

Executive Summary**Domestic Coffee Market Summary**

Karnataka physical market extended its high trend as on 22nd Sep 2016 on improved demand. Overall demand is very slow in the market as prices are very high due to higher international market. Exporters are trying to finish their earlier commitments as the markets seem to rise. It is raining in small showers in the coffee belts of India. Farmers and traders of India expect a fall in Robusta crops production by 15 to 20% despite good monsoon. Price as of now seem to be heading higher and may remain volatile, due to shortage of crop internationally.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2016 to 22nd September 2016 is registered higher by 15.68 % at 221321 metric tons compared to 191310 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 22nd September 2016 this year, recorded down by 19.36% at 18310 metric tons from preceding year volume of 22708 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 25.89 at 38984, 7.03% to 9174 metric tonnes and 30.58% at 135670 metric tons respectively from 1st January to 22nd September against exports volume of 27789 metric ton, 8571 metric tonnes and 103892 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower for 22989 metric tonnes with a decline 18.18%. 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 a poll of industry insider, Brazil is likely to harvest a bumper coffee crop at 54.9 million bags in 2016/17 season because of dry weather condition which has yielded good quality beans than previous year. Other sources like traders, exporters keeps coffee crop estimates in the range between 47.8 million to 60 million bags. Harvesting in the country is almost near to finish of this season. Robusta coffee crop size in Brazil is expected to be lower size on account of worst drought in recent history which may affect next year crop size as well. The production of Robusta declined near 30% to 10.75 million bags this crop against 2014/15 Robusta crop size. Brazil's Arabica crop is concentrated in South Minas, with the bulk of the country's conillon crop coming from the northern half of Espirito Santo state. Total carryover stocks from 2015/16 in June, stood between 2 million bags and 8 million bags. According to Brazil's crop supply agency Conab Brazil may grow coffee at 49.64 million bags in 2016 down slightly from its May forecast, after losses from drought in Robusta growing regions eclipsed gains in Arabica areas.

Dry weather is expected to continue for a while, and flowering is due to start. Most producers in the region talk of losses and more traders feel that production in Brazil could be less than 50 million bags. Robusta production is improving for the next crop in Vietnam with improved rains. It has been wet in Indonesia and the harvest there has been affected. Producers in Central America are expecting mixed production this year, but most seem optimistic on good production potential. They have been selling as the region gets ready for the next production that is just around the corner. Conditions seem generally good there right now.

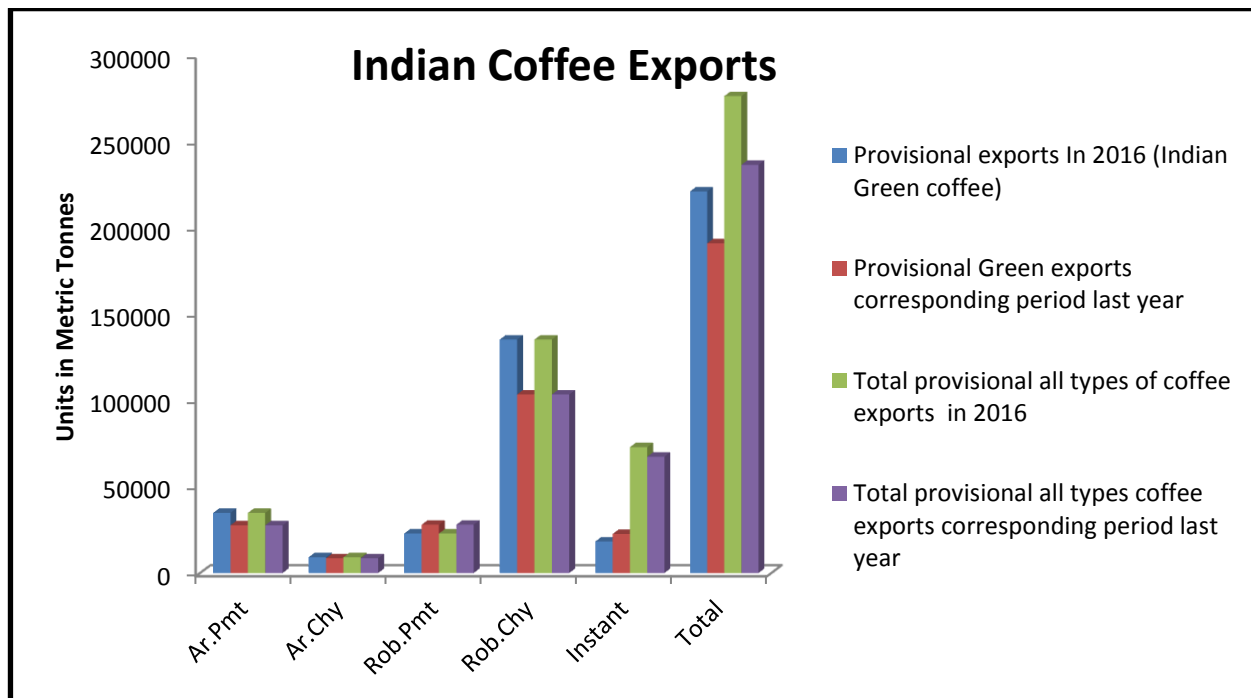
As per USDA recent report, coffee production of the world is estimated slight higher by 1.56% at 155,697 thousands 60 kg bags for 2016/17 season against 153292 thousands 60 kg bags in 2015/16. where as, consumption of the world is placed at 150806 thousands 60 kg bags with an increase of 1.15% from last 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.

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 st January 2016 to 22nd 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)	34984	9174	22986	135670	40	158	18310	221321
2	Provisional exports corresponding period last year	27789	8571	28094	103892	28	228	22708	191310
3	Provisional re-exports	0	0	0	0	0	91	55007	55097
4	Provisional re-exports corresponding period last year	0	0	0	0	119	248	45015	45381
5	Total provisional exports (1+3)	34984	9174	22986	135670	40	248	73316	276419
6	Total provisional exports corresponding period last year (2+4)	27789	8571	28094	103892	147	476	67723	236691

Source: The Coffee Board Of India



Source: The Coffee Board Of India

Domestic Consumption In India:-

Below table shows Domestic Coffee Consumption Details in 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):-

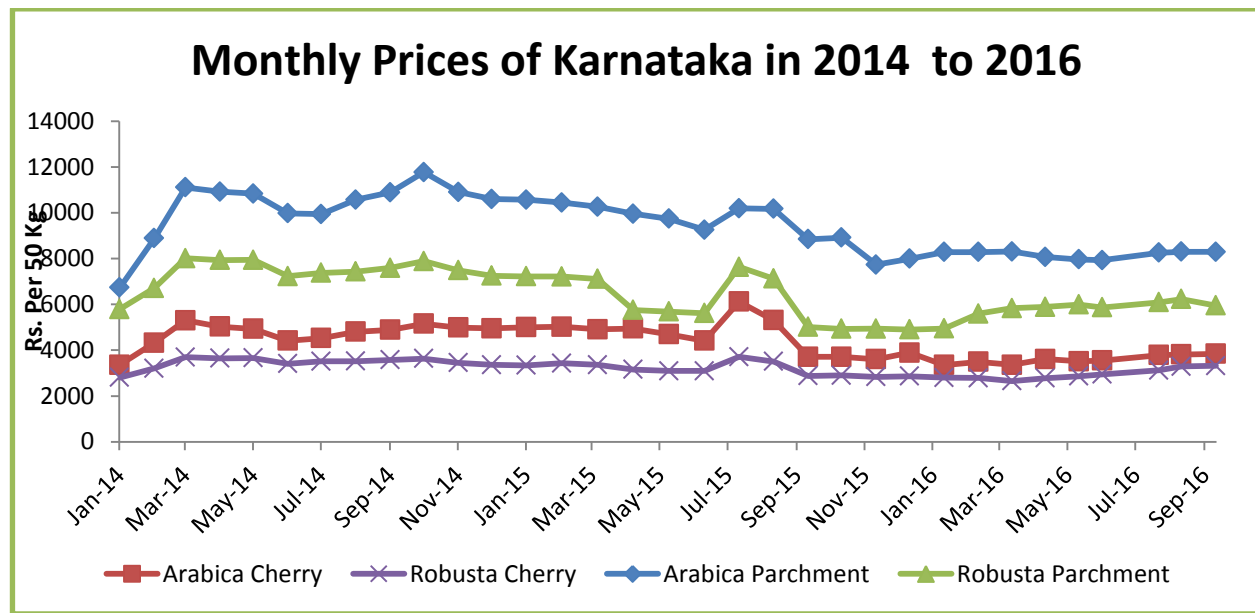
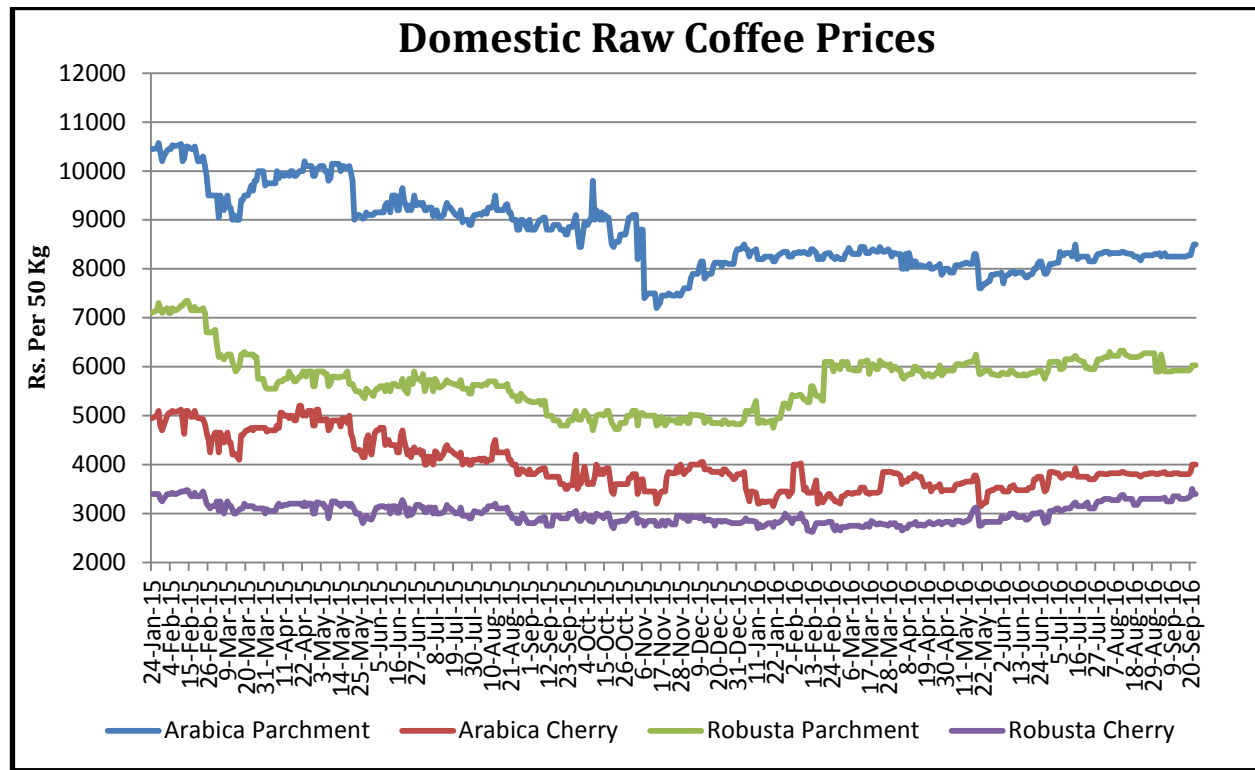
Variety	23.09.2016	16.09.2016	Change
Arabica Parchment	8500	8250	250
Arabica Cherry	4000	3800	200
Robusta Parchment	6025	5925	100
Robusta Cherry	3400	3300	100

* 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	---	---	---	---	---

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 increased by 5.35% to 155.50 cents/lb in this week as on 22nd Sep 2016 against 147.60 cents/lb of the last week. As per RTRS, ICE certified stocks declined by 1458 bags to 1263187 bags as on September 22, 2016 against previous day record i.e. 1264645. 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.

Brazil:- As per Cacaife, 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.

Vietname:- 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.

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.

Others:-

A) Guatemala:- 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.

B) According to the European Coffee Federation, Coffee stocks held in European ports went up by 2.4 percent in June, as on 20th Sep 2016. Stocks at the end of June climbed to 742,142 tonnes as compared to 724,681 tonnes previous month. ECF figures cover the major coffee storage ports of Antwerp, Bremen, Hamburg, Genoa, Le Havre and Trieste.

c) The province of Lampung shipped total 24,323 tons valued at US\$42.5 million of Robusta coffee in August, 2016 against earlier month record. The exports surged from 12,349 tons valued at US\$20.7 million in July because of an increase in the export earning which supported export volume to rise following good harvest this year. Coffee production of Lampung increased by 30 percent compared with production from previous season last year. The exports were to meet contracts with buyers abroad. Lampung's exports of coffee both Robusta and Arabica, were shipped mainly to Europe and other Asian countries. Lampung also exports Arabica coffee beans, but not as much as Robusta coffee. Arabica coffee exports totaled only 19.2 tons valued at US\$101,568 in August, 2016. The destination countries included Algeria, Armenia, Belgium, Bulgaria, the Czech Republic, Egypt, Georgia, Germany, Greece, Hong Kong, India, Italy, Japan, Malaysia, Morocco, Portugal, Russia, Singapore, Switzerland, Britain, South Africa, Rumania, Iran, the United States and Sweden. The price of Robusta coffee from farmers in West Lampung declined due to poor quality beans. "The price of Robusta coffee beans at the level of farmers fell at present from Rp 21,000 per kilogram to Rp19,000 per kilogram on poor quality. In addition, coffee production in the region was abundant after grand harvest in July resulting in price fall.

Brazil's Coffee Crop Estimates:-

Below table depicts Brazil's Coffee Crop details :-

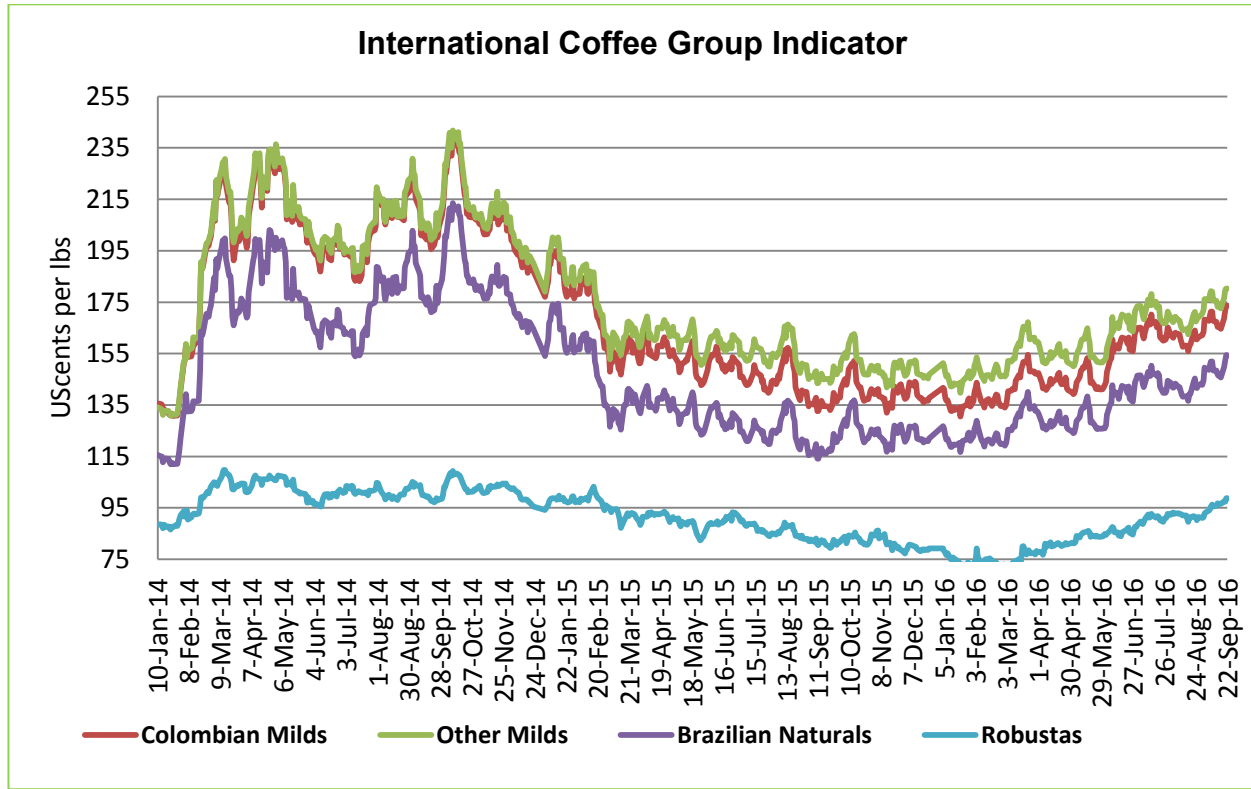
Brazil's Coffee Crop Estimates				
Source	2016/17	2017/18	Conillon	Arabica
Safras & Mercado	54.9	-	12.1	42.8
Exportadora Guaxupe	56	-	N.A	N.A
Comexim	56.8	-	11	45.8
Rabobank	52.4	-	12.4	40
Terra Forte	51.1	-	10.4	43.7
Midsized Domestic	56.5	-	10.4	43.7
Domestic Traders	-	45-48	-	
Costa	54	-	10	44
Comissaria		45		
Large Exporter	60	-	11	49
IBGE	47.8	N.A	8	39.8
Conab	49.7	N.A.	9.4	40.3
USDA	56	N.A	12.1	43.9
Average	54.1	-	10.7	43.8
Median	54.9	-	10.75	43.8

Source: ICO

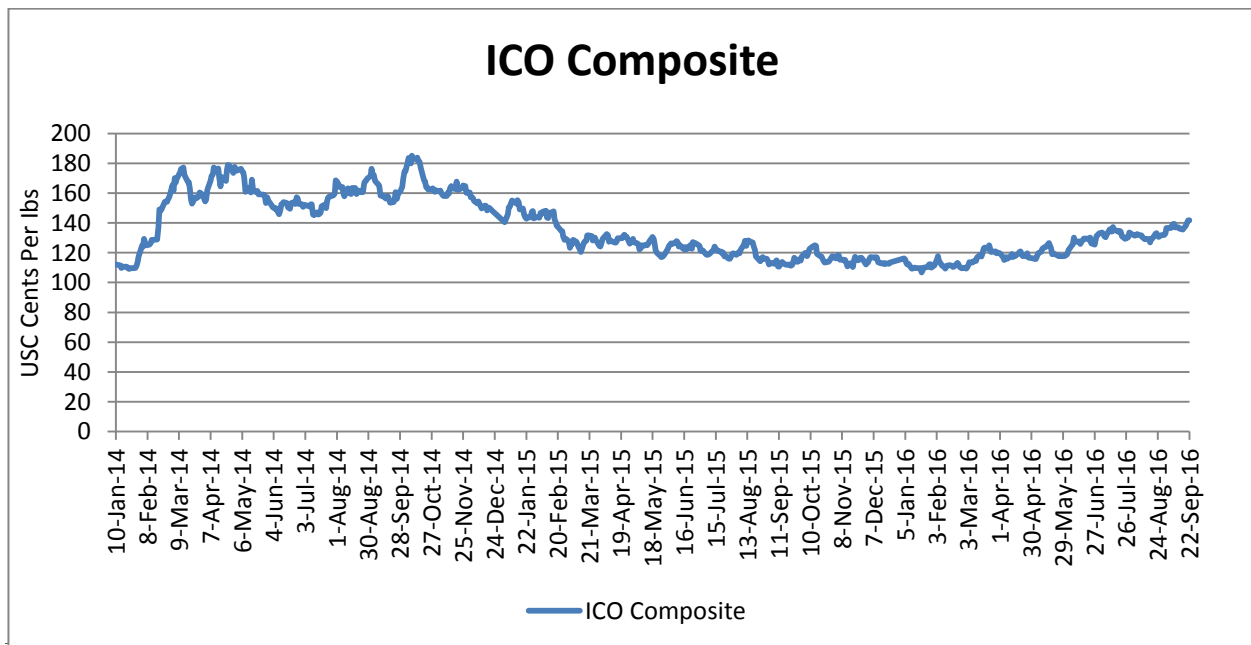
International Coffee Price Trend:-
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	22.09.2016	15.09.2016	22.08.2016	22.09.2015
ICO Composite Indicator	141.69	135.89	132.66	111.29
Colombian Milds				
US	172.50	164	163.50	129.50
Europe	175.11	166.35	162.73	137.14
Group Indicator	173.70	165.08	163.14	133.01
Other Milds				
US	181.44	174.44	173.44	144.44
Europe	179.41	171.87	168.14	143.03
Group Indicator	180.24	172.92	170.31	143.56
Brazilian Naturals				
US	139.50	133	132.50	107.50
Europe	159.70	150.87	148.01	120.43
Group Indicator	154.45	146.22	143.98	117.07
Robusta				
US	103.33	101.08	96.67	85.50
Europe	97.79	95.67	90.85	78.22
Group Indicator	98.73	96.59	91.84	79.38

US cents/lb

International Coffee Indicators Charts:-


Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(22-Sep-2016)	Week Ago(15-Sep-2016)	Month Ago(22-Aug-2016)	Weekly Change (%)
16-Sep	155.50	147.60	144.10	5.35
16-Dec	156.55	148.9	146.40	5.13
16-Mar	159.75	152.10	149.60	5.02

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(22-Sep-2016)	Week Ago(15-Sep-2016)	Month Ago(22-Aug-2016)	Weekly Change (%)
16-July	1982	1927	1799	2.85
16-Sep	1986	1936	1831	2.58
16-Dec	2007	1955	1855	2.65

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 upside of the market during the week. We expect prices to trade higher side in the market.

- Candlestick chart depicts uptrend in the market.
- However, 14 days EMI stood 148.11 slight up at 146.06 against 149.95 in the market hints upward momentum in the market.
- Higher volume & prices indicates further long build up phase of the market.
- On the other hand, RSI is up at 63.63 compared to 59.64 of last week momentum indicating strong 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
136.87	144.29	148.11	167.78	181.69

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 1897 against last week records i.e.1856, indicating further strong tone in the market.
- On the other hand, RSI is higher at 80.65 in neutral region against 76.75 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
1847	1903	1997	2049	2089

Disclaimer

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