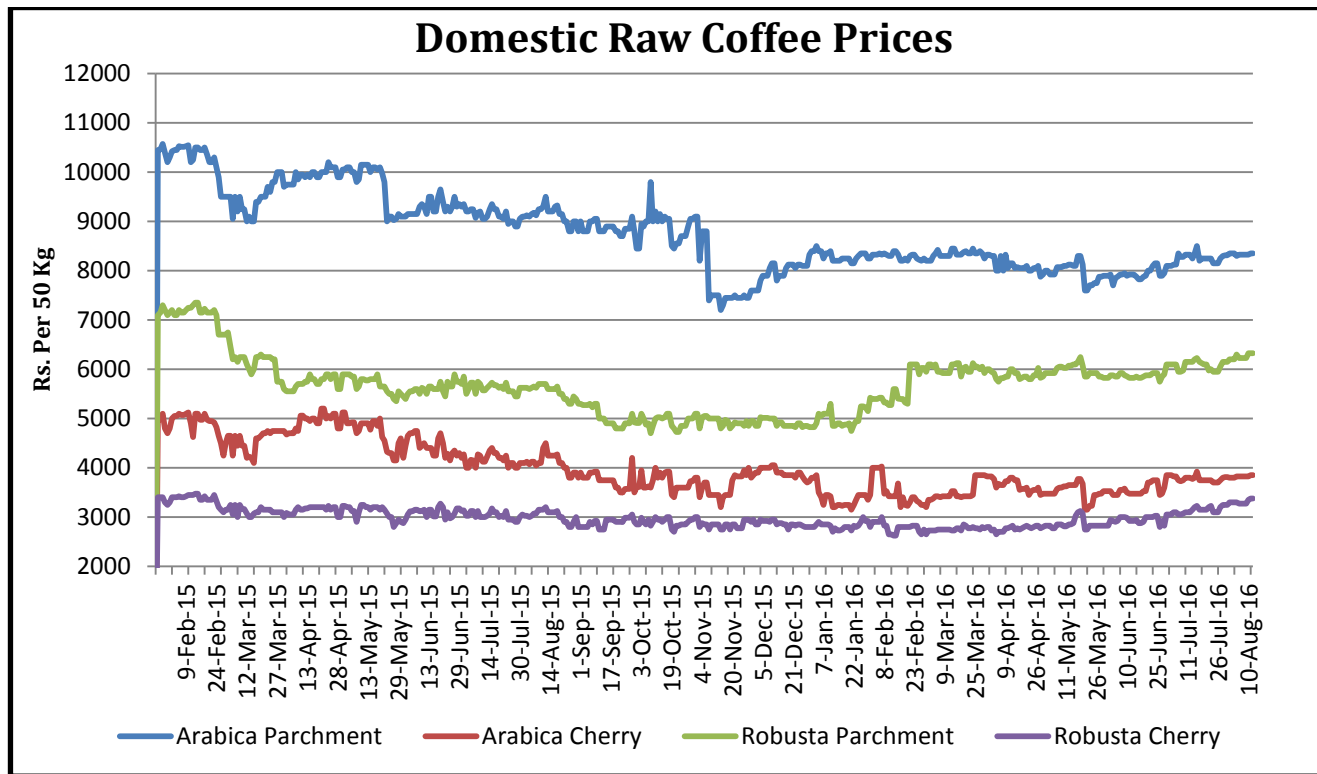
Variety	12.08.2016	05.08.2016	Change
Arabica Parchment	8350	8310	25
Arabica Cherry	3850	3825	25
Robusta Parchment	6325	6225	100
Robusta Cherry	3375	3275	100

* Values in Rs. per 50 Kg

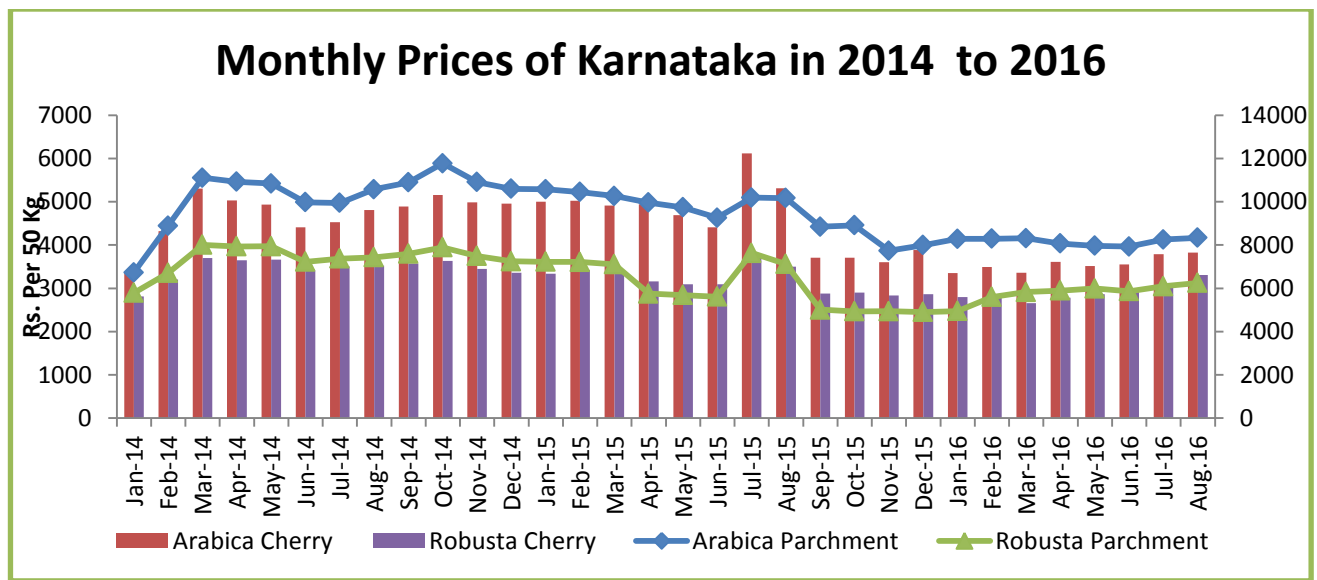
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	04.08.2016	28.07.2016	Change	04.08.2016	28.07.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	---	---	---	---
AA	---	---	---	---	---	---
PB	211	218	-7	---	---	---
A	---	217	---	---	---	---
AB	---	---	---	---	---	---
B	---	---	---	---	---	---
C	---	---	---	---	---	---
BBB	120.5	---	---	---	115	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	147	---	---	---	---
A	---	---	---	---	---	---
PB	---	137	---	---	127	---
AA	---	149	---	140	---	---
AB	---	146	---	---	130	---
B	---	---	---	---	---	---
C	128	---	---	125	123	---
BBB	---	113.26	---	118	113	5

Values in Rs. per kg

Coffee Prices Of Auction Market & State Wise Market


Source: The Coffee Board Of India

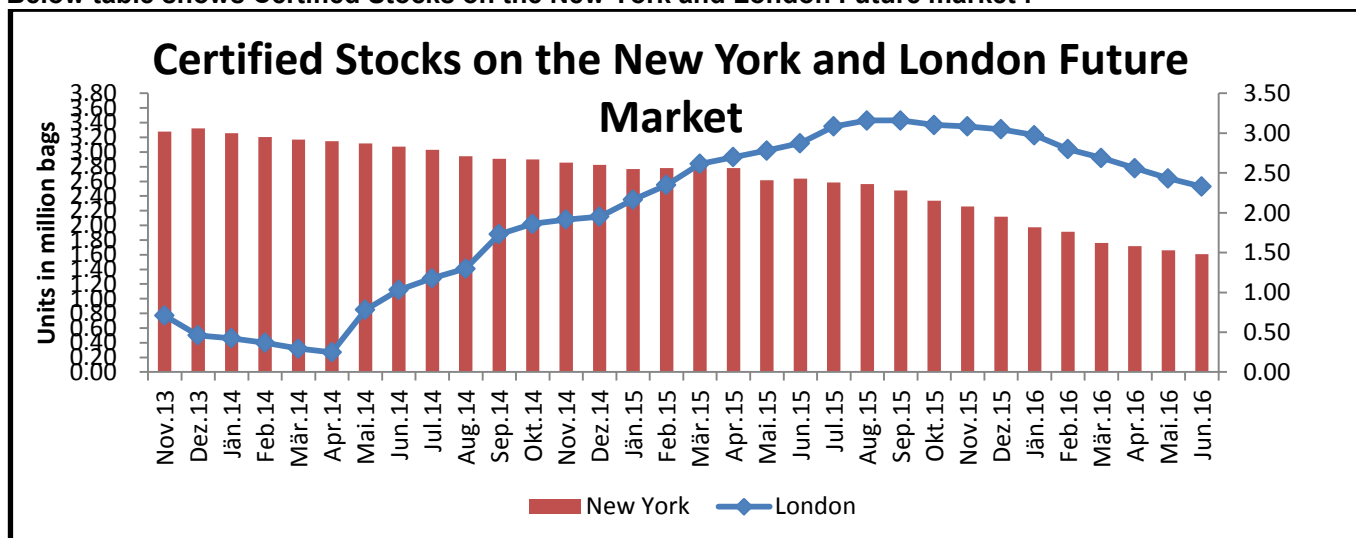


International Market Updates

ICE coffee future prices showed a slight decline by 3.09% to 137.70 cents/lb in this week against 142.50 cents/lb of the last week. As per RTRS, ICE certified stocks decreased by 4764 bags to 1283976 bags as on August 11, 2016 against previous day record.

As per ICO recent released data, Certified stocks on the New stocks on the New York and London Future market declined by 3.26% to 1.48 million bags and 4.16% to 2.53 million bags respectively in June 2016 against 1.53 million bags and 2.64 million bags in May 2016.

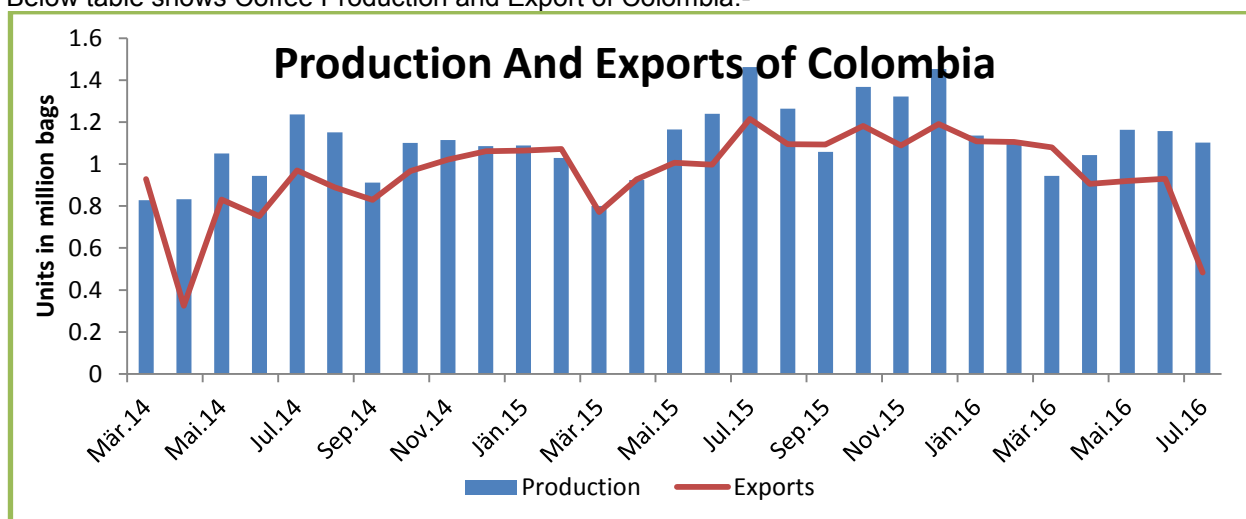
Below table shows Certified Stocks on the New York and London Future market :-



Source: ICO

Colombia:- According to the National Coffee Growers Federation, Farmers in Colombia harvested 25% lower washed Arabica Coffee crop to 1.1 million 60 kg bags in July 2016 as compared to last year record during the same period of time. Twelve month coffee production through July 2016 of the country is recorded up by 8% to 14.1 million bags as compared to last year record. Total coffee exports declined by 60% to 483000 bags in July 2016 against June month record due to local tucker's strike and the damage done to many coffee trees by a drought on account of the EL Nino weather phenomenon.

Below table shows Coffee Production and Export of Colombia:-



Source: Reuter

Brazil:- 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.

Coffee Beans Imports of the World:-

Below table depicts coffee beans imports of the World:-

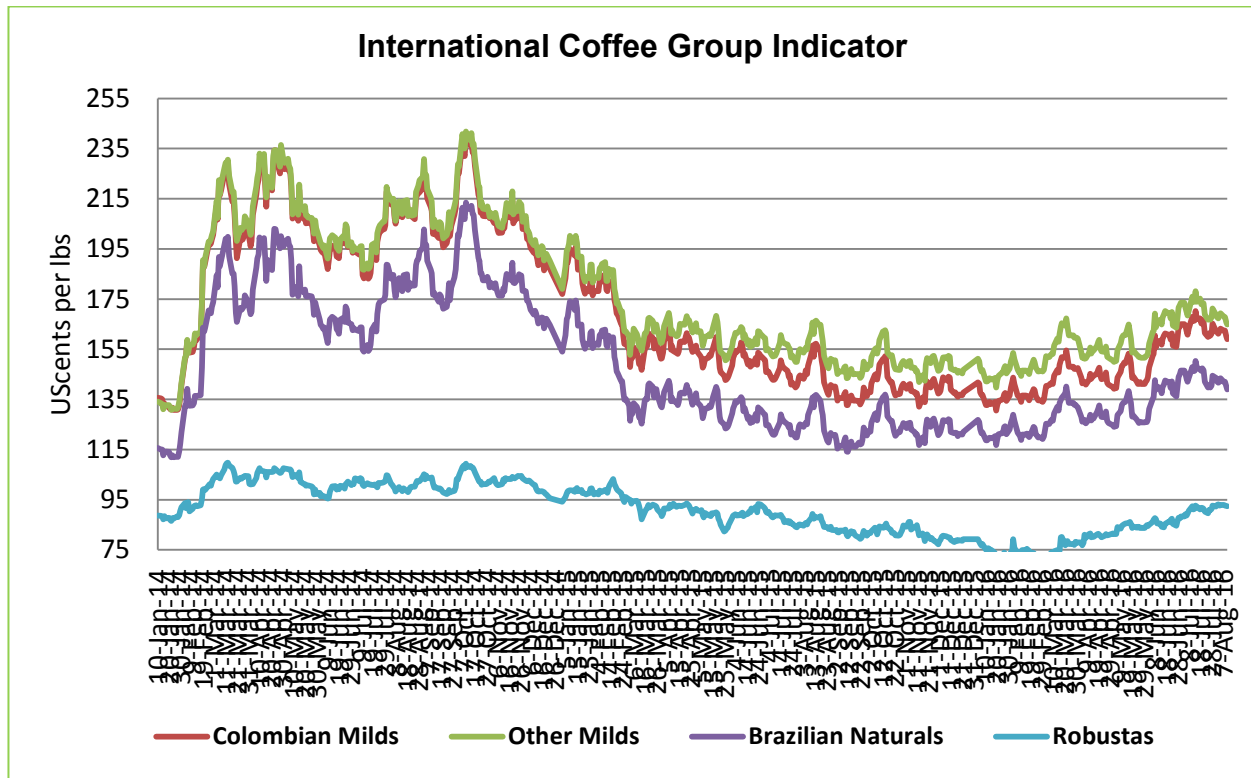
Coffee Beans Imports Of The World						
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 (June)
Bean Imports						
European Union	43,950	45,070	44,650	45,110	45,000	44,500
United States	23,700	23,360	24,550	23,525	24,500	24,550
Japan	5,965	7,520	6,890	7,150	7,420	7,375
Canada	2,225	2,330	2,525	2,450	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: ICO

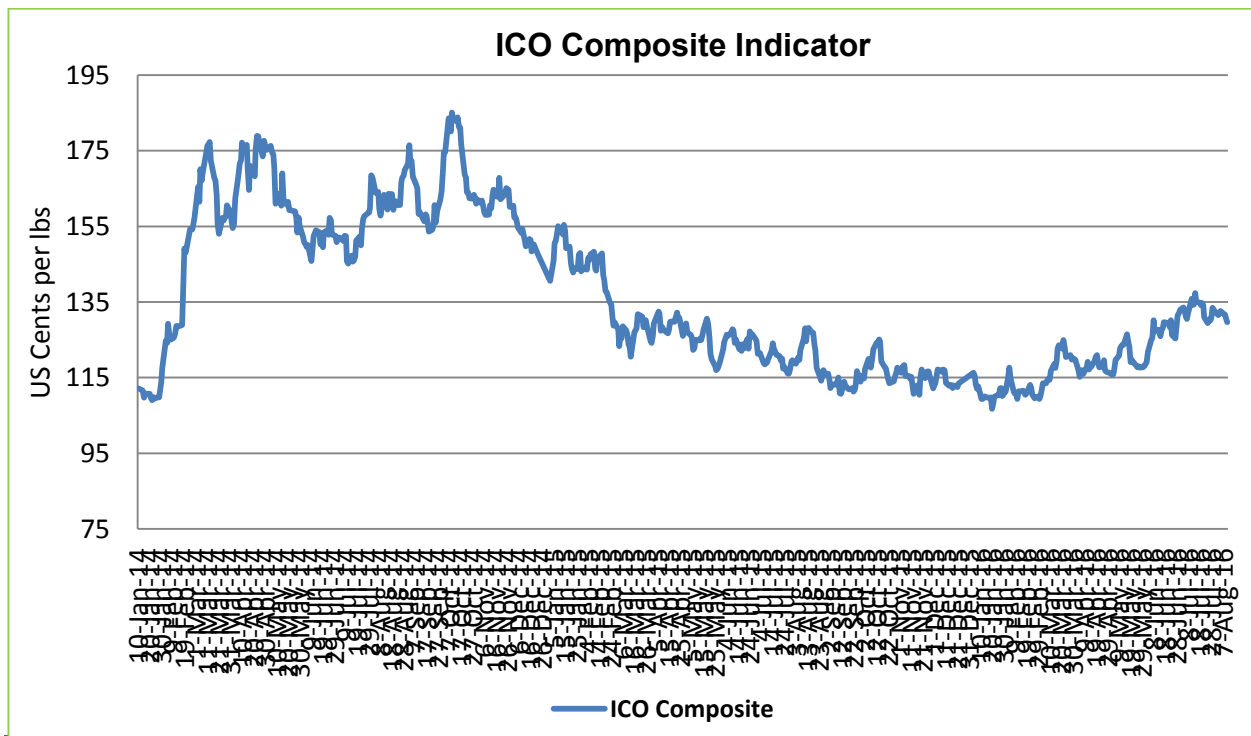
International Coffee Price Trend:-
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	11.08.2016	04.07.2016	11.07.2016	11.08.2015
ICO Composite Indicator	129.69	131.92	135.82	128.07
Colombian Milds				
US	160.25	164.75	169.25	155.25
Europe	157.60	159.08	166.40	157.87
Group Indicator	159.03	162.14	167.94	156.45
Other Milds				
US	168.19	172.19	176.94	168.19
Europe	162.53	166.49	175.40	164.11
Group Indicator	164.85	168.83	176.03	165.66
Brazilian Naturals				
US	126.25	129.75	134.25	127.25
Europe	143.49	146.32	152.70	138.77
Group Indicator	139.01	142.01	147.91	135.77
Robusta				
US	97.17	97.75	99	95.33
Europe	91.37	91.58	91.02	88.12
Group Indicator	92.36	92.63	92.38	89.27

US cents/lb

International Coffee Indicators Charts:-


Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(11-Aug-2016)	Week Ago(04-July-2016)	Month Ago(11-July-2016)	Weekly Change (%)
16-Sep	137.70	142.10	149.30	-3.09
16-Dec	141.15	145.70	152.15	-0.04
16-Mar	144.40	148.80	154.80	-3.28

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(11-Aug-2016)	Week Ago(04-July-2016)	Month Ago(11-July-2016)	Weekly Change (%)
16-July	1808	1817	1829	-0.82
16-Sep	1841	1846	1843	-0.82
16-Dec	1860	1865	165	-0.58

USD/T

International Coffee Prices

	11.08.2016	9.07.2016	11.07.2016	11.07.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	38650	38100	3870	36700
Vietnam FOB (2-5 pct)* (Saigon port)	1830.5	1815	1791	--
Indonesian FOB (4-80 defects)** (Lampung Port)	1840	1840	1890	1810

***FOB Values are in USD/T**

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (08/08/2016)	Average Prices In	Prices This Auction In (01/08/2016)
Arabica AA	51-302	245.9	91-294
Arabica AB	50-264	227-79	108-260
Arabica C	50-246	209.66	61-232
Arabica PB	119-261	225.77	57-267
Arabica T	24-165	92.9	39-161
Arabica TT	33-237	161.14	56-257

Units-\$/50 kg bags

Technical Analysis Of Coffee Future Market (Sep'2016 Contract At ICE Future Market)(Units in USC/lb)



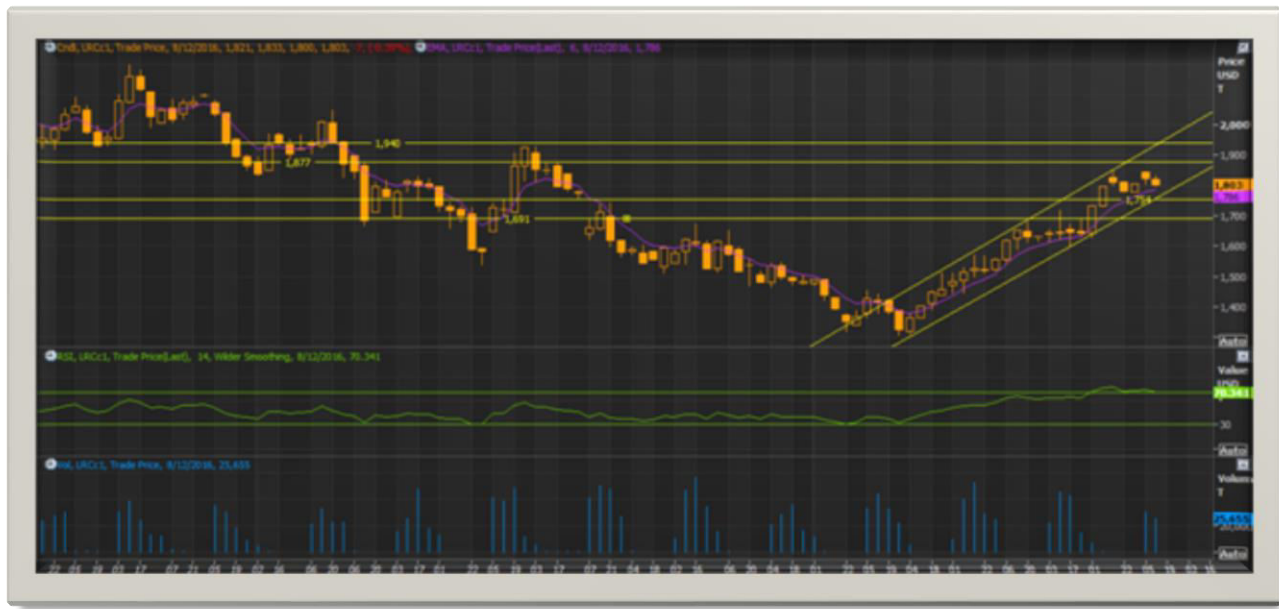
Outlook -Prices show downside of the market during the week. We expect prices to trade lower side in the market.

- Candlestick chart depicts downtrend in the market.
- Relatively, 14 days EMI stood slight up at 140.75 against 142.24 in the market hints downward momentum in the market.
- Higher volume and lower prices indicates further short covering phase of the market.
- On the other hand, RSI is higher at 53.42 compared to 62.23 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
119.82	127.8	136.58	157.33	171.23

Technical Analysis Of Coffee Future Market (Sep'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 1786 against last week records i.e.1762, indicating further higher tone in the market.
- On the other hand, RSI is higher at 70.34 in neutral region against 72.89 of last week hinting a further upward 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
1691	1754	1803	1877	1940

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