

Executive Summary

Domestic Coffee Market Summary

Karnataka physical market, extended mixed trend as on 9th Sep 2016 on mixed activities of exporters and traders in the market. Arrival has diminished since the market prices locally do not match the export prices and are high since the international markets are at the bulls pace. Sellers are holding their stocks in expectation of higher coffee prices, which is raising a problem for the exporters to purchase, since their contracts are at lower prices than the present markets. Prices are expected to trade on higher side on less coffee crop size estimates in the world of this season due to drought in major coffee growing areas.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2016 to 7th September 2016 is registered higher by 14.50 % at 210855 metric tons compared to 184150 metric tons exported to the corresponding period of previous year. India re-exports maximum Instant of coffee. Instant Coffee exports to 1st January 2016 to 7th September 2016 this year, recorded down by 21.61% at 17292 metric tons from preceding year volume of 22059 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 25.87 at 33981, 5.37% to 8894 metric tonnes and 30.18% at 129195 metric tons respectively from 1st January to 7th September against exports volume of 26995 metric ton, 8894 metric tonnes and 99239 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower for 21309 metric tonnes with a decline 21.57%.

Recommendation:

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

International Coffee Market Summary

As per cooperative Cooxupe, total 94% of Arabica coffee harvesting had been finished by its farmers as on 2nd Sep 2016 higher against 89% during the same period of time in 2015. Robusta coffee harvesting was already completed some weeks ago. Brazil is likely to complete its overall coffee harvesting soon of this season. On the other hand, IBGE forecasts Brazil's crop size of the season 2015/16 lower by 2.7% to 47.8 million bags from a month earlier followed by 39.8 million bags of Arabica crop size and 8 million bags of Robusta crop size after drought over the main producer state of Espirito Santo hurt farms.

Brazil shipped green coffee beans lower by 1.7% or 45,296 bags in the month of August than the corresponding month last year, at a total of 2,624,624 bags. As of now, Arabica coffee harvesting of the current season is complete. Exports for the new crop will pick up now.

As per sources, Conab, supply agency of Brazil's coffee crop sold total 64833 bags or 93% of the Arabica coffee stocks for sale in an auction as on 8th Sep 2016. Domestic roasters were the main buyers further to export to the North and Northeastern consumer markets in the country. Conab stored about 1.2 million 60 kg bags of Arabica in warehouse around the coffee belts. Roasters are showing their interest to use mainly low grade Arabica beans into their blends, replacing some Robusta beans, which have been lingering around record prices for several months.

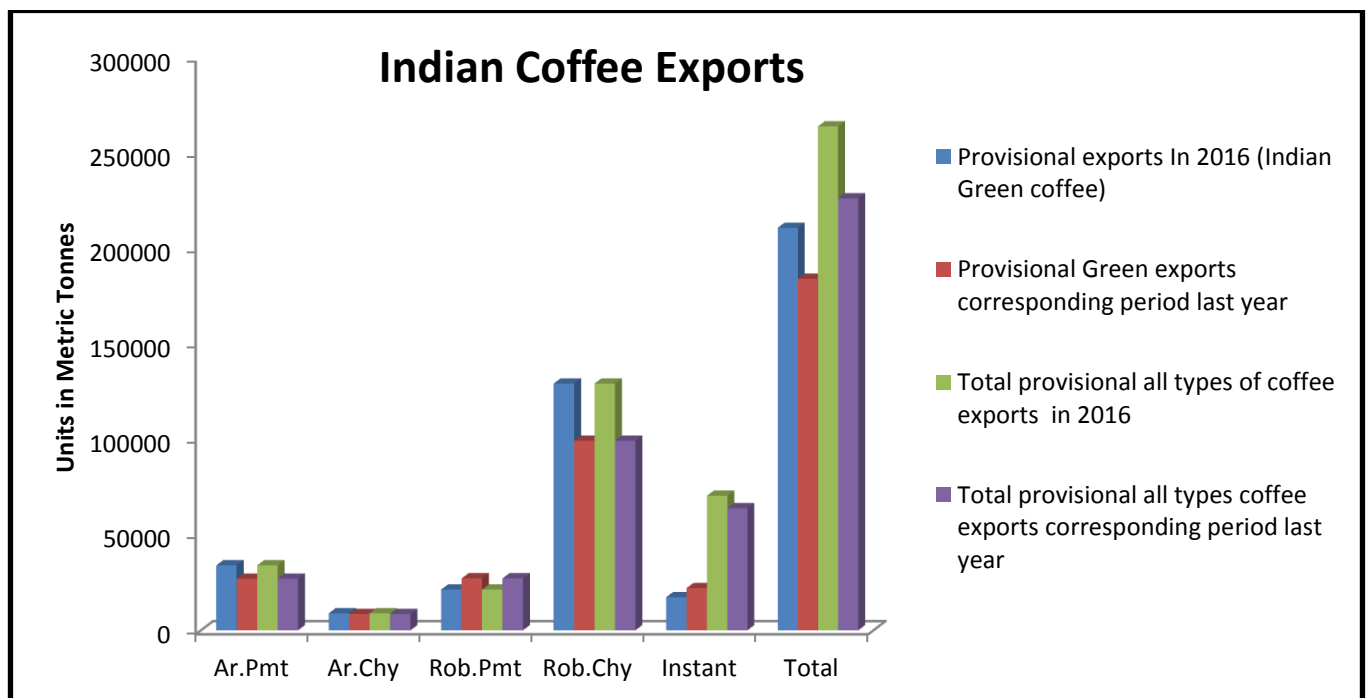
As per Sources, Indonesia is likely to produce 600,000 tonnes in 2016 which is lower than 620,000 tonnes produced in 2015 and below March forecast of 700,000 tonnes for this year due to unsupportive weather condition. Heavy rain in the current season hampered the flowers of coffee plants. As per an Industry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

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 st January 2016 to 07th September 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)	33981	8894	21309	129195	38	146	17292	210855
2	Provisional exports corresponding period last year	26995	8440	27171	99239	28	218	22059	184150
3	Provisional re-exports	0	0	0	0	0	91	53109	53200
4	Provisional re-exports corresponding period last year	0	0	0	0	119	227	41842	42188
5	Total provisional exports (1+3)	33981	8894	21309	129195	38	237	70401	264055
6	Total provisional exports corresponding period last year (2+4)	26995	8440	27171	99239	147	446	63901	226339

Source: The Coffee Board Of India



Source: The Coffee Board Of India

Coffee Crop Situation In India:-

Below table shows Coffee Crop Details in India:-

Indian Coffee Crop (USDA)						
Coffee, Green	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
India	USDA	New	USDA	New	USDA	New
	Official	Post	Official	Post	Official	Post
Area Planted	412	423	410	410	-	408
Area Harvested	372	386	370	370	-	365
Bearing Trees	553	556	541	541	-	532
Non-Bearing Trees	79	82	91	91	-	100
Total Tree	632	638	632	632	-	632
Population						
Beginning Stocks	2,026	2,026	2,691	2,586	-	2,677
Arabica Production	1,630	1,633	1,490	1,490	-	1,417
Robusta Production	3,810	3,817	3,810	3,810	-	3,753
Other Production	-	-	-	-	-	-
Total Production	5,440	5,450	5,300	5,300	-	5,170
Bean Imports	1,080	1,157	1,000	1,000	-	1,008
Roast & Ground	3	2	3	3	-	2
Imports						
Soluble Imports	42	45	38	38	-	40
Total Imports	1,125	1,204	1,041	1,041	-	1,050
Total Supply	8,591	8,680	9,032	8,927	-	8,897
Bean Exports	3,200	3,358	3,500	3,500	-	3,577
Rst-Grnd Exp.	4	11	3	5	-	7
Soluble Exports	1,496	1,525	1,497	1,495	-	1,466
Total Exports	4,700	4,894	5,000	5,000	-	5,050
Rst,Ground Dom.	770	770	650	650	-	667
Consum						
Soluble Dom. Cons.	430	430	600	600	-	600
Domestic	1,200	1,200	1,250	1,250	-	1,267
Consumption						
Ending Stocks	2,691	2,586	2,782	2,677	-	2,580
Total Distribution	8,591	8,680	9,032	8,927	-	8,897

Source: USDA

Domestic Raw Coffee Prices (Karnataka):-

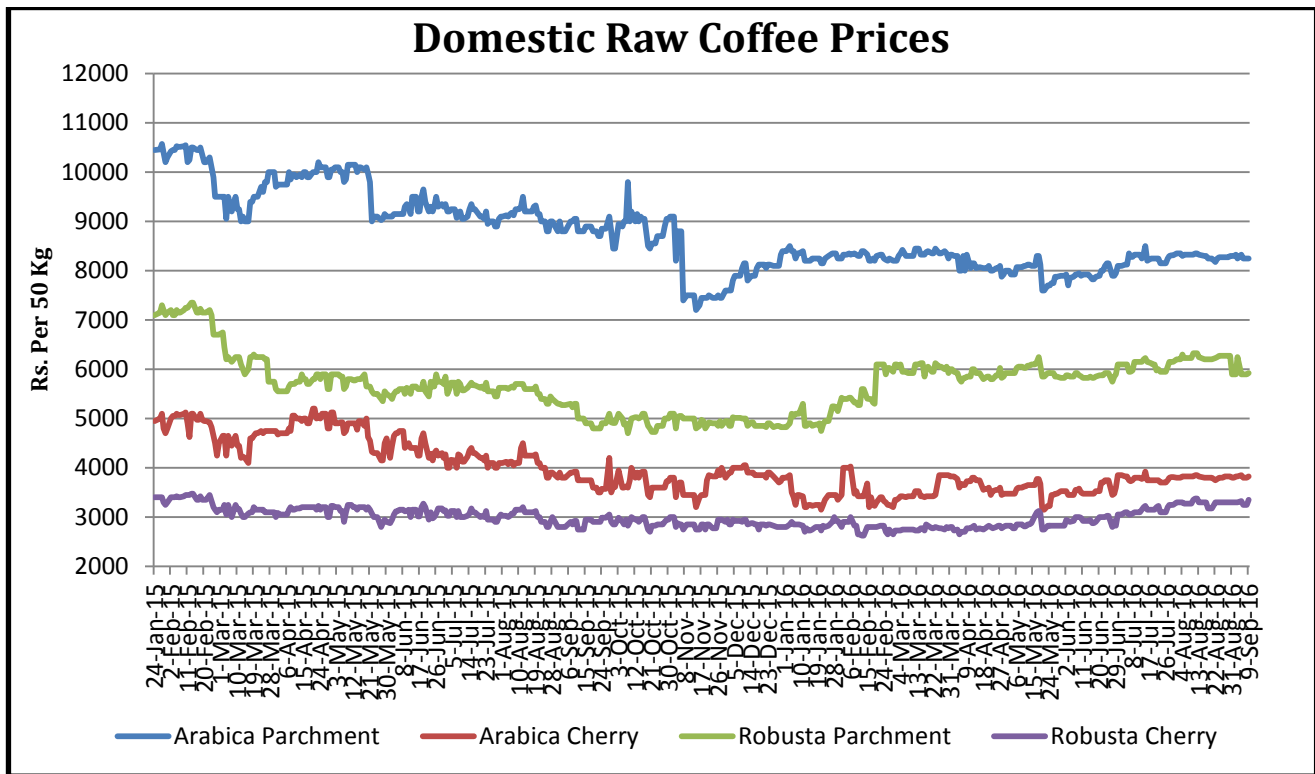
Variety	09.09.2016	02.09.2016	Change
Arabica Parchment	8250	8325	-0.90
Arabica Cherry	3825	3825	Unchanged
Robusta Parchment	5925	5900	0.43
Robusta Cherry	3350	3300	1.51

* Values in Rs. per 50 Kg

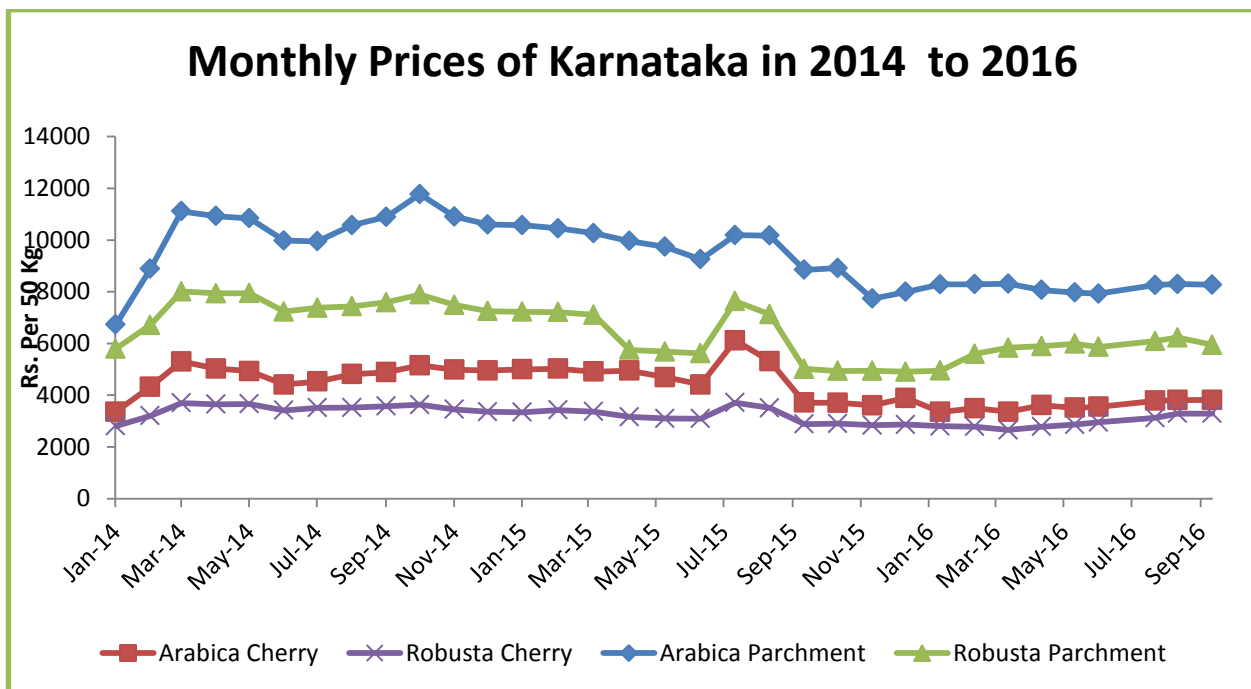
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	01.09.2016	25.08.2016	Change	01.09.2016	25.08.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	---	---	---	---
AA	---	---	---	172	---	---
PB	---	---	---	150	141	9
A	---	---	---	---	---	---
AB	---	---	---	149	---	---
B	---	---	---	---	---	---
C	---	---	---	---	---	---
BBB	122	---	---	---	---	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	---	---	---	---
A	---	---	---	143	---	---
PB	---	---	---	140	---	---
AA	---	---	---	---	---	---
AB	---	---	---	---	135	---
B	---	---	---	---	---	---
C	---	---	---	135	127	3
BBB	---	---	---	---	115	1

Values in Rs. per kg

Coffee Prices Of Auction Market & State Wise Market


Source: [The Coffee Board Of India](#)



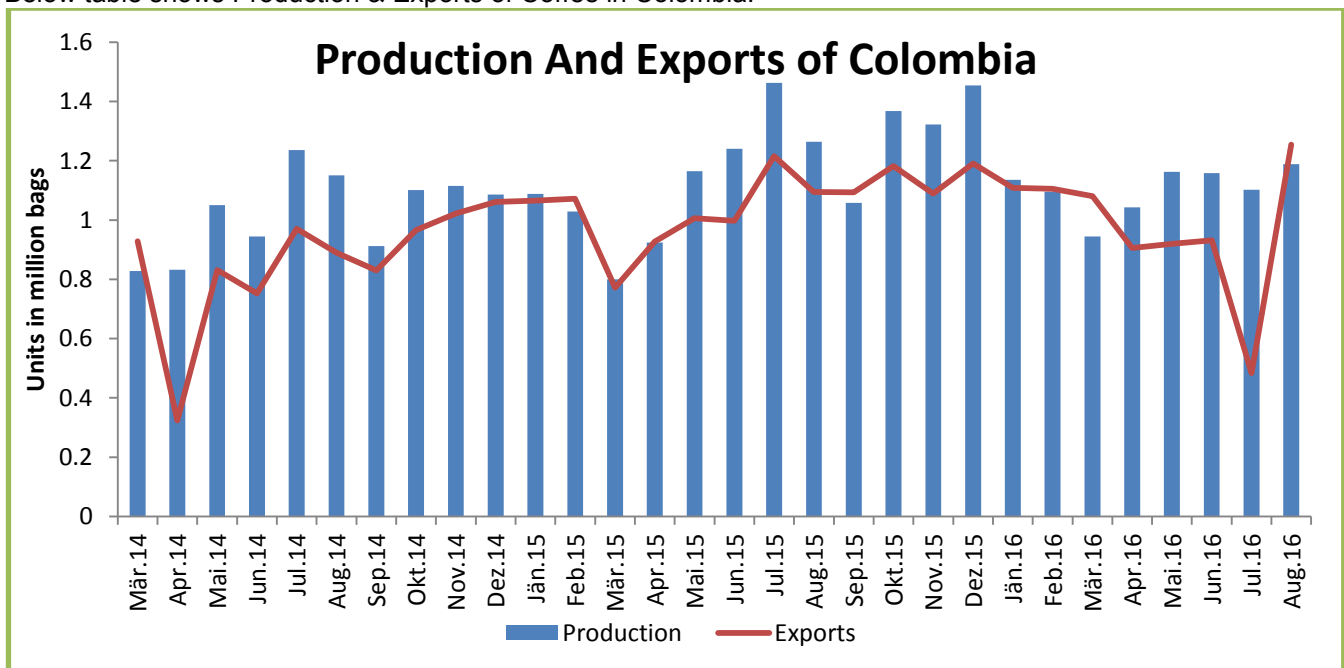
Source: [The Coffee Board Of India](#)

International Market Updates

ICE coffee future prices increased by 2% to 153.70 cents/lb in this week as on 8th Sep 2016 against 150.10 cents/lb of the last week. As per RTRS, ICE certified stocks declined by 1100 bags to 1271092 bags as on September 9, 2016 against previous day record i.e. 1272192. Speculators raised their net long position on Arabica coffee future and options market during this week.

Colombia:- As per the sources, Colombia harvested 1.18 million 60-kg bags of washed Arabica coffee in August month 2016 with a decline of 5.93% or 75000 against previous year record during the same month. Total production of this season (October 2015 to August 2016) stood 6% higher at 14 million bags as compared to last year crop size in the corresponding period of time because of braced for the expected La Nina phenomenon and potential heavy rains. On the other hand, total exports of August month is registered at 1.25 million bags with an increase of 16% against previous year record in the same month.

Below table shows Production & Exports of Coffee in Colombia:-



Source: Reuter

World:- 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.

Vietnam:- As per sources, Vietnam may produce lower coffee crop size by 10 to 15% in 2016/17 season as compared to the last harvest after rain returned to the Central Highlands coffee belt in mid-May, earlier than expected. As per Reuter poll, Vietnam is likely to harvest 26.5 million 60 kg bags in 2016/17 season with a decline of 4% below the 27.5-million-bag estimate of the current season. The peak harvest time in Daklak could be in December. Farmers may upload more stocks in upcoming days in expectation of higher coffee prices on good exporters demand.

Coffee Crop Details Of Vietnam:-

Below table depicts Production Supply and Demand of Vietnam:-

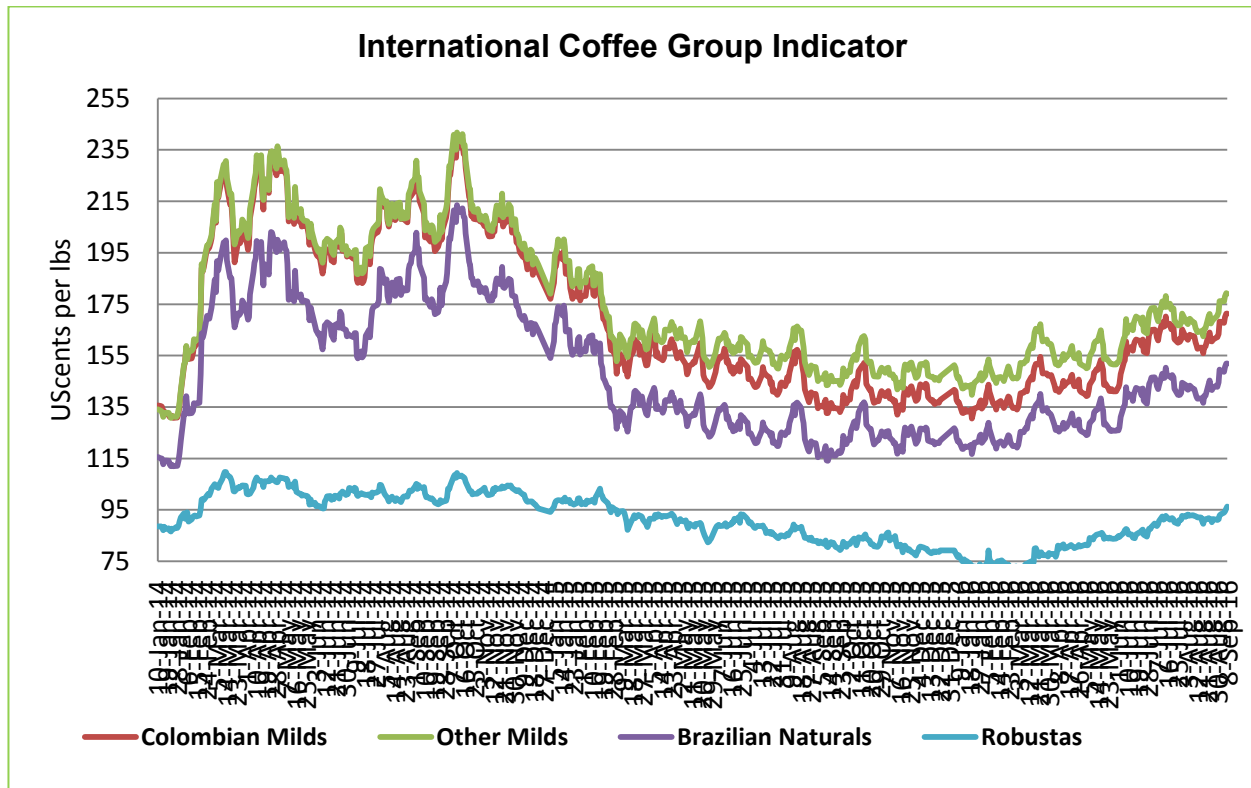
Vietnam's Coffee Production, Supply and Demand (PSD)						
Coffee, Green Market Year Begins Vietnam	2013/2014		2014/2015		2015/2016	
Market Year Begins	Oct 2013		Oct 2014		Oct 2015	
Vietnam	USDA	New	USDA	New	USDA	New
	Official	Post	Official	Post	Official	Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	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: USDA

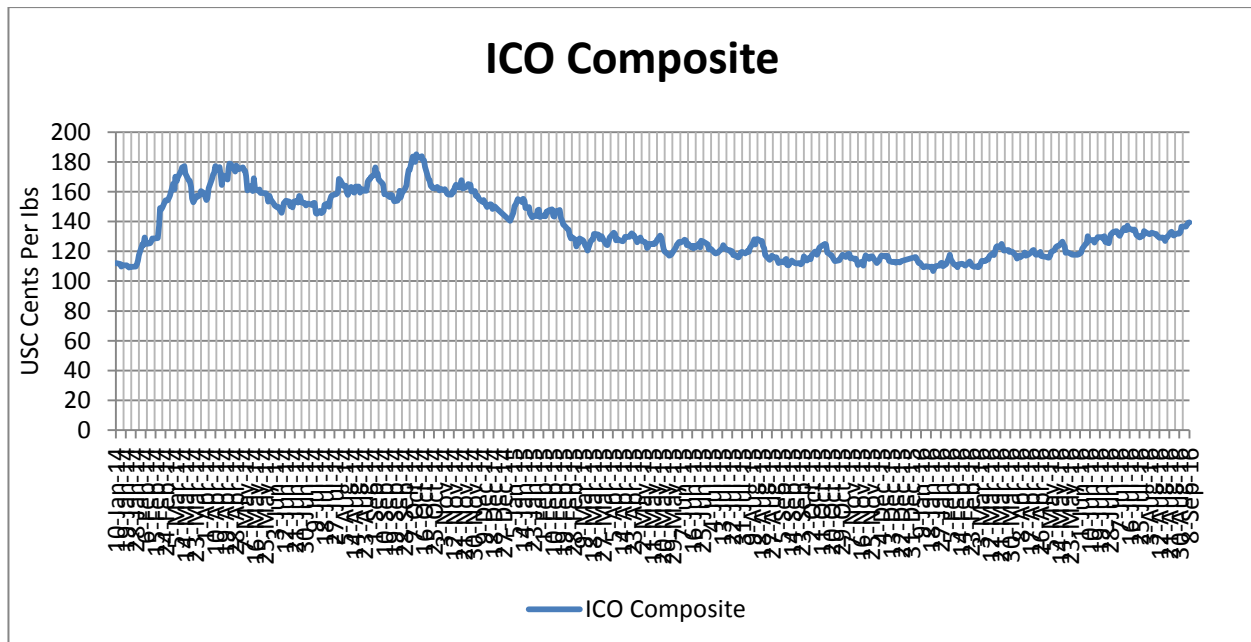
International Coffee Price Trend:-
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	08.09.2016	01.09.2016	08.08.2016	08.09.2015
ICO Composite Indicator	139.51	136.56	131.77	115.03
Colombian Milds				
US	171	167.50	163.75	135
Europe	171.60	168.99	160.63	141.28
Group Indicator	171.27	168.19	162.32	137.89
Other Milds				
US	181.94	179.44	171.19	149.69
Europe	177.03	174.02	165.58	147.30
Group Indicator	179.04	176.24	167.88	148.21
Brazilian Naturals				
US	140	138.50	128.75	111
Europe	156.03	153.48	146.52	122.90
Group Indicator	151.86	149.58	141.90	119.81
Robusta				
US	101.17	97.67	97.92	89.08
Europe	95.34	91.80	91.83	81.94
Group Indicator	96.33	92.79	92.87	83.08

US cents/lb

International Coffee Indicators Charts:-


Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(08-Sep-2016)	Week Ago(01-Sep-2016)	Month Ago(08-Aug-2016)	Weekly Change (%)
16-Sep	153.70	150.1	141.10	2
16-Dec	154.90	151.4	144.80	2.31
16-Mar	158.15	154.5	147.95	2.36

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(08-Sep-2016)	Week Ago(01-Sep-2016)	Month Ago(08-Aug-2016)	Weekly Change (%)
16-July	1922	1826	1825	5
16-Sep	1927	1852	1855	4.04
16-Dec	1949	1869	1874	4.28

USD/T

International Coffee Prices

	08.09.2016	01.09.2016	08.08.2016	08.09.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	40100	38800	--	35450
Vietnam FOB (2-5 pct)* (Saigon port)	1905	1806.5	---	---
Indonesian FOB (4-80 defects)** (Lampung Port)	1880	1860	---	1625

*FOB Values are in USD/T

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (26/08/2016)	Average Prices In	Prices This Auction In (19/08/2016)
Arabica AA	70-299	250.33	99-278
Arabica AB	57-261	232.42	55-228
Arabica C	51-242	201.32	146-261
Arabica PB	62-248	220.16	13-160
Arabica T	39-184	100.64	13-160
Arabica TT	148-220	173.55	106-236

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.
- However, 14 days EMA stood slight up at 145.54 against 143.78 in the market hints downward momentum in the market.
- Low volume however higher prices indicates further short covering phase of the market.
- On the other hand, RSI is higher at 62.44 compared to 62.60 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
127.37	138.37	150.1	155.22	168.84

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 1830 against last week records i.e.1801, indicating further strong tone in the market.
- On the other hand, RSI is higher at 75.75 in neutral region against 71.6 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.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
1734	1790	1903	1957	2049

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>

© 2015 Indian Agribusiness Systems Pvt. Ltd.