

Executive Summary

Domestic Coffee Market Summary

Karnataka physical market traded in steady to higher zone as on 16th Sep 2016 on slowly improved demand of exporters & on estimation of lower crop size in the world. Overall demand is very slow in the market as prices are very high due to higher international market. As of now, 8 to 10% stocks are remaining available in the market. It is raining in small showers in the coffee belts of India. Traders and exporters are not much active due to higher coffee prices. Farmers and traders of India expect a fall in Robusta crops production by 15 to 20% despite good monsoon. While, the coffee board of India expects 10 to 20% decline to Robusta crops of this season harvesting.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2016 to 14th September 2016 is registered higher by 14.85 % at 214991 metric tons compared to 187179 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 14th September 2016 this year, recorded down by 21.24% at 17629 metric tons from preceding year volume of 22384 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 25.64 at 34386, 5.53% to 8996 metric tonnes and 30.35% at 131673 metric tons respectively from 1st January to 14th September against exports volume of 27368 metric ton, 8524 metric tonnes and 101010 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower for 22121 metric tonnes with a decline 19.96%. Coffee exports volume may rise in upcoming months due to continuous rainfall in Vietnam, one of the largest producer of Robusta beans.

Recommendation:

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

International Coffee Market Summary

As per the customs department, total shipment of Vietnam is recorded at 152678 tonnes (2.54 million 60 kg bags) of coffee in August 2016 with an increase in 9.2% from July 2016. Total coffee exports from October 2015 to August 2016 is higher by 33% to 1.61 million bags of the first 11 months of the 2015/16 crop year as compared to last year record during the same period of time. Traders had forecast coffee shipments of August at 100,000-120,000 tonnes, while the government estimated the volume at 140,000 tonnes.

As per the National Coffee Association report, Guatemala exported higher coffee beans by 27.07% or 64353 bags for the month of August 2016 compared to the same month last year which stood at 302,048 bags. As a result, cumulative coffee exports to the first eleven months of the present October 2015 to September 2016 coffee year stood up by 77,916 bags or 2.84% against the same period in the previous coffee year, at a total of 2,823,267 bags.

As per sources, Ivory coast shipped coffee beans higher by 32% to 45018 tonnes in the seven month to the end of July 2016 against 34111 tonnes of July 2015 in the corresponding period of time.

Below table shows Ivory coffee beans export details :-

Ivory Coffee Beans Exports (Units in Tonnes)			
States	Jul-16	Jun-16	Jul-15
Abidjan	4794	7105	6281
San Pedro	1823	1165	273
Total	6617	8270	6554
Cumulative	45018	38401	34111

Source: Reuters

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01st January 2016 to 14th 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)	34386	8996	22121	131673	38	148	17629	214991
2	Provisional exports corresponding period last year	27368	8524	27639	101010	28	226	22384	187179
3	Provisional re-exports	0	0	0	0	0	91	53759	53849
4	Provisional re-exports corresponding period last year	0	0	0	0	119	243	43162	43524
5	Total provisional exports (1+3)	34386	8996	22121	131673	38	239	71388	268841
6	Total provisional exports corresponding period last year (2+4)	27368	8524	27639	101010	147	469	65546	230703

Source: The Coffee Board Of India

COUNTRY WISE EXPORT OF COFFEE DURING 01/01/2016 To 12/09/2016					
[BOTH INDIAN AND RE-EXPORTED COFFEE]					
[PROVISIONAL AND BASED ON EXPORT PERMITS]					
NAME OF THE COUNTRY	ARABICA	ROBUSTA	INSTANT (GBE)	ROASTED (GBE)	TOTAL
	(IN TONNES)	(IN TONNES)	(IN TONNES)	(IN TONNES)	(IN TONNES)
ITALY	7384.500	60841.560	287.383	90.521	68603.964
GERMANY	5678.680	19161.850	1365.000	0.117	26205.647
RUSSIAN FEDERATION	836.200	2078.850	16955.656	0.000	19870.706
BELGIUM	8146.160	9211.180	343.083	0.083	17700.506
TURKEY	60.120	393.780	10135.820	0.000	10589.720
SLOVENIA	18.000	9290.200	0.000	0.000	9308.200
JORDAN	5231.640	1816.800	42.120	0.000	7090.560
SPAIN	66.600	6471.200	37.440	0.000	6575.240
POLAND	15.090	1115.410	5336.521	10.254	6477.275
GREECE	258.000	5498.040	122.850	0.000	5878.890
OTHERS	15470.196	37091.146	36460.334	174.825	89196.501
TOTAL	43165.186	152970.016	71086.207	275.800	267497.209

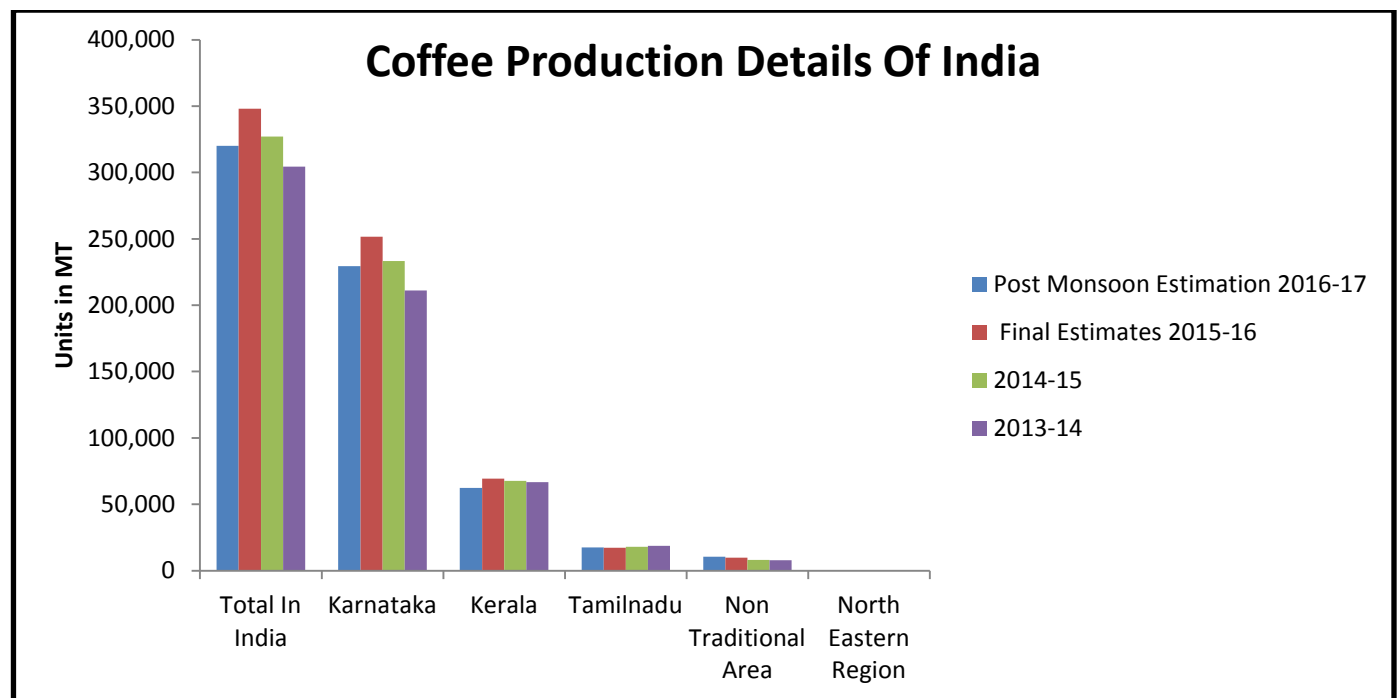
Source: The Coffee Board Of India

Coffee Crop Situation In India:-

Below table shows Coffee Crop Details in India:-

States	Post Monsoon Estimation 2016-17	Final Estimates 2015-16	2014-15	2013-14	%change
Total In India	320,000	348,000	327,000	304,500	(2.14)
Karnataka	229,345	251,520	233,230	211,100	(1.67)
Kerala	62,440	69,230	67,700	66,675	(7.77)
Tamilnadu	17,560	17,295	17,875	18,775	(1.76)
Non Traditional Area	10,450	9,800	7,975	7,760	31.03
North Eastern Region	205	155	220	190	(6.82)

Source: The Coffee Board Of India



Source: The Coffee Board OF India

Domestic Raw Coffee Prices (Karnataka):-

Variety	16.09.2016	09.09.2016	Change
Arabica Parchment	8250	8250	Unchanged
Arabica Cherry	3800	3825	25
Robusta Parchment	5925	5925	25
Robusta Cherry	3300	3350	50

* Values in Rs. per 50 Kg

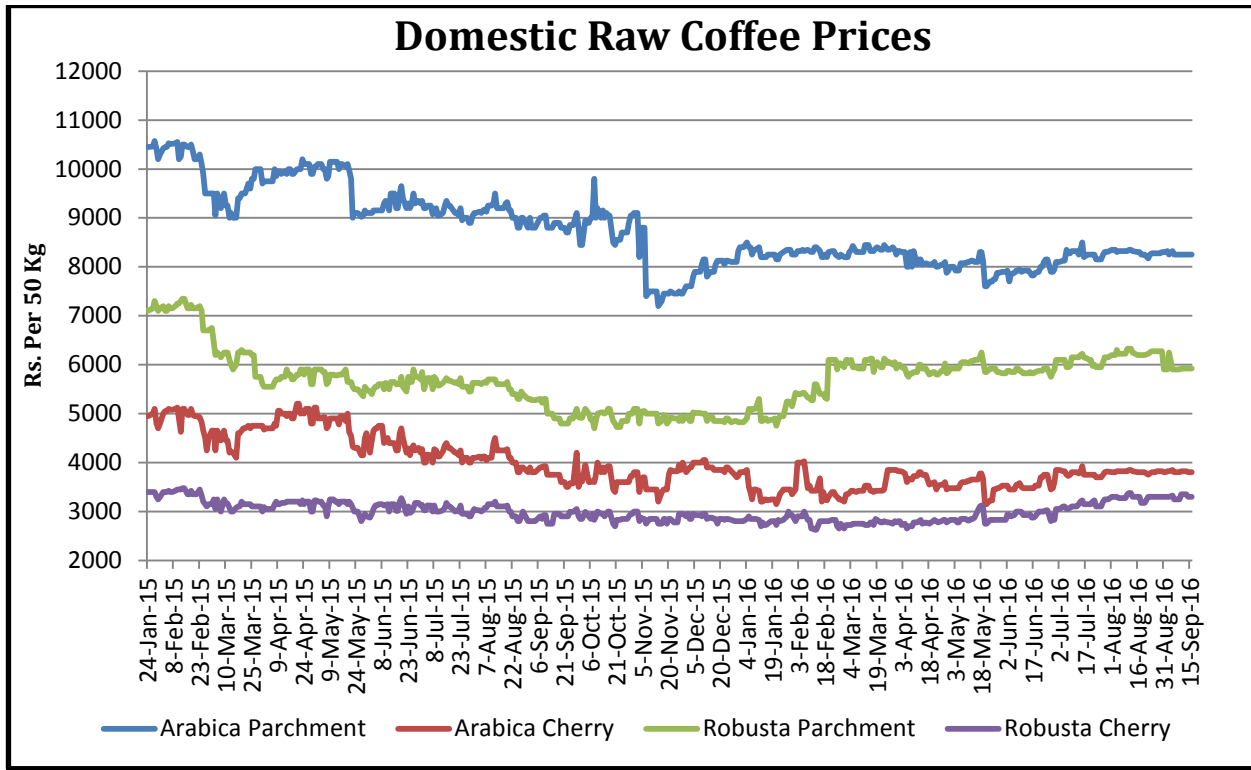
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	08.09.2016	01.09.2016	Change	08.09.2016	01.09.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	---	---	---	---
AA	---	---	---	---	172	---
PB	225	---	---	151.5	150	1.5
A	---	---	---	---	---	---
AB	---	---	---	150	149	1
B	---	---	---	---	---	---
C	---	---	---	125	---	---
BBB	122	122	Unchanged	115	---	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	---	---	---	---
A	---	---	---	---	143	---
PB	---	---	---	---	140	---
AA	---	---	---	---	---	---
AB	---	---	---	---	---	---
B	---	---	---	---	---	---
C	---	---	---	---	135	---

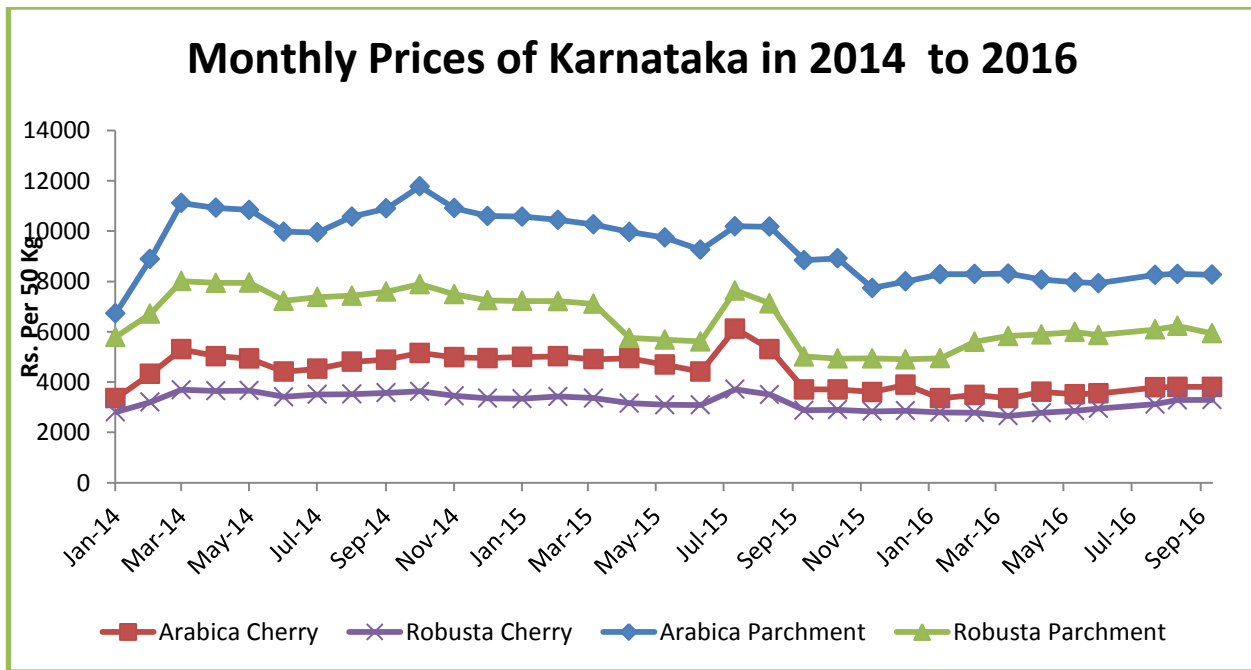


BBB	115	---	---	---	---	---
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Values in Rs. per kg

Coffee Prices Of Auction Market & State Wise Market


Source: The Coffee Board Of India



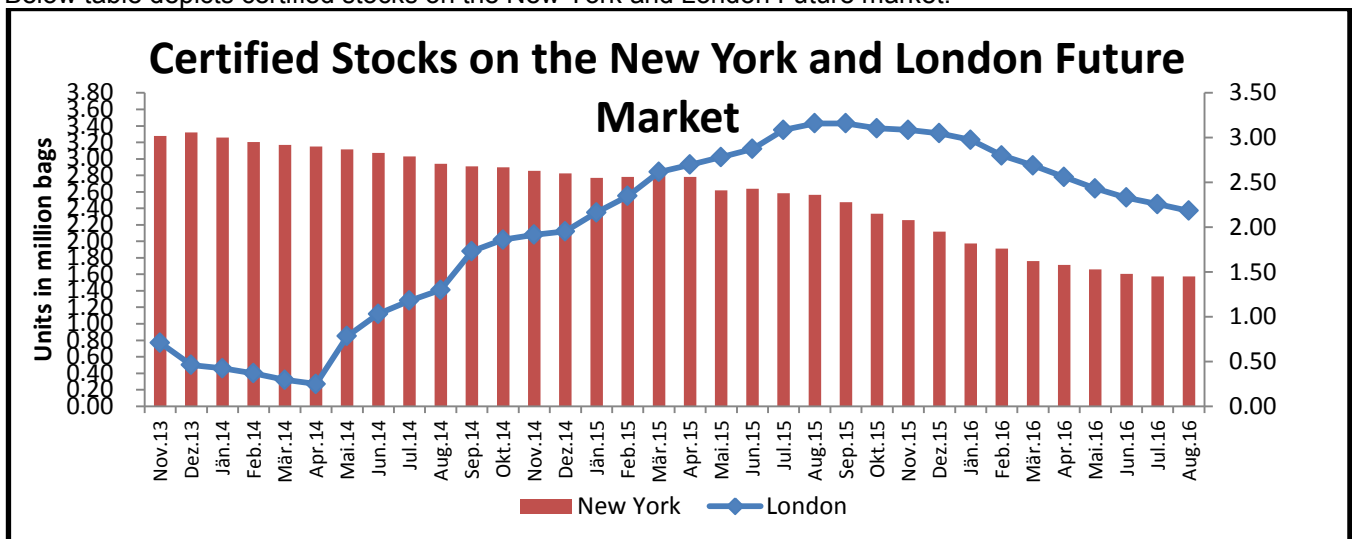
Source: The Coffee Board Of India

International Market Updates

ICE coffee future prices increased by 3.96% to 147.60 cents/lb in this week as on 15th Sep 2016 against 13.70 cents/lb of the last week. As per RTRS, ICE certified stocks declined by 2011 bags to 1275025 bags as on September 15, 2016 against previous day record. The daily price of the ICO composite indicator went down consecutively last two weeks of August month 2016 because the Brazilian Arabica harvest seemed to make it through the frost season relatively unscathed. Prices then recovered to around their original levels by the end of the month amid concerns being raised over the development of the 2017/18 Brazilian crop. Overall, prices moved with a little bit changed, settling on 131 US cents/lb, 1.5% lower than the July average prices.

As per recent ICO report, certified stocks on the London and New York future market is registered at 2.37 million bags and 1.45 million bags in August 2016 respectively. Total stocks on London exchange of July month stood lower by 3.26% while it is registered same as August month.

Below table depicts certified stocks on the New York and London Future market:-



Source: Reuters

Brazil:- As per Cacafo, Brazil shipped 2.40 million 60 kg bags of green coffee beans in August 2016 with a decline of 7.4% against 2.59 million bags in previous year during the same period of time. Arabica coffee went up by 7.5% to 2.36 million bags in August 2016 from a year ago. Robusta exports slumped by 90% to 39,327 bags from the same month last year due to the drought damage in the main Robusta grower Espirito Santo earlier this year.

Below table shows Brazil's Coffee Exports Details:-

Brazil's Coffee Exports Details					
Month	Robusta	Arabica	Green	Soluble	Total
Jan-16	78,044	2.46 MLN	2.538 MLN	268,959	2.809 MLN
Feb-16	70,205	2.552 MLN	2.623 MLN	313,358	2.938 MLN
Mar-16	61,531	2.709 MLN	2.770 MLN	330,186	3.103 MLN
Apr-16	59,647	2.124 MLN	2.184 MLN	272,495	2.458 MLN
May-16	68,141	2.161 MLN	2.229 MLN	297,979	2.529 MLN
Jun-16	83,464	2.014 MLN	2.097 MLN	350,768	2.451 MLN
Jul-16	38,238	1.609 MLN	1.648 MLN	305,871	1.956 MLN
Aug-16	39,327	2.362 MLN	2.402 MLN	287,916	2.692 MLN
Total	1,598,269	29.180 MLN	30.779 MLN	3,599,619	34,406,071

Source: Reuter

Coffee Exports Of The World:-

Below table depicts Coffee exports details of the world:-

Monthly export data for the last six months						
	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
TOTAL	9 605	10 649	9 677	9 458	9 359	7 747
Angola	0	0	3	0	1	1
Bolivia	2	1	0	1	1	1
Brazil	2 938	3 102	2 458	2 529	2 449	1 926
Burundi	30	10	6	3	9	18
Cameroon	9	24	50	45	40	35
Central African Republic	18	18	17	13	10	6
Colombia	1 113	1 092	931	891	935	489
Congo, Dem. Rep. of	12	12	12	12	12	12
Costa Rica	144	175	170	172	160	113
Côte d'Ivoire	130	154	125	185	180	175
Cuba	3	1	0	1	1	1
Dominican Republic	1	3	2	2	1	1
Ecuador	70	84	63	74	70	66
El Salvador	54	51	81	37	45	30
Ethiopia	183	228	264	301	358	353
Gabon	0	0	0	0	0	0
Ghana	0	0	0	0	0	0
Guatemala	287	340	406	353	320	300
Honduras	704	634	713	722	567	403
India	538	702	645	627	620	412
Indonesia	501	383	344	343	432	400
Jamaica	0	1	1	1	2	2
Kenya	40	75	76	78	85	67
Liberia	0	0	0	0	0	0
Madagascar	6	6	5	6	7	7
Malawi	1	1	1	1	1	1
Mexico	186	240	218	243	250	225
Nicaragua	182	227	306	296	255	200
Panama	3	3	3	3	3	3
Papua New Guinea	39	42	46	52	90	125
Paraguay	0	0	0	0	0	0
Peru	123	111	58	79	160	339
Philippines	1	1	0	0	3	0
Rwanda	18	14	10	10	12	18
Sierra Leone	2	3	3	3	4	4
Tanzania	135	103	90	72	49	40
Thailand	2	2	2	2	2	2
Timor-Leste	8	6	5	4	4	3
Togo	11	11	8	7	6	5
Uganda	272	248	327	287	266	268
Vietnam	1 800	2 500	2 175	1 950	1 900	1 650
Yemen	1	1	1	1	1	1
Zambia	0	0	0	0	0	0
Zimbabwe	1	1	1	1	1	1
Others	39	40	51	49	46	44

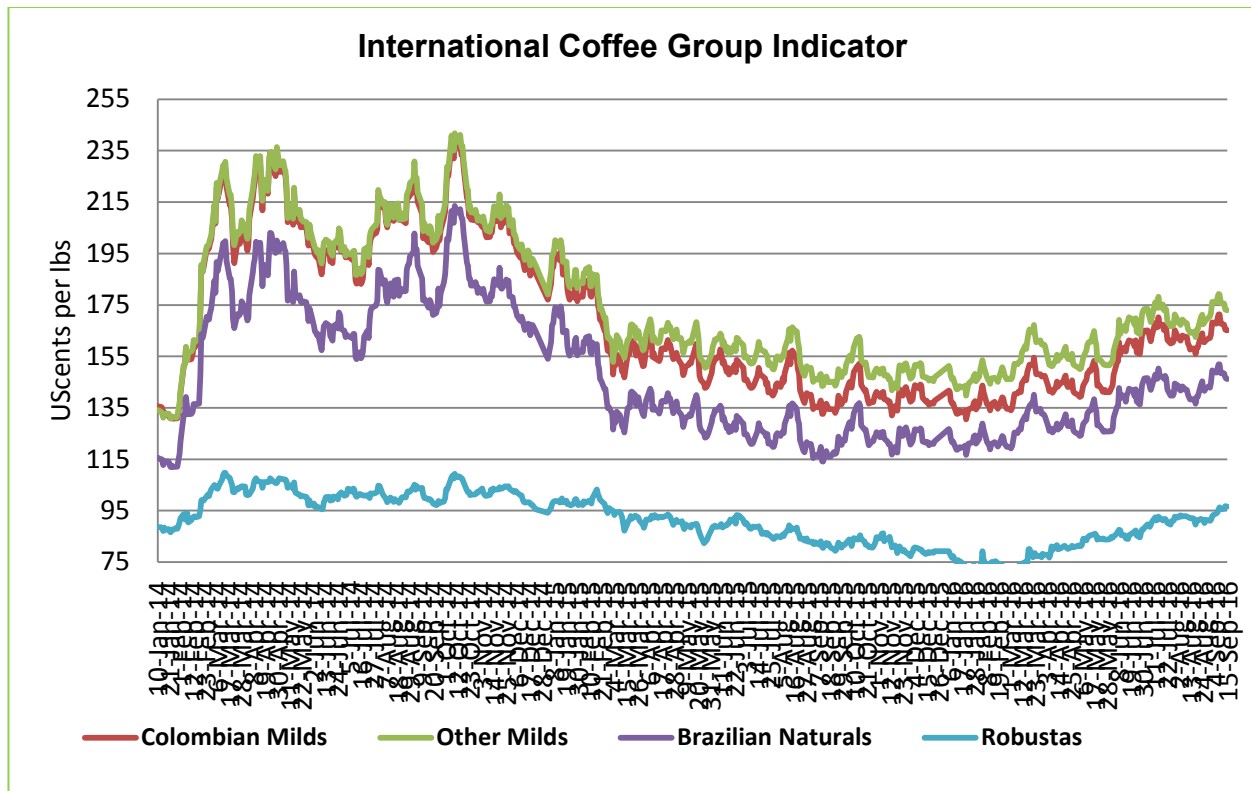


Source: ICO

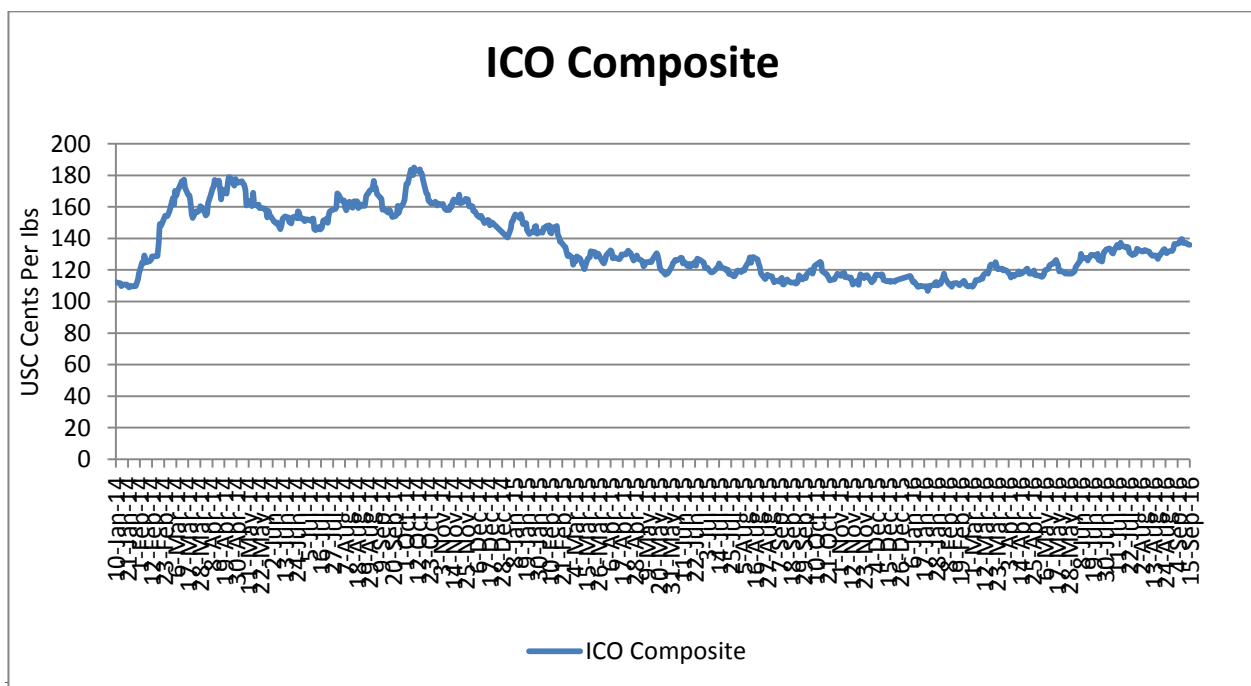
International Coffee Price Trend:-
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	15.09.2016	08.09.2016	15.08.2016	15.09.2015
ICO Composite Indicator	135.89	139.51	129.24	112.72
Colombian Milds				
US	164	171	158.50	133.75
Europe	166.35	171.60	157.79	137.55
Group Indicator	165.08	171.27	158.17	135.50
Other Milds				
US	174.44	181.94	167.19	147.44
Europe	171.87	177.03	162.62	144.75
Group Indicator	172.92	179.04	164.49	145.77
Brazilian Naturals				
US	133	140	126.50	108.75
Europe	150.87	156.03	142.58	119.32
Group Indicator	146.22	151.86	138.40	116.57
Robusta				
US	101.08	101.17	96.92	87.83
Europe	95.67	95.34	91.08	80.50
Group Indicator	96.59	96.33	92.07	81.67

US cents/lb

International Coffee Indicators Charts:-


Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(15-Sep-2016)	Week Ago(08-Sep-2016)	Month Ago(15-Aug-2016)	Weekly Change (%)
16-Sep	147.60	153.70	136.85	-3.96
16-Dec	148.9	154.90	140.35	-3.87
16-Mar	152.10	158.15	143.55	-3.82

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(15-Sep-2016)	Week Ago(08-Sep-2016)	Month Ago(15-Aug-2016)	Weekly Change (%)
16-July	1927	1922	1801	0.26
16-Sep	1936	1927	1834	0.46
16-Dec	1955	1949	1853	0.30

USD/T

International Coffee Prices

	15.09.2016	08.09.2016	15.08.2016	15.09.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	40400	40100		35400
Vietnam FOB (2-5 pct)* (Saigon port)	1927	1905	1814	1669.5
Indonesian FOB (4-80 defects)** (Lampung Port)	1890	1880	---	1630s

*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 EMI stood slight up at 147.39 against 149.95 in the market hints downward momentum in the market.
- Lower volume & prices indicates further short build up phase of the market.
- On the other hand, RSI is down at 59.64 compared to 62.44 of last week momentum indicating weak tone in the next week.

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

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
138.48	142.59	147.35	155.26	168.82

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 steady to downside in next week.

- Candlestick chart shows downward momentum in the market.
- However, 14-days EMI is moving higher at 1856 against last week records i.e.1838, indicating further weak tone in the market.
- On the other hand, RSI is higher at 76.75 in neutral region against 75.75 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.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
1793	1838	1920	1971	2019

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