

Executive Summary

Domestic Coffee Market Summary

Coffee Prices in Karnataka physical market went up during week ended as on 14th October 2016 on less supply against improved demand. Less old stocks are available in the market. Weather is pleasant with an interval rainfall in some of the area in India. The stages of Robusta are on its 8th month of growth while Arabica is on its 5th month of growth. Arabica picking will commence from November 2016 while farmers will start picking of Robusta beans From Jan- February 2016. Grower of India expects a fall in Robusta crops production by 15 to 20% despite good monsoons. While, the coffee board of India expects 10 to 20% decline to Robusta crops of this season harvesting. Current condition of the standing crop is good however rainfall at the time of picking may damage the crops. Volcafe, Ecogmill, Italian roasters are the main buyers in the market.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2016 to 13th October 2016 is registered higher by 15.64 % at 233430 metric tons compared to 201848 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 13th October 2016 this year, recorded down by 18.18% at 19374 metric tons from preceding year volume of 23680 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 23.43 at 35418, 7.42% to 9438 metric tonnes and 30.50% at 144270 metric tons respectively from 1st January to 13th October against exports volume of 28694 metric ton, metric tonnes and 109562 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower for 24695 metric tonnes with a decline of 17.33%.

Recommendation:

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

International Coffee Market Summary

As per Cacefe, green coffee beans shipment of Brazil reached at 2.2 million bags in September 2016 lower by 24.4% than 2.91 million bags in previous year during the same period of time due to a strike by customs workers at the main Santos port which influenced the exports volume of the country. Crop in Brazil speculated to be low, Vietnam and Indonesia crops are also estimated to be low due to drought of last two years.

As per the National Coffee Association, Guatemala exported lower 26.52% at 48116 bags of coffee beans in September 2016 against 133349 bags in the same month last year. This contributed to the exports for the October 2015 to September 2016 coffee year to have been 29,800 bags or 1.02% higher than the previous coffee year, at a total of 2,956,616 bags.

As per sources, Costa Rica shipped total 1.24 million 60 kg bags of coffee beans during the 2015/16 harvesting season with an increase of 7% against last year record i.e. 1.16 million bags. Total exports volume stood up by 31.2% at 49,679 bags against previous year record in the corresponding period of time. The coffee season in Central America and Mexico, which together produce about a fifth of the world's Arabica beans, runs from October through September.

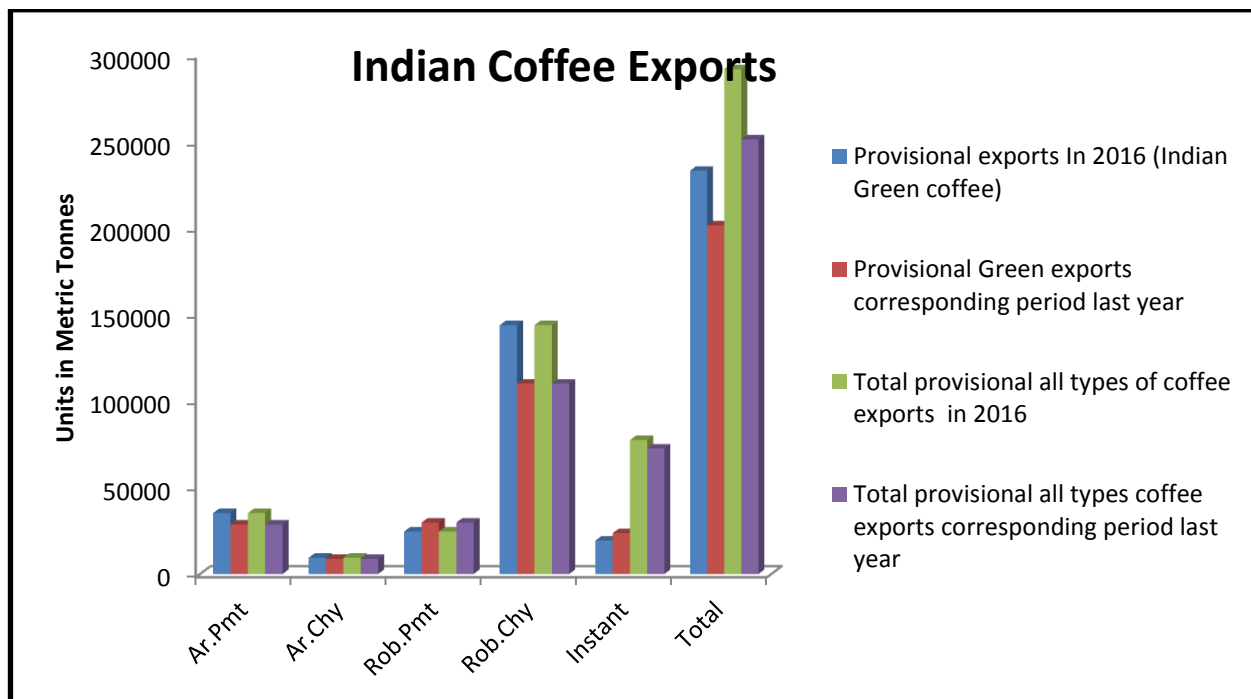
As per sources, Vietnam shipped total 1.74 million tonnes (29 million 60 kg bags) of coffee in the season 2015/16 ending in September 2016. Coffee exports declined by 15.5% to 29,000 tonnes in September 2016 against August month record. Traders had estimated coffee exports of September month 2016 between 100,000 tonnes and 110,000 tonnes, while the government estimated the export volume at 120,000 tonnes.

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 st January 2016 to 13th 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)	35418	9438	24695	144270	45	190	19374	233430
2	Provisional eProvisional exports corresponding period last year	28694	8786	29872	110551	31	234	23680	201848
3	Provisional re-exports	0	0	0	0	1	91	58485	58576
4	Provisional re-exports corresponding period last year	0	0	0	0	119	268	49241	49628
5	Total provisional exports (1+3)	35418	9438	24695	144270	46	281	77859	292007
6	Total provisiTotal provisional exports corresponding period last year (2+4)	28694	8786	29872	110551	150	502	72921	251476

Source: The Coffee Board Of India

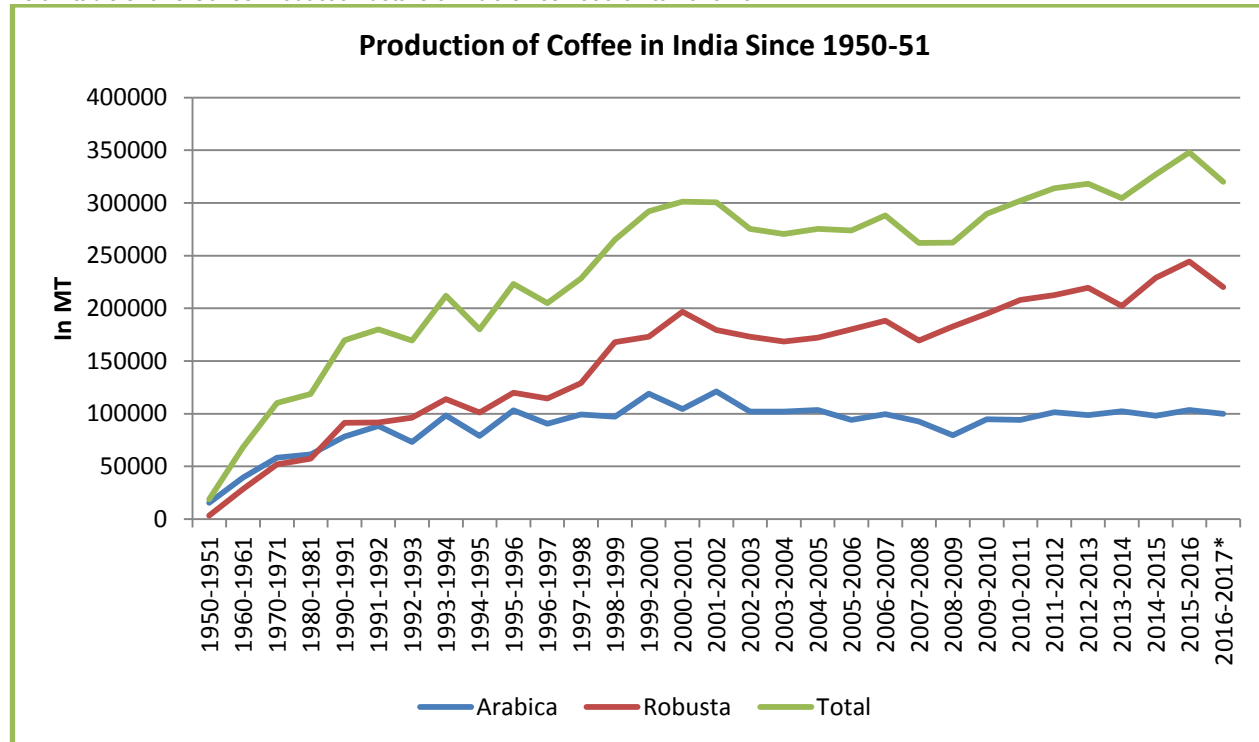


Source: The Coffee Board Of India

Coffee Crop Situation In India:-

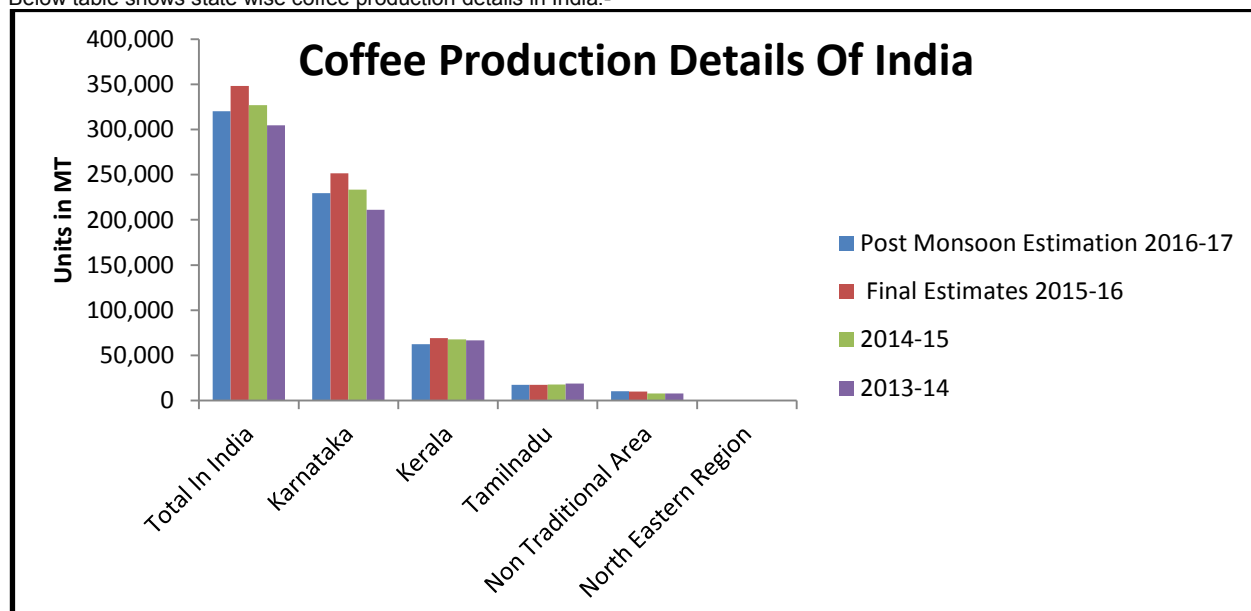
According to the Coffee Board of India, India is likely to produce coffee beans lower by 8.04% to 320000 metric tonnes in 2016/17 season against 348000 metric tonnes 2015/16 on account of delayed blossom and backing showers along with high temperatures especially in major coffee growing areas of Karnataka and to some extent in Kerala. Arabica coffee production estimates is placed 3.38% down at 100000 metric tonnes for 2016/17 from 103500 metric tonnes in last season while Robusta crop is placed at 220000 metric tonnes with a significant decrease of 10.02% compared to 244500 metric tonnes.

Below table shows Coffee Production details of India since 1950-51 to 2016-2017-



Source: The Coffee Board Of India

Below table shows state wise coffee production details in India:-



Source: The Coffee Board Of India

Domestic Raw Coffee Prices (Karnataka):-

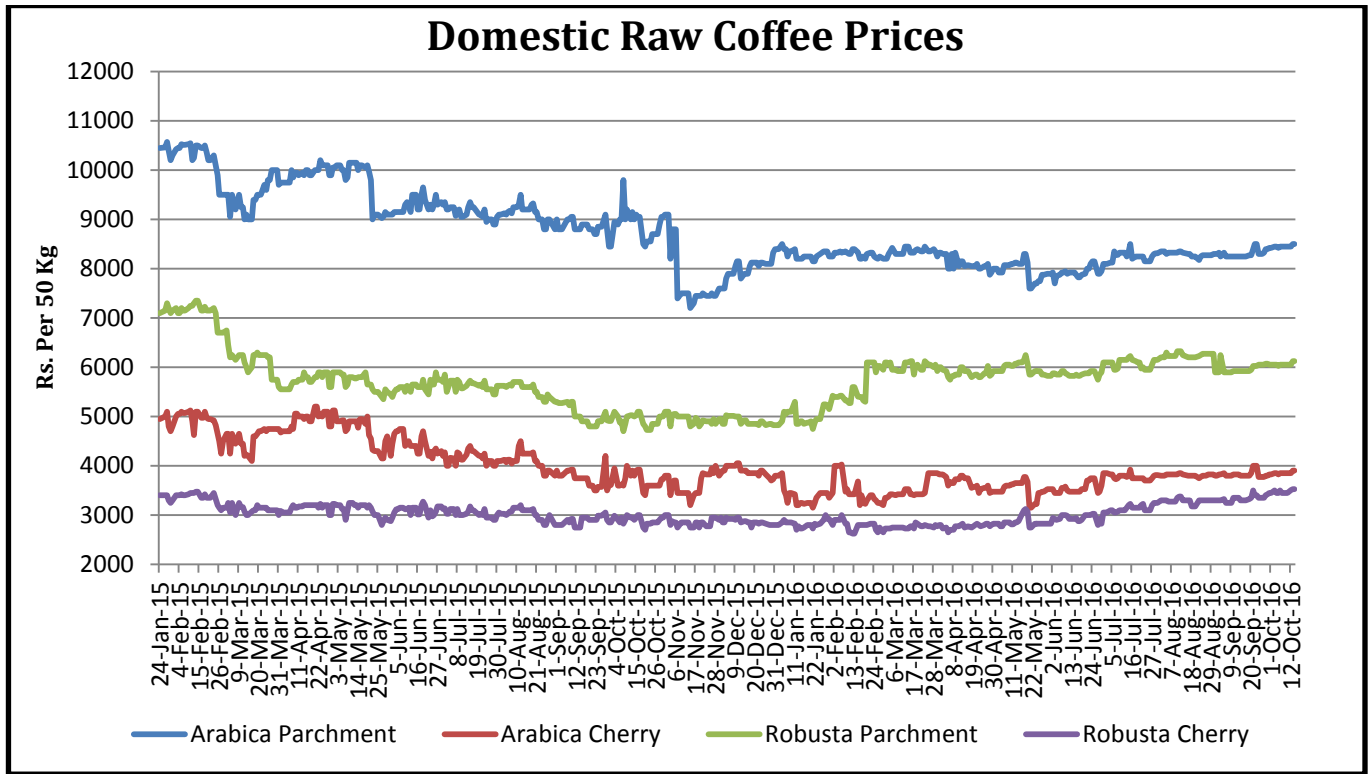
Variety	07.09.2016	30.09.2016	Change
Arabica Parchment	8500	8450	50
Arabica Cherry	3900	3850	50
Robusta Parchment	6125	6050	75
Robusta Cherry	3525	3450	75

* Values in Rs. per 50 Kg

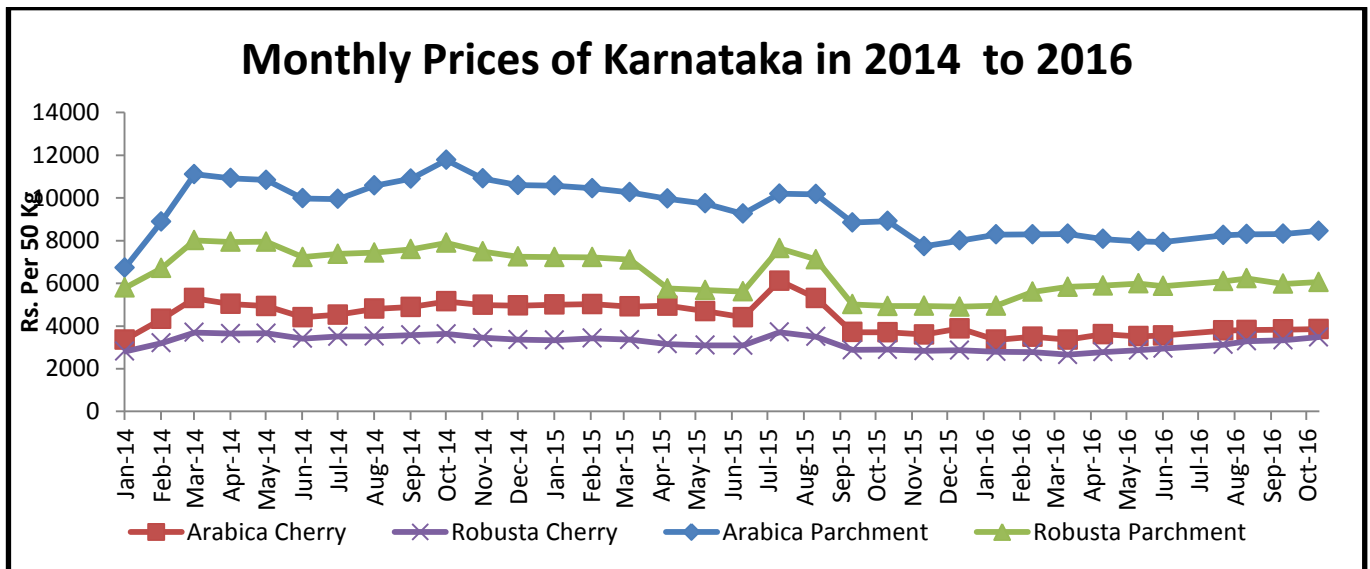
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	06.10.2016	28.09.2016	Change	06.10.2016	28.09.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	210	234	-24	---	---	---
AA	245	229	16	---	---	---
PB	215	224	-9	---	---	---
A	---	212.5	---	---	---	---
AB	---	---	---	---	---	---
B	189.50	---	---	---	---	---
C	166	---	---	---	126	---
BBB	131.66	125	6.66	---	123.50	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	---	---	---	---
A	---	---	---	---	---	---
PB	150	---	---	138.66	134.45	4.21
AA	158	---	---	---	148.50	---
AB	155	---	---	141	141.20	-0.2
B	---	---	---	---	---	---
C	141	140	1	137	---	---
BBB	124	---	---	124	122	2

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

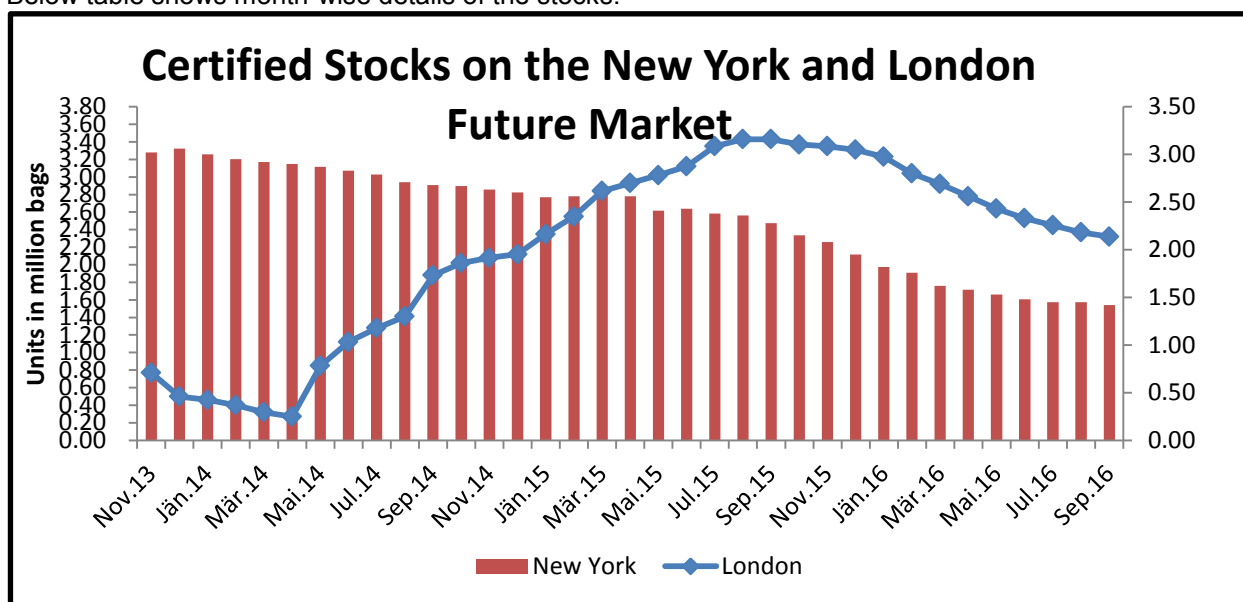
International Market Updates

ICE coffee future prices surged by 3.17% to 152.70 cents/lb in this week as on 13th October 2016 against 148 cents/lb of the last week. ICE certified Arabica stocks increased by 4275 to 1,263,829 as on October 13, 2016 against 1,259,554 bags. Overall prices in the coffee market closed up by 5.5% in September 2016, after a steady increase in Robusta prices supported by concerns over future supply. ICO composite indicator average prices increased by 5.5% to 138.22 cents against August 2016 momentum and the highest monthly average since February 2015. Monthly average prices of Robusta quoted a consistent rise during September month, with the group indicator rising from a low of 92.79 at the beginning of the month to nearly 100 cents by the end.

As per U.S. government weather forecaster, La Nina conditions is likely to increase in the coming months as the weather phenomenon is likely to develop in the Northern Hemisphere fall and favored to persist into the winter 2016-17. In view of other forecaster, the chance of La Nina developing may fall by 70 percent, versus a likelihood of neutral conditions forecast last month.

Certified Stocks on the New York and London future market stood lower by 2.06% to 1.42 million bags and 2.10% to 2.32 million bags respectively in September 2016 as compared to August month record i.e. 1.45 million bags and 2.37 million bags respectively.

Below table shows month-wise details of the stocks:-



Source: Reuters

World:- According to recent ICO released data, total coffee production of the season 2015/16 is revised up by 0.9% to 148 million bags against 2014/15 season followed by Arabica coffee production of the World which is placed higher by 0.7% to 85.8 million bags and Robusta coffee crops are placed up by 1.3% to 62.2 million bags. The consumption of the World is also revised slightly down to 151.3 million bags which indicates a global deficit of 3.3 million bags. Brazil's crop size is registered down by 5.4% to 48.4 million bags for 2015/16 against last year record. While, coffee production of Vietnam, the top Robusta producer is estimated at 27.5 million bags with an increase of 3.8% compared to previous year record due to dry weather at the beginning of the year which may affect 2016/17 season crops as well.

Supply & Demand of the World:-

Below table shows supply and demand of the World:-

World Supply/ Demand Balance*					
Crop Year Commencing	2012	2013	2014	2015	% Change 2014-15
Production	151358	90540	146645	147994	0.90%
Arabica	91511	90540	85239	85814	0.70%
Robusta	59346	61564	61410	62179	1.30%
Africa	16673	16205	16005	16831	5.20%
Asia & Oceania	42681	45903	44592	47428	6.40%
Mexico & Central America	18773	16856	17284	16739	-3.20%
South America	73230	73141	68764	66997	-2.60%
Consumption	145367	147017	149395	151303	1.30%
Exporting Countries	44350	44209	45374	46369	2.20%
Importing Countries	101018	102808	104021	104933	0.90%
Africa	10447	10571	10704	10815	1.00%
Asia & Oceania	28329	28745	30516	31609	3.60%
Mexico & Central America	5135	5198	5239	5257	0.40%
Europe	50239	50845	50608	50870	0.50%
North America	26631	27492	27901	28035	0.50%
South America	24587	24167	24426	24717	1.20%
Balance	5997	5093	-2746	-3305	20.40%

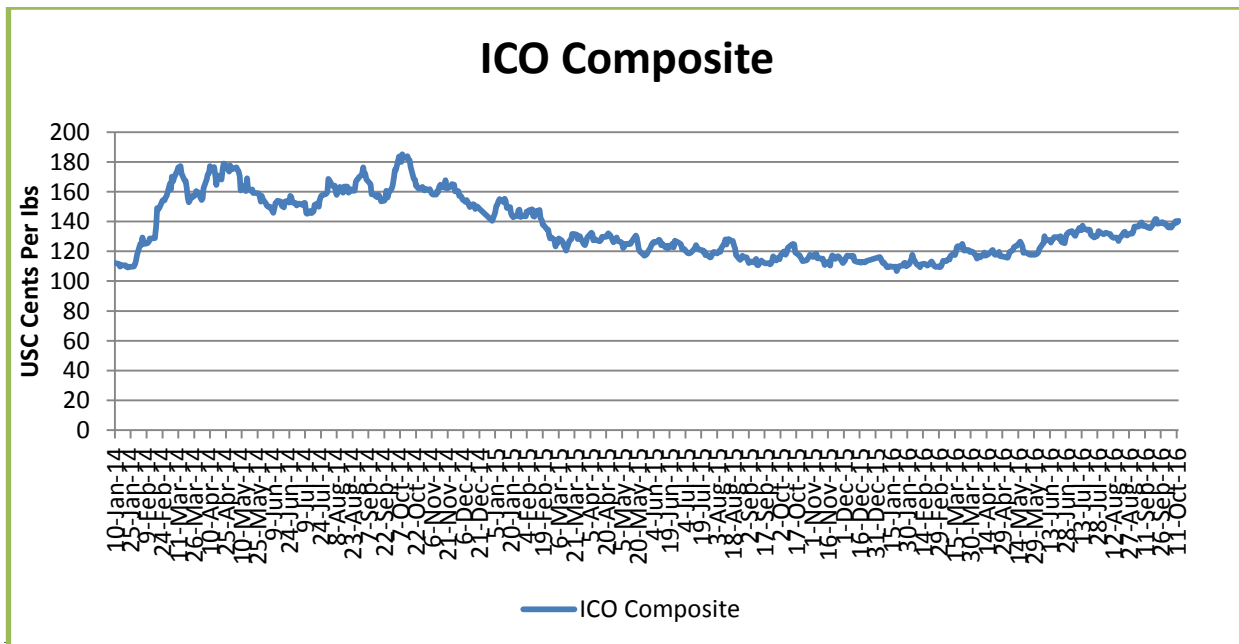
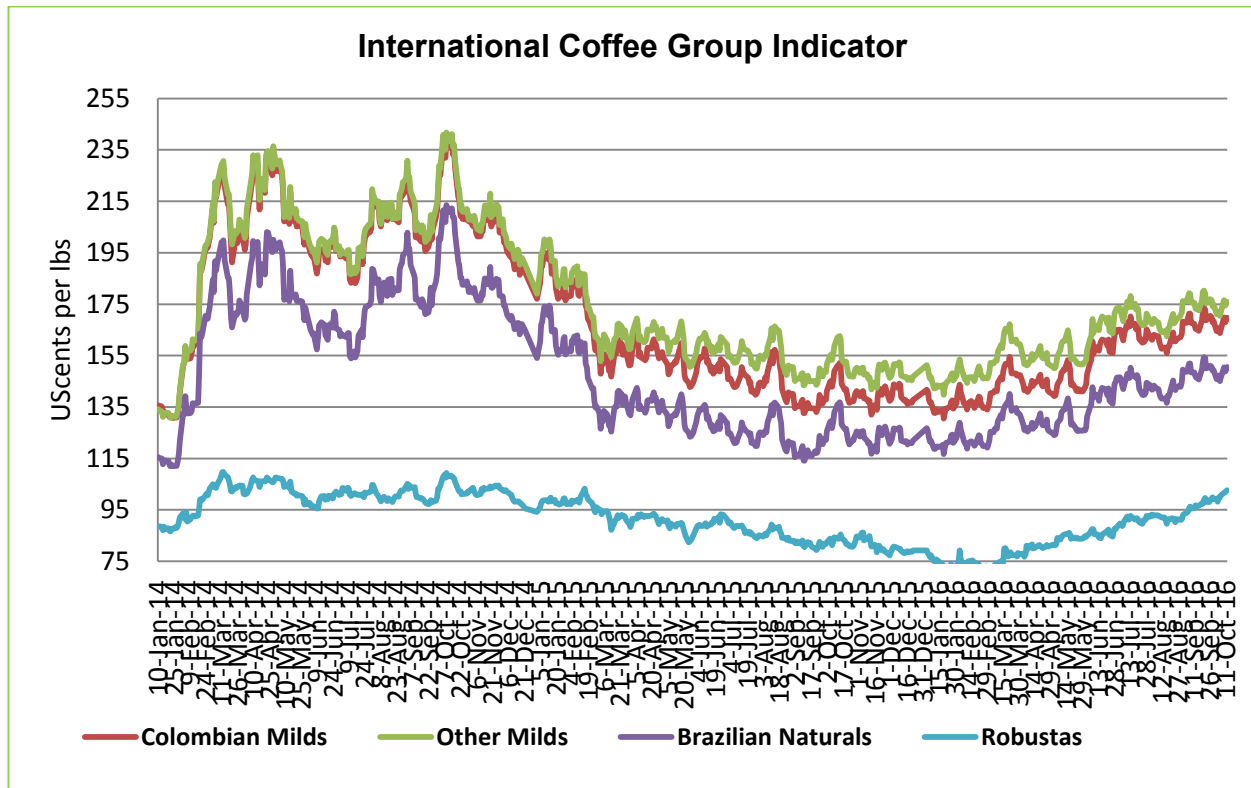
Source: ICO

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	13.10.2016	06.10.2016	13.09.2016	13.10.2015
ICO Composite Indicator	140.59	136.05	136.25	124.25
Colombian Milds				
US	168.75	162.50	164.50	147.25
Europe	170.92	165.23	166.25	155.62
Group Indicator	169.75	163.76	165.31	151.10
Other Milds				
US	175.19	170.31	175.69	162.69
Europe	176.41	170.60	171..56	161.85
Group Indicator	174.91	170.48	173.25	162.19
Brazilian Naturals				
US	136.75	130.50	135.50	125.25
Europe	155.38	150.26	150.86	139.93
Group Indicator	150.54	145.12	146.86	136.12
Robusta				
US	107	103	101.92	89.33
Europe	101.81	99.14	95.74	82.64
Group Indicator	102.69	99.80	76.79	83.78

US cents/lb

International Coffee Indicators Charts:-



International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(13-Oct-2016)	Week Ago(07-Oct-2016)	Month Ago(14-Sep-2016)	Weekly Change (%)
16-Dec	152.70	148.00	148.90	3.17
16-Mar	156.15	151.35	152.10	3.17
16-May	158.25	153.30	153.95	3.22

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(14-Oct-2016)	Week Ago(07-Oct-2016)	Month Ago(14-Sep-2016)	Weekly Change (%)
16-Nov	2037	2029	1942	1.79
16-Jan	2070	2035	1960	2.02
16-Mar	2068	2037	1971	1.62

USD/T

International Coffee Prices

	13.10.2016	06.10.2016	13.09.2016	13.10.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	42400	41500	40150	35400
Vietnam FOB (2-5 pct)* (Saigon port)	--	1992.50	---	--
Indonesian FOB (4-80 defects)** (Lampung Port)	1940	--	1890	1660

***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 150.46 against 142.35 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 63.37 compared to 58.27 of last week record 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
135.56	143.38	155.40	168.39	182.12

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 82.32 in neutral region against 80.32 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
1924	1960	2004	2088	2124

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