

Executive Summary

Domestic Coffee Market Summary

Steady to strong tone were witnessed in physical market of Coffee during week ended as on 7th October 2016 on slowly improved demand of exporters & on estimation of lower crop size in the world. Arabica picking will commence from November 2016 while farmers will start picking of Robusta beans From Jan-February 2016. 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.

According to recent released data by the Coffee Board Of India, the post blossom estimates of total coffee crop size for the season 2016/17 is placed lower by 8.04% or (28,000 MT) to 320,000 MT against 348,000 MT in the current season 2015/16 due to poor rainfall and high temperature during growing period of time. While, Arabica coffee crop size for 2016-17 is placed down by 3.38% (3,500 MT) over the corresponding final estimate of 2015-16, while the Robusta estimate has shown a decrease of -10.02% (24,500 MT) over the corresponding final estimate of 2015-16. The hot and humid weather along with insufficient showers resulted in pinking and scorching of buds in Robusta.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2016 to 5th October 2016 is registered higher by 16.20 % at 229564 metric tons compared to 197556 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 5th October 2016 this year, recorded down by 19.75% at 18838 metric tons from preceding year volume of 23475 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 24.99 at 35377, 7.88% to 9349 metric tonnes and 31.40% at 141579 metric tons respectively from 1st January to 5th October against exports volume of 28303 metric ton, 8666 metric tonnes and 107746 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower for 24188 metric tonnes with a decline 16.95%. 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 stay away on the current level for short period.

International Coffee Market Summary

As Per the national coffee institute IHCAFE, Honduras is likely to ship total 171,334 million 60-kilogram bags of coffee in September 2016 against 41,842 60 kg bags in the same month last year. Honduras is Central America's top coffee producer, and like other regional producers is recovering from a severe outbreak of the tree-killing fungus roya over the past few seasons. It is expected that total coffee exports volume for the season 2016-17 would be well above the latest estimate of 5.12 million bags for the current 2015-16 season on account of the renovation of farms after the roya damage. Honduras had forecast exports of 5.52 million bags for the current season, but earlier in September IHCAFE lowered its expectations due to the smuggling of Honduran beans into Guatemala and Mexico. The coffee season runs from October through September.

In view of trader, total shipment of Vietnam is likely to ship between 70,000 and 100,000 or 1.17 million and 1.67 million 60 kg bags in October month 2016 which is lower than 120,000 tonnes in September 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.

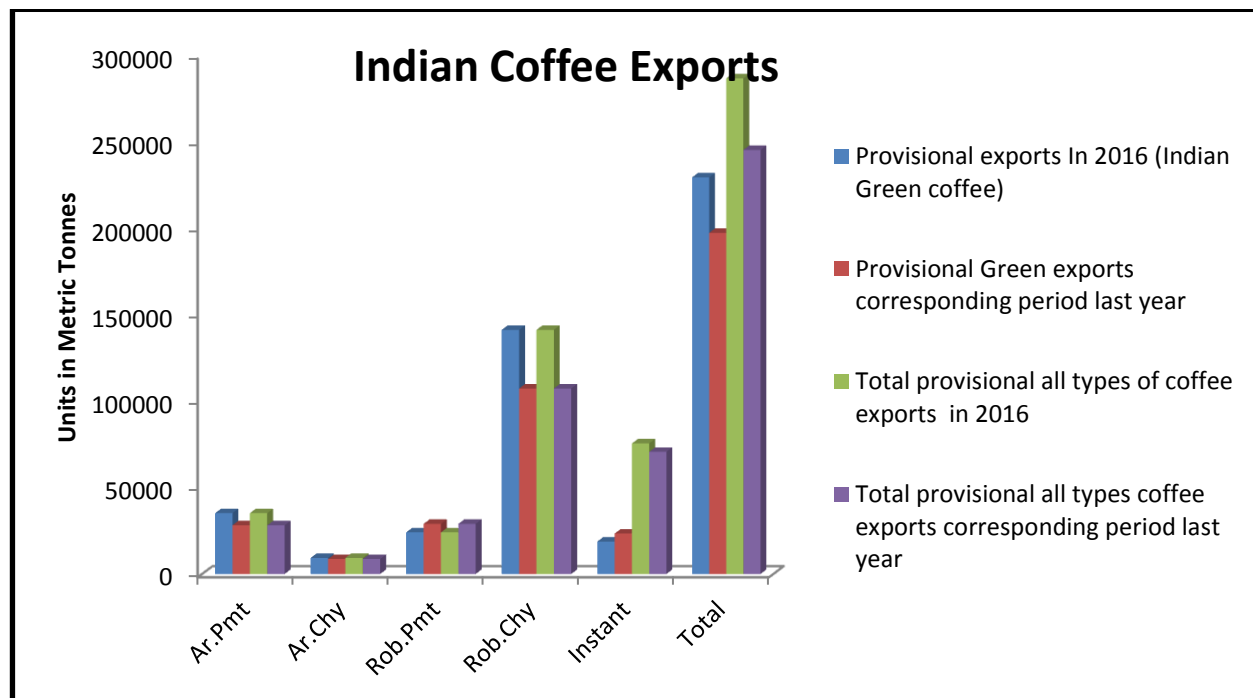
As per USDA recent report, coffee production of the world is estimated slight higher by 1.56% at 155,697 thousands 60 kg bags for 2016/17 season against 153292 thousands 60 kg bags in 2015/16. where as, consumption of the world is placed at 150806 thousands 60 kg bags with an increase of 1.15% from last 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 05 October 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)	35377	9349	24188	141579	43	189	18838	229564
2	Provisional exports corresponding period last year	28303	8666	29109	107746	28	230	23475	197556
3	Provisional re-exports	0	0	0	0	1	91	57068	57159
4	Provisional re-exports corresponding period last year	0	0	0	0	119	252	47523	47894
5	Total provisional exports (1+3)	35377	9349	24188	141579	44	280	75905	286722
6	Total provisional exports corresponding period last year (2+4)	28303	8666	29109	107746	147	482	70998	245451

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						
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

(1000 HA), (MILLION TREES), (1000 60 KG BAGS)

Source: USDA

Domestic Raw Coffee Prices (Karnataka):-

Variety	07.09.2016	30.09.2016	Change
Arabica Parchment	8450	8425	25
Arabica Cherry	3850	3825	25
Robusta Parchment	6050	6050	Unchanged
Robusta Cherry	3450	3450	Unchanged

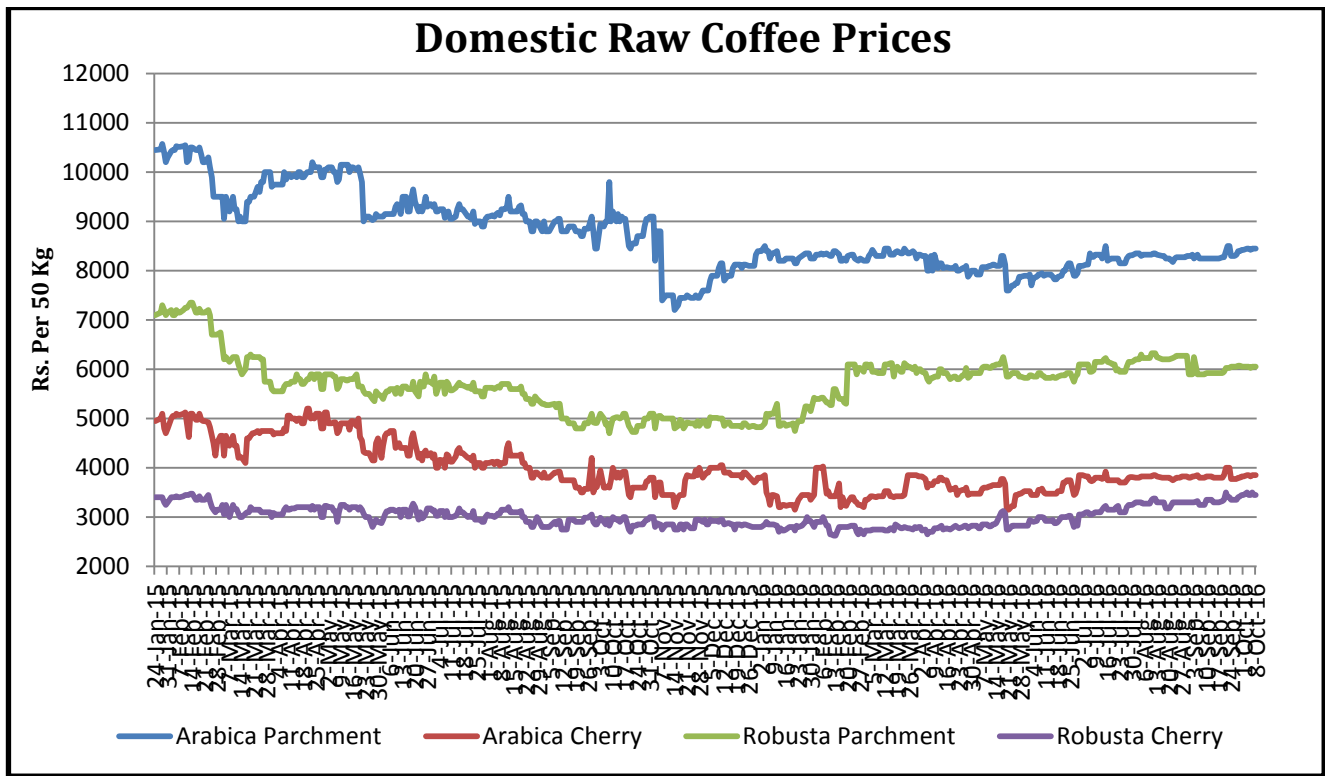
* Values in Rs. per 50 Kg

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

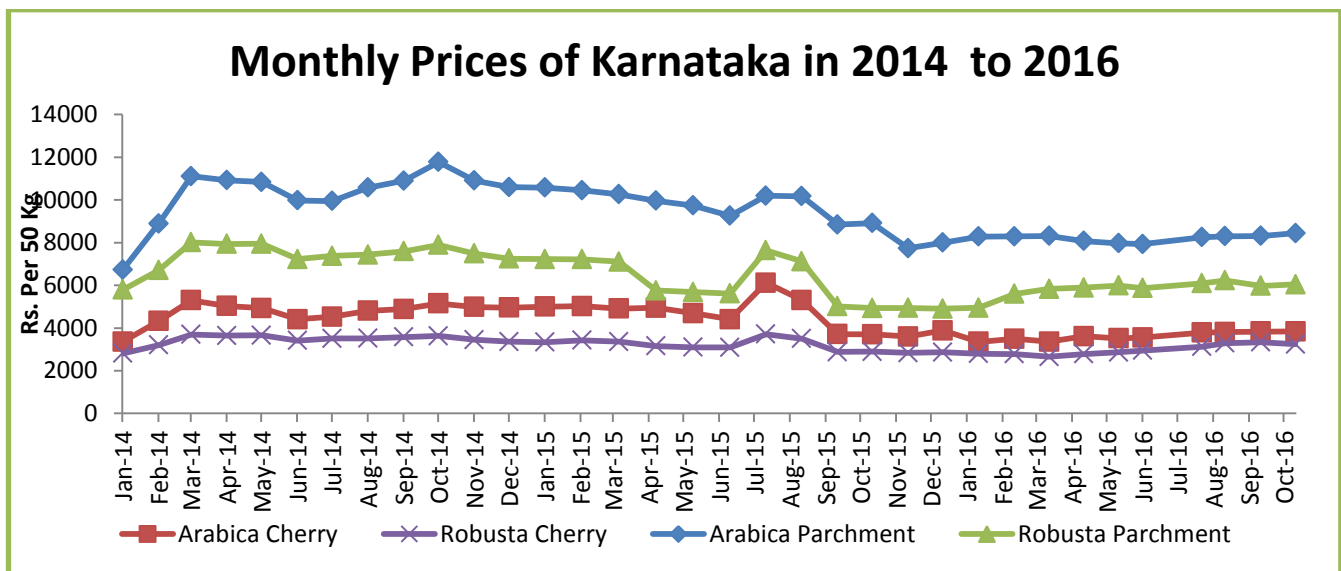
Grade	28.09.2016	22.09.2016	Change	22.09.2016	08.09.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	234	---	---	---	---	---
AA	229	238	---	---	180	---
PB	224	224.50	-3.78	---	154	2.5
A	212.5	223.50	-0.22	---	---	---
AB	---	---	---	---	151	1
B	---	213	---	---	---	---
C	---	138	---	126	124	1.61
BBB	125	123.80	-4.92	123.50	115	7.39
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	154	---	---	---	---
A	---	---	---	---	---	---
PB	---	---	---	134.45	138.50	2.92
AA	---	---	---	148.50	144.50	2.76
AB	---	---	---	141.20	139.50	1.21
B	---	---	---	---	---	---
C	140	---	---	---	132	---
BBB	---	115	---	122	119.50	2.09

Values in Rs. per kg



Coffee Prices Of Auction Market & State Wise Market


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



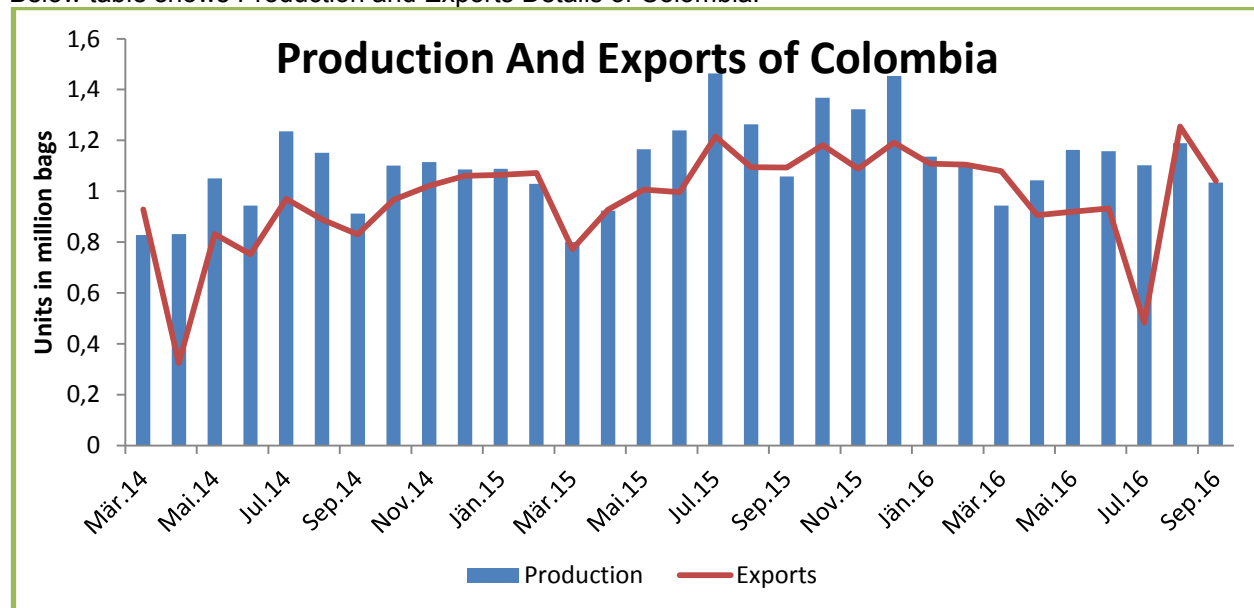
Source: [The Coffee Board Of India](#)

International Market Updates

ICE coffee future prices declined by 2.34% to 148 cents/lb in this week as on 6th October 2016 against 151.55 cents/lb of the last week. ICE certified Arabica stocks increased by 4,280 to 1256897 as on October 06,2016 against 1252617 bags.

Colombia:- As per sources, Washed Arabica Coffee production of Colombia stood at 1.03 million bags in September 2016 with a decline of 2% against last year record during the same period of time. Twelve-month production through September was 14 million bags, an increase of 5 percent over the previous year. Relatively total coffee export went down by 4% to 1.04 million bags as compared to last month record i.e.1.254 million bags. The figures came as coffee growers in Colombia, the world's biggest producer of mild-tasting washed Arabicas, braced for the expected La Nina weather phenomenon and potential heavy rains.

Below table shows Production and Exports Details of Colombia:-



Source:- Reuter

Brazil: Brazil has almost completed harvesting of this year's coffee. Arabica output was near a record, but Robusta-producing regions were severely affected by a drought for the second consecutive year. Brazil's Robusta output should fall to 8.3 million bags this year versus 11.1 million bags in 2015 and 13 million bags in 2014.

Ivory:- As per sources, Ivory coast shipped coffee beans higher by 25% to 52848 tonnes in the seven month to the end of August 2016 against 41919 tonnes of August 2015 in the corresponding period of time.

Below table shows Ivory coffee beans export details :-

Ivory Coffee Beans Exports (Units in Tonnes)			
States	Aug-16	July-16	Aug-15
Abidjan	5664	4794	7190
San Pedro	1802	1823	618
Total	7466	6617	7808
Cumulative	52848	45018	41919

Source: Reuters

Coffee Production Of The World:-

Below table shows Coffee Production details of the World:-

Coffee Production Details Of The World						
Arabica Production						
Country	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Brazil	34,700	42,100	41,800	37,300	36,100	43,850
Colombia	7,655	9,927	12,075	13,300	13,600	13,300
Ethiopia	6,320	6,500	6,345	6,475	6,500	6,500
Honduras	5,600	4,725	4,400	5,100	5,700	6,100
Peru	5,200	4,300	4,250	2,900	3,500	3,800
Guatemala	4,400	4,000	3,500	3,125	3,275	3,300
China	1,090	1,535	1,947	2,000	2,100	2,300
Mexico	4,100	4,450	3,750	2,980	2,300	2,100
Nicaragua	2,100	1,925	2,000	2,100	2,000	2,100
India	1,690	1,643	1,703	1,630	1,490	1,420
Costa Rica	1,775	1,675	1,450	1,400	1,400	1,400
Indonesia	1,300	1,700	1,650	1,270	1,350	1,300
Vietnam	800	900	1,175	1,050	1,100	1,050
Kenya	750	660	850	750	650	700
Papua New Guinea	1,350	775	815	760	700	700
Other	5,667	5,757	4,630	4,498	4,518	4,146
Total	84,497	92,572	92,340	86,638	86,283	94,066
Robusta Production						
Vietnam	25,200	25,600	28,658	26,350	28,200	26,225
Brazil	14,500	15,500	15,400	17,000	13,300	12,100
Indonesia	7,000	8,800	7,850	9,200	10,400	8,700
India	3,540	3,660	3,372	3,810	3,810	3,750
Uganda	2,200	2,800	3,000	2,800	3,600	3,000
Cote d'Ivoire	1,600	1,750	1,675	1,400	1,650	1,700
Malaysia	1,450	1,400	1,500	1,500	1,500	1,500
Thailand	1,000	1,000	1,000	1,000	1,000	1,000
Cameroon	645	485	375	525	575	575
Laos	450	460	475	485	525	550
Other	3,040	2,591	2,133	2,547	2,449	2,531
Total	60,625	64,046	65,438	66,617	67,009	61,631

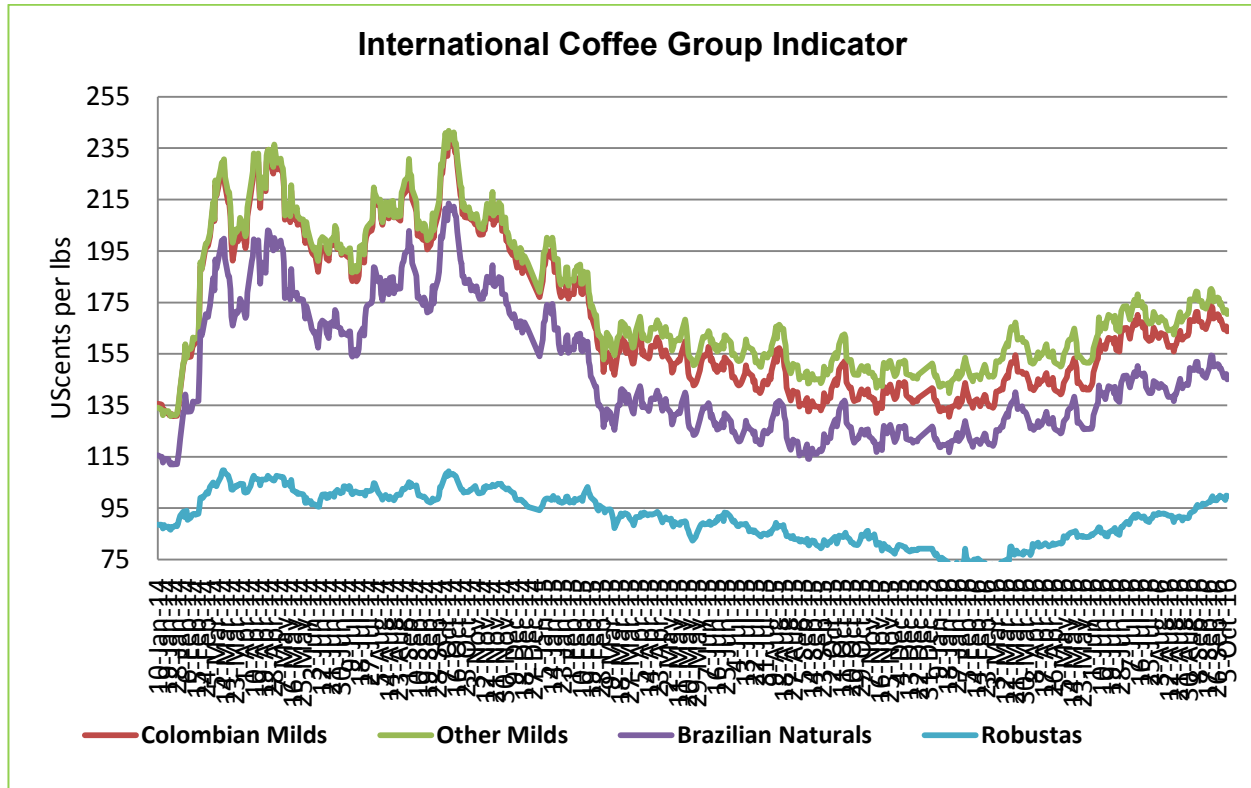
Source: ICO

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

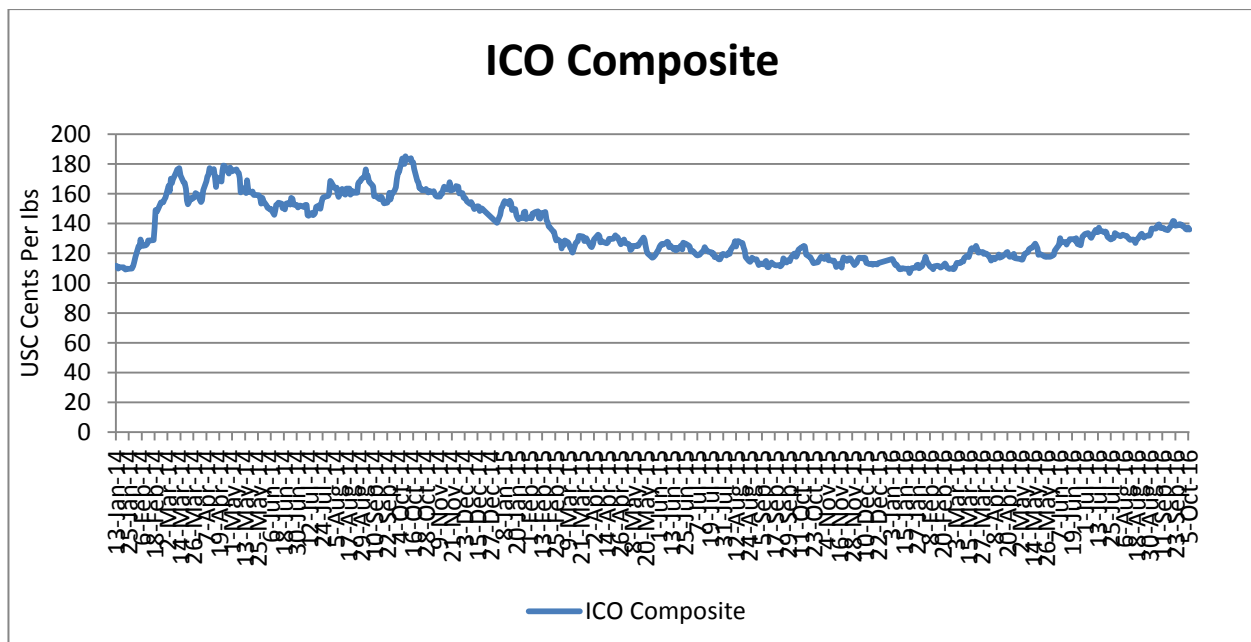
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	06.09.2016	29.09.2016	06.07.2016	06.09.2015
ICO Composite Indicator	136.05	138.60	138.08	112.66
Colombian Milds				
US	162.50	166.25	169.75	133.25
Europe	165.23	169.93	170.28	137.79
Group Indicator	163.76	167.74	166.99	135.09
Other Milds				
US	170.31	174.19	181.19	147.49
Europe	170.60	174.20	175.87	144.85
Group Indicator	170.48	174.19	178.05	145.97
Brazilian Naturals				
US	130.50	133.25	138.75	108.25
Europe	150.26	154.77	154.37	119.04
Group Indicator	145.12	149.18	150.58	116.04
Robusta				
US	103	104.58	99.42	88.83
Europe	99.14	99.01	93.45	80.86
Group Indicator	99.80	99.69	94.46	81.85

US cents/lb

International Coffee Indicators Charts:-



Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(7-Oct-2016)	Week Ago(30-Sep-2016)	Month Ago(07-Sep-2016)	Weekly Change (%)
16-Dec	148.00	153.50	147.05	-2.34
16-Mar	151.35	155.40	149.80	-2.29
16-May	153.30	157.15	151.45	-2.16

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(07-Oct-2016)	Week Ago(30-Sep-2016)	Month Ago(07-Sep-2015)	Weekly Change (%)
16-Nov	2029	2010	1912	1
16-Jan	2035	2032	1934	0
16-Mar	2037	2040	1947	0

USD/T

International Coffee Prices

	06.09.2016	29.09.2016	06.08.2016	06.09.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	41500	41650	38600	39550
Vietnam FOB (2-5 pct)* (Saigon port)	1992.50	1968.5	1806	1751
Indonesian FOB (4-80 defects)** (Lampung Port)	1890	1930	1890	1860

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

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (03/10/2016)	Average Prices In	Prices This Auction In (26/08/2016)
Arabica AA	131-351	276.78	97-308
Arabica AB	51-294	247.89	76-295
Arabica C	73-245	204.39	49-253
Arabica PB	39-270	228.19	153-282
Arabica T	17-186	99.58	40-199
Arabica TT	57-243	194.32	140-248

Units-\$/50 kg bags

Technical Analysis Of Coffee Future Market (Dec'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 slight up at 142.35 against 140.75 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 down at 58.27 compared to 62.48 of last week record 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
132.46	138.60	148	168.58	182.13

Technical Analysis Of Coffee Future Market (Nov'2016 Contract At LIFFE Future Market)


Outlook -Prices show upside momentum during the week. We expect prices to trade steady to upside in next week.

- Candlestick chart shows upward momentum in the market.
- However, 14-days EMI is moving higher at 1943 against last week records i.e.1856, indicating further strong tone in the market.
- On the other hand, RSI is higher at 80.30 in neutral region against 80.10 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
1854	1922	2001	2055	2110

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