

Executive Summary

Domestic Coffee Market Summary

Mixed trend were witnessed in Karnataka physical market during week ended as on 21st October 2016 on ups and downs in demand. Arrival is very less. Weather is good however need rainfall in the coffee belts. Less old stocks are available in the market. This year Robusta picking may start quite early by December end and Arabicas also during December 2016. The color of the beans is green as of now. Offers for future contracts at lower differentials from exporters, traders looking at higher differentials to sell off old crop of 2015-16, both not get through. 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. Allansons, Ned commodities, ecomgill, and other Indian companies like Ruchi soya, SLN coffee are major buyers for Indian coffee beans. Currently, Offers for lower grades are prevailing in the market as roasters looking to cover Arabica lower grades for Robusta shortages.

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.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2016 to 19th October 2016 is registered higher by 15.17 % at 236905 metric tons compared to 205693 metric tons exported to the corresponding period of previous year. India re-exports maximum Instant of coffee. Instant Coffee exports from 1st January 2016 to 13th October 2016 this year, recorded down by 17.69% at 19967 metric tons from preceding year volume of 24259 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 23.97 at 35843, 8.22% to 9605 metric tonnes and 29.06% at 146032 metric tons respectively from 1st January to 19th October against exports volume of 28912 metric ton, 8872 metric tonnes and 113145 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower for 25220 metric tonnes with a decline of 16.57%.

Recommendation:

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

International Coffee Market Summary

As per sources, Brazil is likely to produce 39 million bags in 2017 which is down by 20% from this year's harvest i.e. 49 million tonnes. Vietnam will start its coffee harvesting of the season 2016/17 in November 2016 which may curb Robusta coffee prices further to increase. Farmers of Brazil have sold 56% of 2016/17 season coffee crop as on 18th October 2016 which is higher than last year record i.e. 53%. According to Safras & Mercado, Brazil is likely to produce 54.9 million bags of coffee crop in the current season. Colombian higher grades have its market, Brazil flowering for season 2016-17 seems good now, Indonesia shortage of coffee and will be importing 100.000MT from Brazil. China has big plans to increase coffee growing areas and further will be a threat to all coffee growing countries.

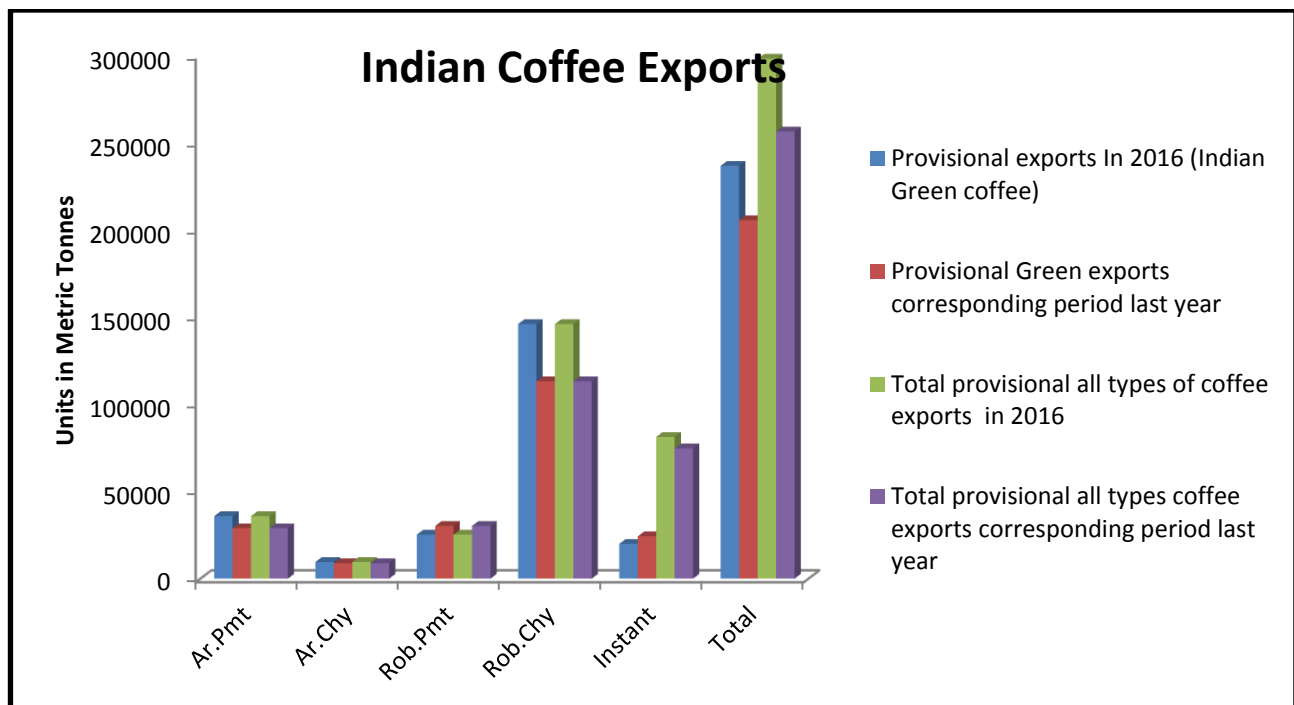
According to recent ICO released data, total coffee production of the season 2015/16 is revised up by 0.9% to 148 million bags against 2014/15 season followed by Arabica coffee production of the World which is placed higher by 0.7% to 85.8 million bags and Robusta coffee crops are placed up by 1.3% to 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.

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 st January 2016 to 19th 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)	35843	9605	25220	146032	45	192	19967	236905
2	Provisional eProvisional exports corresponding period last year	28912	8875	30232	113145	33	238	24259	205693
3	Provisional re-exports	0	0	0	0	1	157	61288	61445
4	Provisional re-exports corresponding period last year	0	0	0	0	119	268	50485	50872
5	Total provisional exports (1+3)	35843	9605	25220	146032	46	349	81255	298350
6	Total provisiTotal provisional exports corresponding period last year (2+4)	28912	8875	30232	113145	152	506	74744	256565

Source: The Coffee Board Of India



The Coffee Board Of India

Source:

Coffee Crop Situation In India:-

Below table shows APY details of India:-

Coffee Area, Production and Productivity - India									
Season	Bearing Area (ha.)			Production (MT)			Productivity (kg/Hac)		
	Arabica	Robusta	Total	Arabica	Robusta	Total	Arabica	Robusta	Overall
1950-51	67613	24910	92523	15511	3382	18893	229	136	204
1960-61	70649	49672	120321	39526	28643	68169	559	577	567
1970-71	80433	55030	135463	58348	51883	110231	725	943	814
1980-81	98005	92071	190076	61262	57384	118646	625	623	624
1985-86	108476	106000	214476	72311	50139	122450	667	473	571
1986-87	108500	107000	215500	88975	103119	192094	820	964	891
1987-88	108500	109500	218000	64556	58157	122713	595	531	563
1988-89	108500	112500	221000	94781	119934	214715	874	1066	972
1989-90	108500	112500	221000	62572	55481	118053	577	493	534
1990-91	108500	115000	223500	78311	91415	169726	722	795	759
1991-92	108500	115000	223500	88320	91680	180000	814	797	805
1992-93	108500	115000	223500	73120	96275	169395	674	837	758
1993-94	108500	118000	226500	98300	113700	212000	906	964	936
1994-95	108500	120000	228500	79000	101100	180100	728	843	788
1995-96	120100	121900	242000	103250	119750	223000	860	982	921
1996-97	125017	126267	251284	90450	114550	205000	724	907	816
1997-98	130664	154988	285652	99300	129000	228300	760	832	799
1998-99	143007	159227	302234	97000	168000	265000	678	1055	877
1999-00	146052	162381	308433	119000	173000	292000	815	1065	947
2000-01	146502	167432	313934	104400	196800	301200	713	1175	959
2001-02	149056	171681	320737	121050	179550	300600	812	1046	937
2002-03	146780	173835	320615	102125	173150	275275	696	996	859
2003-04	148389	176735	325124	101950	168550	270500	687	954	832
2004-05	153280	180058	333338	103400	172100	275500	675	956	826
2005-06	151547	189804	341351	94000	180000	274000	620	948	803
2006-07	151861	191179	343040	99700	188300	288000	657	985	840
2007-08	151013	193495	344508	92500	169500	262000	613	876	761
2008-09	156421	194079	350500	79500	182800	262300	508	942	748
2009-10	159828	195674	355502	94600	195000	289600	592	997	815
2010-11	163737	196748	360485	94140	207860	302000	575	1,056	838
2011-12	169906	198781	368687	101500	212500	314000	597	1,069	852
2012-13	176131	200174	376305	98600	219600	318200	560	1,097	846
2013-14	181129	200175	381304	102200	202300	304500	564	1011	799
2014-15	185978	200217	386195	98000	229000	327000	527	1144	847
2015-16	192734	204413	397147	103500	244500	348000	537	1196	876

Source: The Coffee Board Of India

Domestic Raw Coffee Prices (Karnataka):-

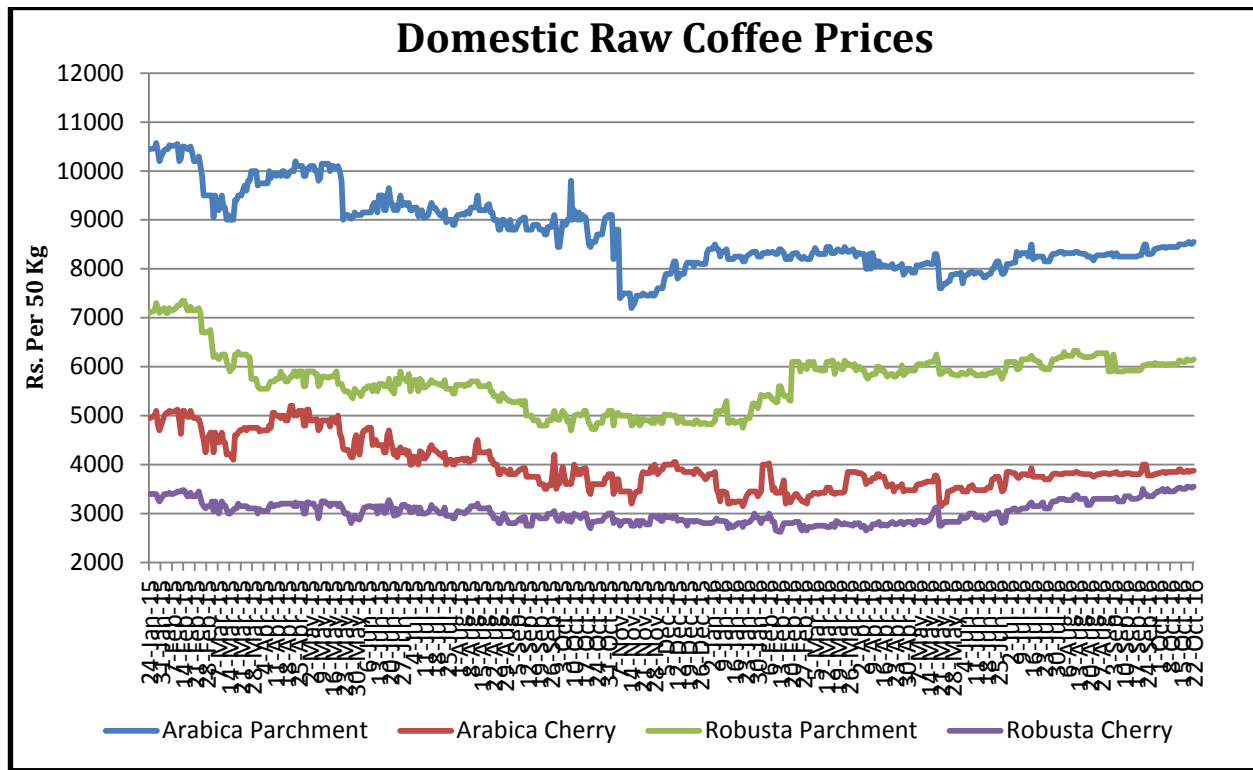
Variety	21.09.2016	14.09.2016	Change
Arabica Parchment	8515	8500	15
Arabica Cherry	3865	3900	-35
Robusta Parchment	6125	6125	unchanged
Robusta Cherry	3525	3525	Unchanged

* Values in Rs. per 50 Kg

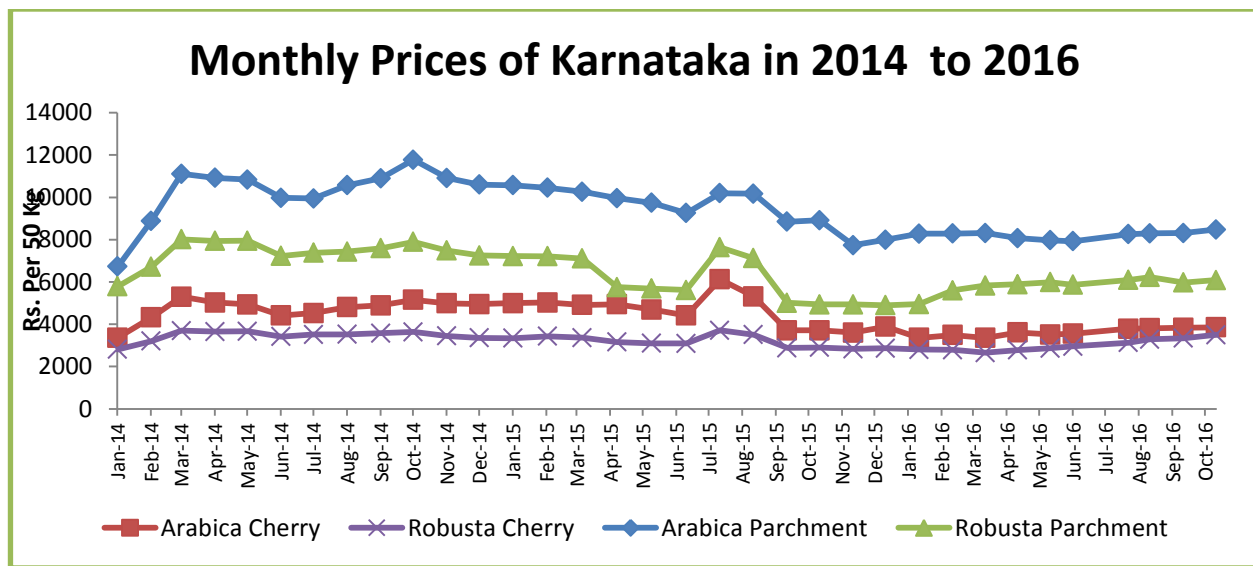
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

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 increased by 0.45% to 156.10 cents/lb in this week as on 21st October 2016 against 155.40 cents/lb of the last week. The ICO composite price is now 143.26 ct/lb. Brazil will get episodes of scattered showers. Temperatures should average near to above normal Colombia should get scattered to isolated showers. Central America and southern Mexico should get mostly dry conditions. Temperatures should average near to above normal. ICE certified Arabica stocks increased by 1715 to 1276912 as on October 21,2016 against 1275197 bags. Below table shows ICE Certified stock details:-

COUNTRIES	ANTWERP	BARCELONA	HAMBURG/BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Brazil	2880	0	0	0	0	0	570	3450
Burundi	53088	0	42405	0	0	0	5337	100,830
Colombia	124640	0	29501	1470	40428	275	147603	343917
Coasta Rica	250	0	0	0	0	0	0	250
El Salvador	425	0	0	0	0	0	1020	1445
Guatemala	56	0	0	575	0	3610	4774	9015
Honduras	176975	0	9800	15078	250	800	19483	222386
India	29787	0	1174	0	0	0	0	30961
Mexico	133114	0	2936	251	0	0	12436	148737
Nicaragua	38881	0	0	550	0	1375	14925	55731
Peru	98318	0	49970	15947	0	825	92975	258035
Rwanda	44134	0	8833	0	0	0	640	53607
Tanzania	70	0	0	0	0	0	578	648
Uganda	20958	295	23487	0	0	0	3160	47900
Total in Bags	723576	295	168106	33871	40678	6885	303501	1276912

Source: Reuter

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.

Brazil:- The market has been hearing about better rains in southern Minas in Brazil, but it is still very dry on Espírito Santo. The Robusta production will be low again, and Robusta prices are currently very high in the country. Local roasters are adding more Arabica to blends, but the country is still exporting in large volumes. Colombia is also exporting large volumes, and this has been a problem for Central American sellers. They are offering both old crop and new crop beans, but are having a hard time finding good bids because there is plenty of Coffee t cheap prices from other origins right now. Most of the demand for Central American coffees has been for better quality beans from the 2015-16 crop, mostly HG and SHG. These coffees are getting low bids. Low bids are starting to appear for new crop coffees, as well.

Coasta Rica:-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.

Coffee Consumption the World:-
World Coffee Consumption* (In Thousands 60 kg bags) Source: ICO

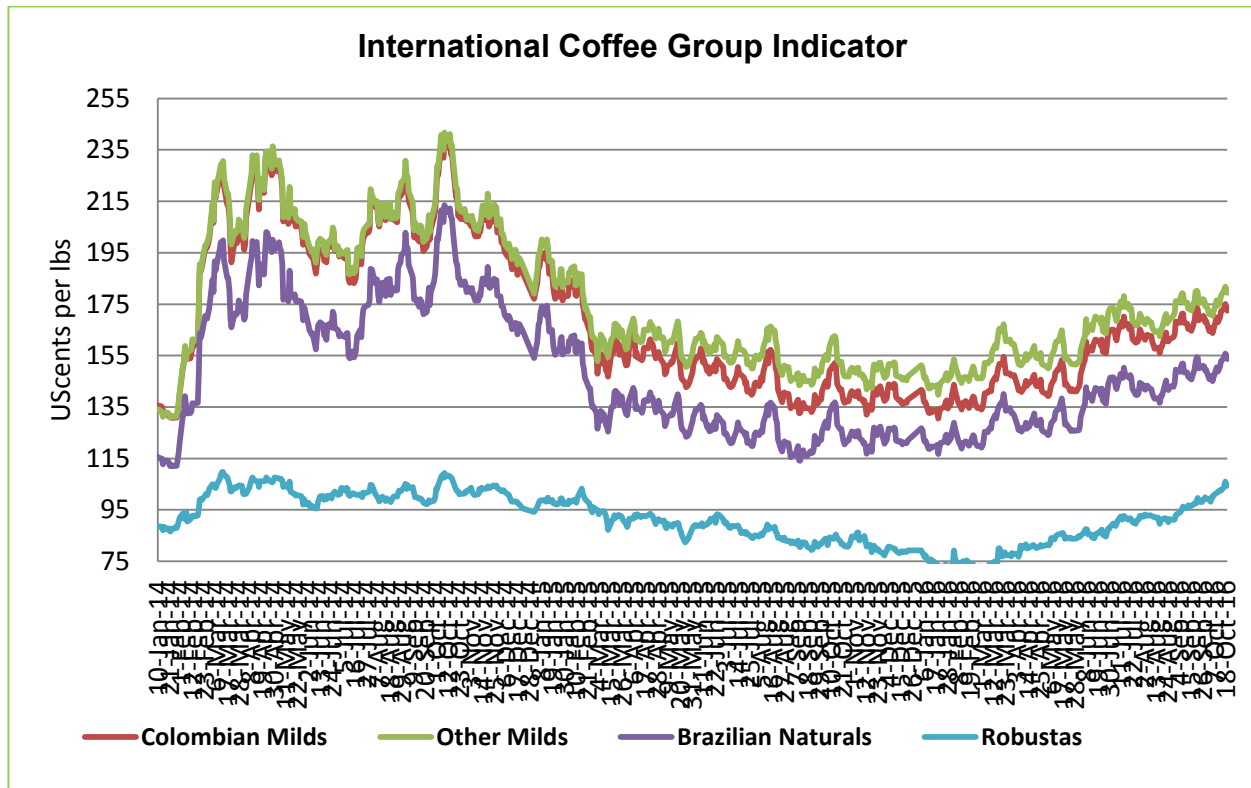
Coffee years	2012/13	2013/14	2014/15	2015/16	CAGR
World total	145 367	147 017	149 395	151 303	13.0%
Africa	10 447	10 571	10 704	10 815	12.0%
Asia & Oceania	28 329	28 745	30 516	31 609	37.0%
Europe	50 239	50 845	50 608	50 870	0.4%
Mexico & Central America	5 135	5 198	5 239	5 257	0.8%
North America	26 631	27 492	27 901	28 035	17.0%
South America	24 587	24 167	24 426	24 717	0.2%
Exporting countries	44 350	44 209	45 374	46 369	15.0%
Brazil	20 330	20 085	20 333	20 500	0.3%
Indonesia	2 418	2 550	2 770	2 650	31.0%
Ethiopia	3 400	3 650	3 675	3 700	29.0%
Mexico	2 354	2 354	2 354	2 354	0.0%
Philippines	3 590	3 210	3 563	4 155	50.0%
Vietnam	1 825	2 000	2 200	2 300	80.0%
India	1 208	1 248	1 310	1 355	39.0%
Venezuela	1 195	1 135	1 126	1 126	-20.0%
Colombia	1 441	1 469	1 494	1 600	35.0%
Thailand	1 230	1 300	1 350	1 400	44.0%
Madagascar	430	410	390	390	-32.0%
Dominican Republic	378	383	388	388	0.9%
Honduras	345	345	345	345	0.0%
Guatemala	360	370	380	390	27.0%
Haiti	340	340	340	340	0.0%
Cote d'Ivoire	317	317	317	317	0.0%
El Salvador	277	275	280	285	10.0%
Peru	250	250	250	250	0.0%
Cuba	220	220	220	220	0.0%
Costa Rica	375	375	375	375	0.0%
Others	2 068	1 923	1 915	1 930	-23.0%
Importing countries	101 018	102 808	104 021	104 933	13.0%
European Union	41 661	42 130	42 039	42 295	0.5%
USA	23 120	23 679	24 272	24 500	20.0%
Japan	7 359	7 479	7 609	7 734	17.0%
Russia	3 660	3 928	3 898	3 900	21.0%
Canada	3 510	3 813	3 629	3 535	0.2%
Algeria	2 123	2 147	2 154	2 154	0.5%
South Korea	1 748	1 873	1 963	1 980	42.0%
Australia	1 564	1 543	1 713	1 770	42.0%
Saudi Arabia	1 256	1 317	1 330	1 330	19.0%
Ukraine	1 313	1 246	1 106	1 069	-66.0%
Switzerland	1 104	1 051	1 079	1 108	0.1%
Turkey	595	658	805	920	15.6%
Israel	582	583	562	556	-15.0%
Sudan	700	716	690	690	-0.5%
Norway	753	737	773	797	19.0%
Egypt	658	529	564	597	-32.0%
Lebanon	564	588	580	580	0.9%
Argentina	789	619	610	627	-74.0%
Morocco	634	568	574	583	-28.0%

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

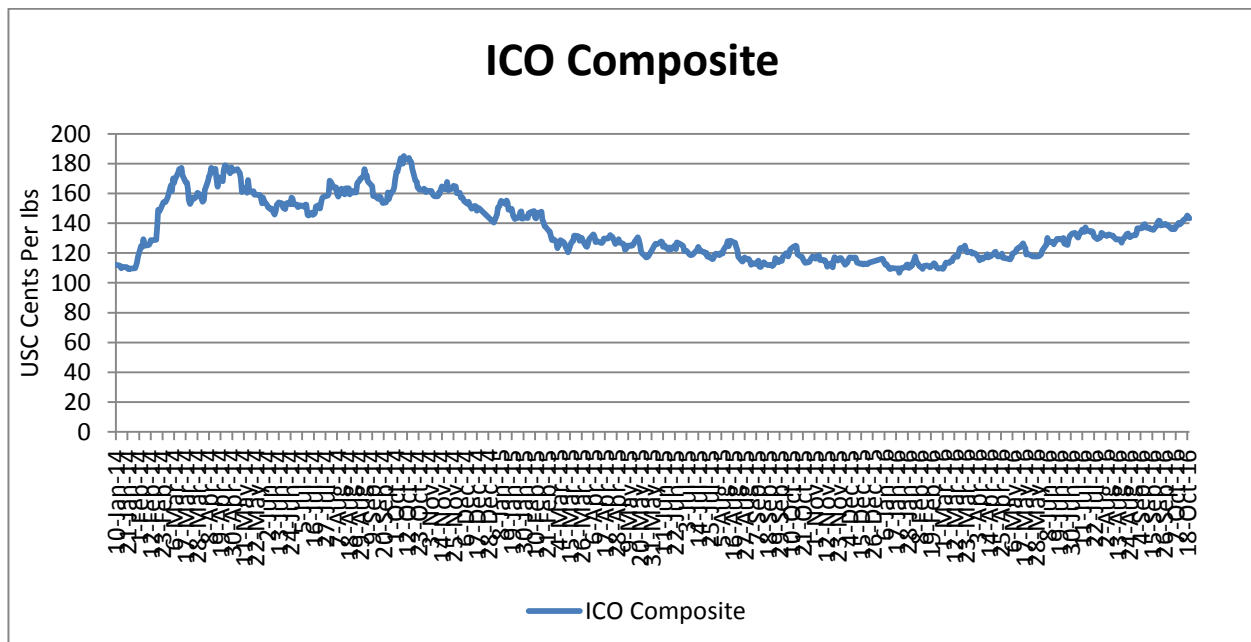
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	20.10.2016	13.10.2016	20.09.2016	20.10.2015
ICO Composite Indicator	143.26	140.59	140.43	117.51
Colombian Milds				
US	171	168.75	171.75	138.75
Europe	174.28	170.92	172.53	145.70
Group Indicator	172.51	169.75	172.90	141.95
Other Milds				
US	178.94	175.19	180.44	152.19
Europe	179.76	176.41	178.59	152.99
Group Indicator	179.42	174.91	179.35	152.66
Brazilian Naturals				
US	139	136.75	139.25	115.75
Europe	158.83	155.38	159.45	130.29
Group Indicator	153.67	150.54	154.20	126.51
Robusta				
US	108.25	107	104.08	87.08
Europe	103.66	101.81	98.75	80.66
Group Indicator	104.44	102.69	99.66	81.75

US cents/lb

International Coffee Indicators Charts:-



Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(21-Oct-2016)	Week Ago(14-Oct-2016)	Month Ago(21-Sep-2016)	Weekly Change (%)
16-Dec	156.10	152.70	156.55	0.45
16-Mar	159.60	156.15	159.75	0.50
16-May	161.80	158.25	161.50	0.55

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(14-Oct-2016)	Week Ago(14-Oct-2016)	Month Ago(14-Sep-2016)	Weekly Change (%)
16-Nov	2128	2037	1942	4.10
16-Jan	2153	2070	1960	3.80
16-Mar	2153	2068	1971	3.80

USD/T

International Coffee Prices

	21.10.2016	13.10.2016	21.09.2016	21.10.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	---	42400	41250	36100
Vietnam FOB (2-5 pct)* (Saigon port)	--	--	---	1975
Indonesian FOB (4-80 defects)** (Lampung Port)	--	1940	1930	1650

*FOB Values are in USD/T

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (18/10/2016)	Average Prices In	Prices This Auction In (11/10/2016)
Arabica AA	114-330	277.08	131-351
Arabica AB	92-286	251.77	51-294
Arabica C	67-256	222.07	73-245
Arabica PB	96-269	238.42	39-270
Arabica T	20-181	102.49	17-186
Arabica TT	84-255	191.57	57-243

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 152.07 against 150.46 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 64.20 compared to 63.37 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
133.84	147.74	156.10	164.98	170.22

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 2017 against last week records i.e.1972, indicating further strong tone in the market.
- On the other hand, RSI is higher at 85.44 in neutral region against 82.32 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
1947	1994	2128	2180	2200

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