

## **Executive Summary**

### **Domestic Coffee Market Summary**

Firm tone were seen in Karnataka physical market during week ended as on 28th October 2016 on improved demand. Arrival is very less against demand. Positive Weather condition is remaining in coffee belts however need more rainfall. Less old stocks are available in the market. This year Robusta picking may start quite early by December end and Arabica 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.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2016 to 26th October 2016 is registered higher by 17.19 % at 243080 metric tons compared to 207418 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 26th October 2016 this year, recorded down by 13.82% at 20979 metric tons from preceding year volume of 24345 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 24.83 at 36355, 11.19% to 10075 metric tonnes and 31.19% at 149784 metric tons respectively from 1st January to 26th October against exports volume of 29123 metric ton, 9061 metric tonnes and 114169 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower for 25648 metric tonnes with a decline of 15.74%.

### **Recommendation:**

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

### **International Coffee Market Summary**

El Salvador exported lower coffee beans by 17.3% to 485046 60 killo bags during the 2015/16 harvest against 586661 bags in the last season harvest on account of a prolonged drought which has affected the production of the country. The coffee season in Mexico and Central America, which together produce a fifth of the world's Arabica coffee beans, begins in October and ends in September.

Vietnam is likely to ship total 130,000 tonnes (2.17 million 60 kg bags ) of coffee in October 2016 with an increase of 47.7% against previous year record during the same period of time. While, traders has expected the coffee export at 70,000 to 100,000 tonnes for the first month of 2016/17.

Kenya is likely to produce higher coffee beans at 47,000 metric tonnes in 2016 against 45,000 metric tons in 2015 due to higher coffee planted area. The country covered higher coffee beans from 109000 hectares to 114,000 hectares in this season. Kenyan coffee is used to blend coffee from other countries due to its high quality. Kenya ships coffee beans in 30 countries around the world including Germany, the United States, Belgium, Canada and Nordic countries.

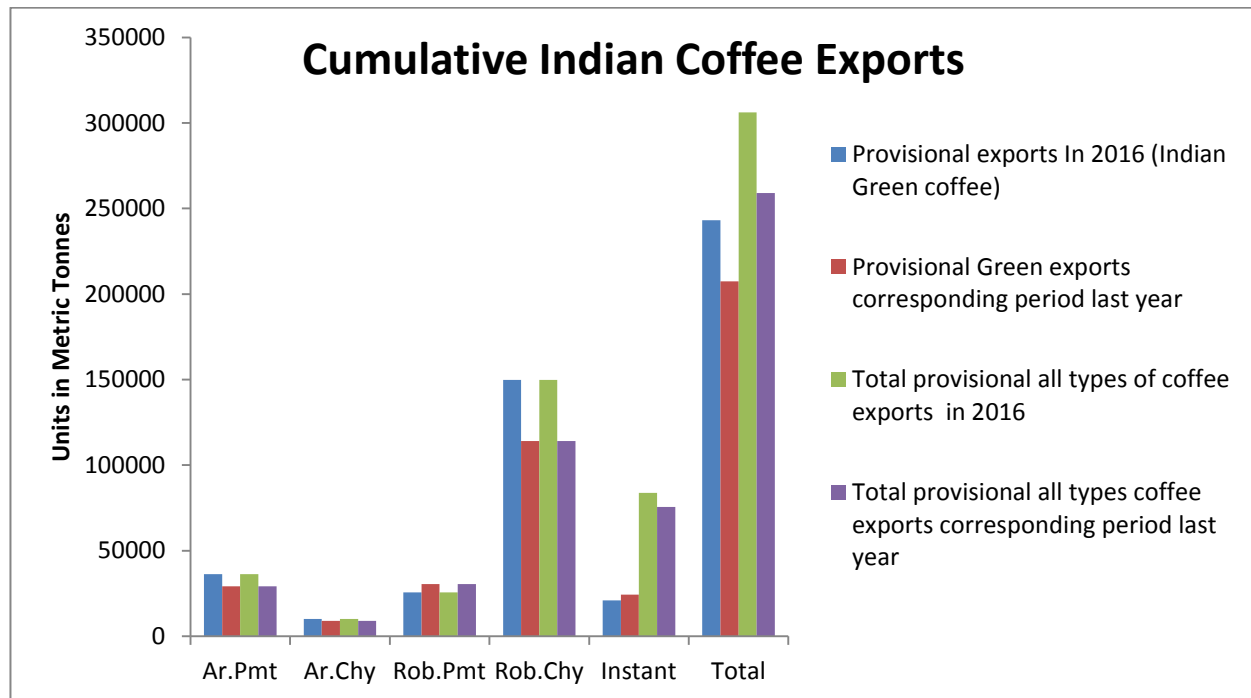
Coffee Shipment of Uganda declined by 27% to 208956 60 kg bags in September 2016 against 286322 bags in the corresponding period of time in 2015. Coffee is Uganda's single largest commodity export and is also one of the key sources of foreign exchange for the country.

### Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 <sup>st</sup> January 2016 to 26th 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)	36355	10075	25648	149784	45	194	20979	243080
2	Provisional exports corresponding period last year	29123	9061	30441	114169	33	245	24345	207418
3	Provisional re-exports	0	0	0	0	1	157	62889	63047
4	Provisional re-exports corresponding period last year	0	0	0	0	119	268	51141	51528
5	Total provisional exports (1+3)	<b>36355</b>	<b>10075</b>	<b>25648</b>	<b>149784</b>	<b>46</b>	<b>351</b>	<b>83868</b>	<b>306127</b>
6	Total provisional exports corresponding period last year (2+4)	<b>29123</b>	<b>9061</b>	<b>30441</b>	<b>114169</b>	<b>152</b>	<b>513</b>	<b>75487</b>	<b>258946</b>

Source: The Coffee Board Of India



Source: The Coffee Board Of India

**Production & Exports Of Coffee In India:-**

Below table shows Production and Exports : India Vs World\*

<b>Production and Exports: India Vs World *</b>						
	<b>Production</b>		<b>India's</b>		<b>Exports</b>	<b>India's</b>
<b>Year</b>	<b>World</b>	<b>India @</b>	<b>Share(%)</b>	<b>World#</b>	<b>India @</b>	<b>Share (%)</b>
1993-94	90366	3533	3.91	75168	2526	3.36
1994-95	95154	3002	3.15	70716	2488	3.52
1995-96	85250	3717	4.36	67872	3114	4.59
1996-97	101865	3417	3.35	77685	2693	3.47
1997-98	95872	3805	3.97	80414	3495	4.35
1998-99	106163	4417	4.16	80265	3637	4.53
1999-00	115117	4867	4.23	86145	4225	4.90
2000-01	116619	5020	4.30	89559	3730	4.16
2001-02	108451	5010	4.62	90859	3550	3.91
2002-03	123723	4588	3.71	88832	3707	4.17
2003-04	103982	4508	4.34	86371	3804	4.40
2004-05	116062	4592	3.96	91101	3396	3.73
2005-06	111247	4567	4.11	87562	4083	4.66
2006-07	128209	4800	3.74	91745	3569	3.89
2007-08	116455	4367	3.75	96285	3547	3.68
2008/09	128636	4372	3.40	97599	3005	3.08
2009/10	123042	4827	3.92	94631	4647	4.91
2010/11	133651	5033	3.77	103085	5414	5.25
2011/12	140617	5233	3.72	108659	5044	4.64
2012/13	144960	5303	3.66	111315	5018	4.51
2013/14	146506	5075	3.46	114916	4794	4.17
2014/15	142278	5450	3.83	110762	5102	4.61
2015/16**	143306	5800	4.05	NA	4506	NA

Source: The Coffee Board Of India

**Domestic Raw Coffee Prices (Karnataka):-**

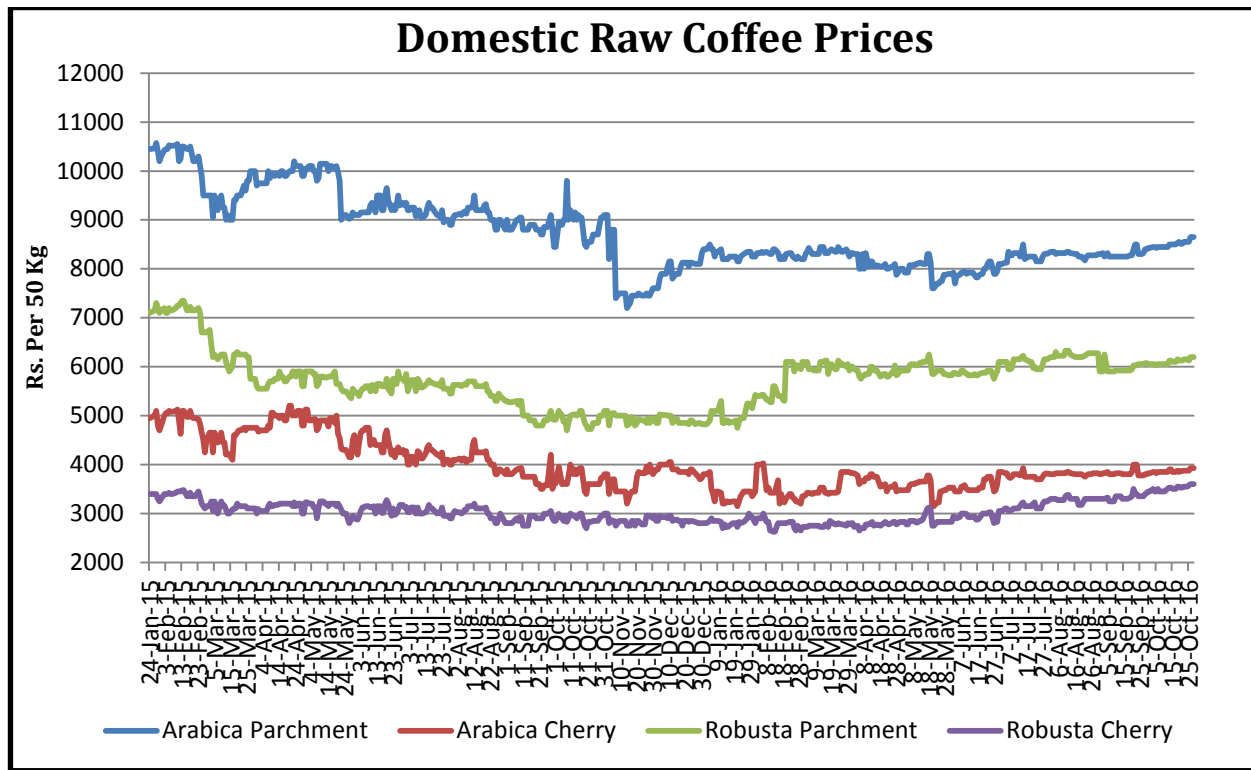
Variety	28.10.2016	21.10.2016	Change
Arabica Parchment	8650	8515	135
Arabica Cherry	3925	3865	60
Robusta Parchment	6200	6125	75
Robusta Cherry	3600	3525	75

\* Values in Rs. per 50 Kg

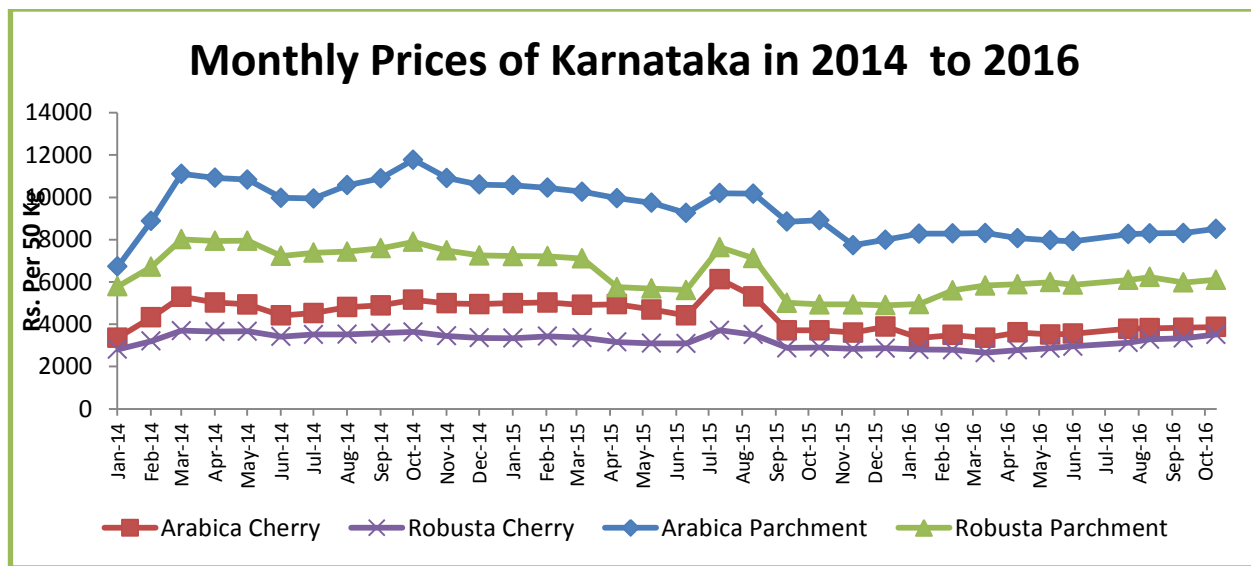
**ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop**

Grade	20.10.2016	06.10.2016	Change	20.10.2016	06.10.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	210	---	---	---	---
AA	---	245	---	---	---	---
PB	221.26	215	---	183.60	---	---
A	---	---	---	---	---	---
AB	----	---	---	---	---	---
B	208	189.50	---	---	---	---
C	---	166	---	145	---	---
BBB	144.56	131.66	---	---	---	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	---	---	---	---
A	---	---	---	---	---	---
PB	---	150	---	146.50	138.66	7.84
AA	---	158	---	150.66	---	---
AB	---	155	---	148	141	7
B	---	---	---	---	---	---
C	---	141	---	140.50	137	3.5
BBB	128.50	124	4.5	126.50	124	2.5

Values in Rs. per kg

**Coffee Prices Of Auction Market & State Wise Market**


Source: The Coffee Board Of India



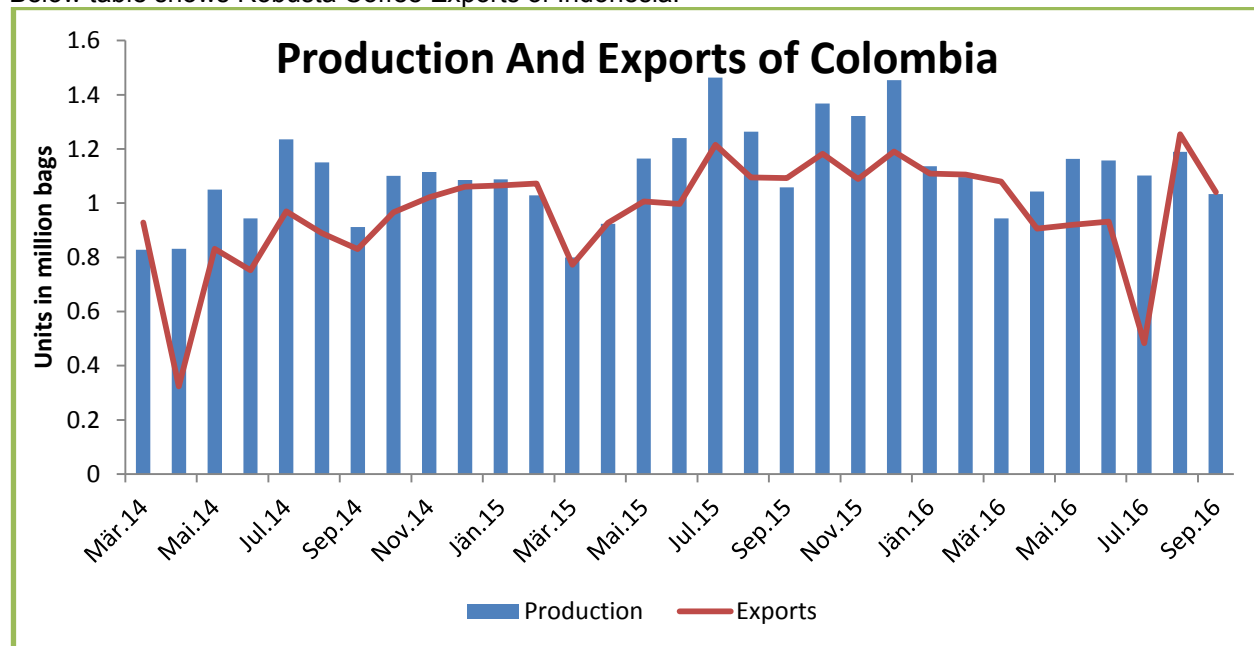
Source: The Coffee Board Of India

### International Market Updates

ICE coffee future prices increased by 5.70% to 164.80 cents/lb in this week as on 27th October 2016 against 155.90 cents/lb of the last week. Ideas of tight world supplies keep the buyers in the market. The Brazil Robusta production will be low again, and Robusta prices are currently very high and above Arabica prices in the country. More Arabica is being kept for internal consumption now and less is available for export. Local roasters are adding more Arabica to blends to compensate for the small Robusta offer and high Robusta prices. Colombia is also exporting strong volumes. Most of the demand for Central American coffees has been for better quality beans from the 2015-16 crop. These coffees are getting low bids, but they are getting the best buying interest in months right now. Little is offered from Vietnam. Speculators increased their net long position in Arabica coffee contracts on ICE Futures U.S. to the highest in 8-1/2 years in the week to Oct. 25 as prices surged to a 1-1/2-year top. Speculators increased their Arabica net long position by 12,051 lots to 51,090 lots, the highest since March 2008.

**Colombia:-** As per sources, Colombia produced lower coffee beans in September month 2016. The country has produced 13.03% lower at 1.034 million bags in September month against 1.189 million bags in previous month 2016. The country shipped 1.04 million bags of coffee beans in September 2016 with a decline of 17% against 1.254million bags in August 2016.

Below table shows Robusta Coffee Exports of Indonesia:-



Source: Reuters

**Brazil:-** 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.

**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 Imports Details Of China:-**

**Below table depicts coffee imports details of China from the World:-**

Coffee Imports Of China					
	Sep-16			Sep-15	
	Tonnes	% Change	\$/Tonnes	Tonnes	% Change
Total	7048	-1.59	7426.12	60708	44.12
Vietnam	4790	69.59	8317.59	42189	110.89
Indonesia	754	-66.54	2098.14	3045	-63.59
Malaysia	308	-41.75	8272.72	2655	14.84
Guatemala	297	143.14	4065.2	907	50.16
Ethiopia	155	-13.45	11183.14	1022	36.33
Italy	122	-34.3	11893.1	1212	-8.96
Brazil	98	-58.01	2845.78	1789	-44.91
Colombia	98	-71	3482.84	1364	-27.12
Costa Rica	66	241.74	5644.85	313	244.79
USA	57	-1.1	11526.86	885	29.23
Nicaragua	52	86850	4223.17	67	442.81
Honduras	42	141.55	3987.21	207	81.9
Britain	25	-52.84	13968.24	325	13.08
Kenya	20	40.51	6385.8	155	31.07
India	20	563.33	2662.3	189	615.89
Uganda	19	-91.33	3116.74	633	-28.43
Taiwan	19	171.31	3613.74	128	48.53
Switzerland	16	256.36	16024.25	123	66.72

Source: Reuters

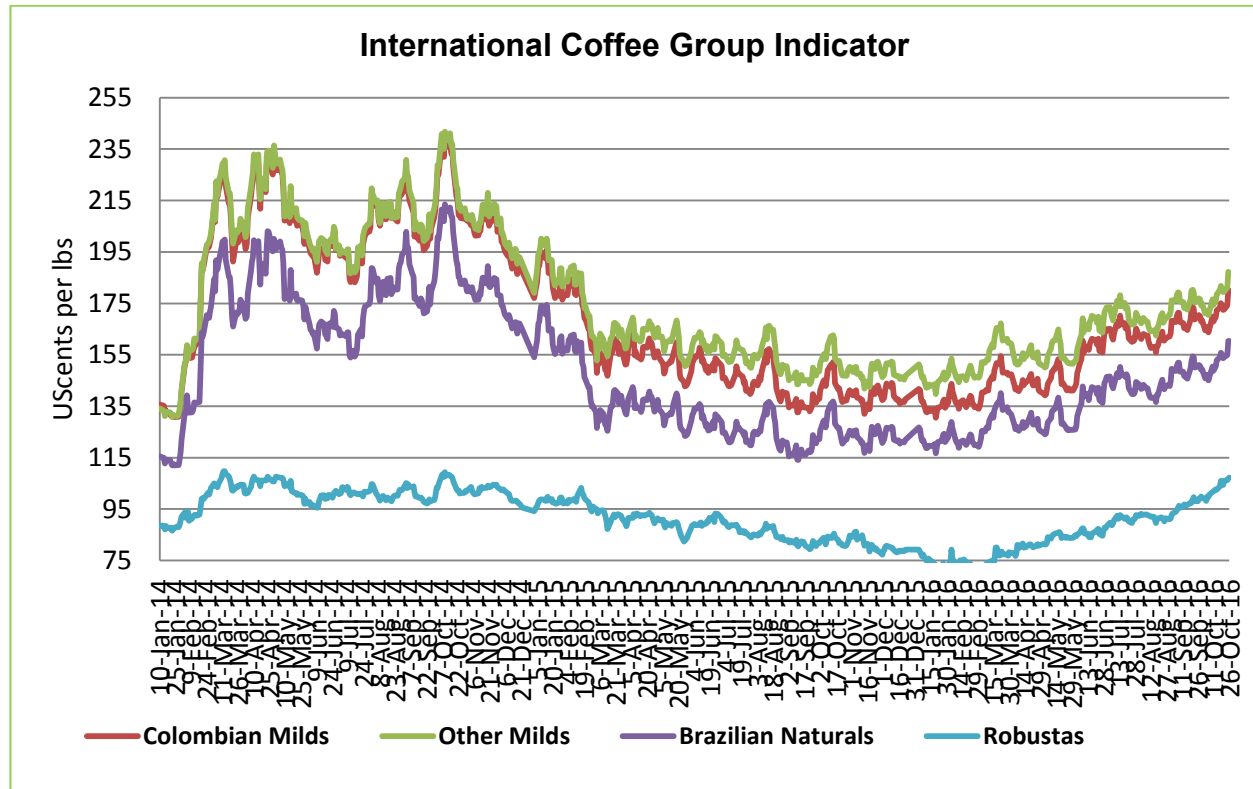
**International Coffee Price Trend:-**
**Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) \* Values**

	As on	Week Ago	Month Ago	Year Ago
<b>International Coffee Prices</b>	<b>26.10.2016</b>	<b>20.10.2016</b>	<b>26.09.2016</b>	<b>26.10.2015</b>
<b>ICO Composite Indicator</b>	148.77	143.26	131.57	113.95
<b>Colombian Milds</b>				
US	178.75	171	160.75	135.75
Europe	181.25	174.28	161.77	139.20
Group Indicator	179.90	172.51	161.22	137.34
<b>Other Milds</b>				
US	186.69	178.94	171.94	148.19
Europe	186.84	179.76	166.84	145.80
Group Indicator	186.78	179.42	168.93	146.78
<b>Brazilian Naturals</b>				
US	146.75	139	129.75	109.75
Europe	165.26	158.83	147.07	126.37
Group Indicator	160.44	153.67	142.57	122.05
<b>Robusta</b>				
US	110.75	108.25	96.17	86.83
Europe	106.55	103.66	90.45	79.38
Group Indicator	107.27	104.44	91.42	80.64

**US cents/lb**



#### International Coffee Indicators Charts:-



**International Future Market Prices :-**

ICE Arabica Coffee Futures Prices				
Contract Months	Today(27-Oct-2016)	Week Ago(20-Oct-2016)	Month Ago(27-Sep-2016)	Weekly Change (%)
16-Dec	164.80	155.90	156.55	5.70
16-Mar	168.30	159.40	159.75	5.58
16-May	170.40	161.65	161.50	5.41

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(27-Oct-2016)	Week Ago(20-Oct-2016)	Month Ago(27-Sep-2016)	Weekly Change (%)
16-Nov	2170	2095	1995	3.57
16-Jan	2175	2122	2015	2.49
16-Mar	2175	2122	2024	2.35

USD/T

**International Coffee Prices**

	27.10.2016	20.10.2016	27.09.2016	27.10.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	44650	43600	41200	34200
Vietnam FOB (2-5 pct)* (Saigon port)	2123	2075	1969.50	1640
Indonesian FOB (4-80 defects)** (Lampung Port)	2060	1990	1930	1630

**\*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)**

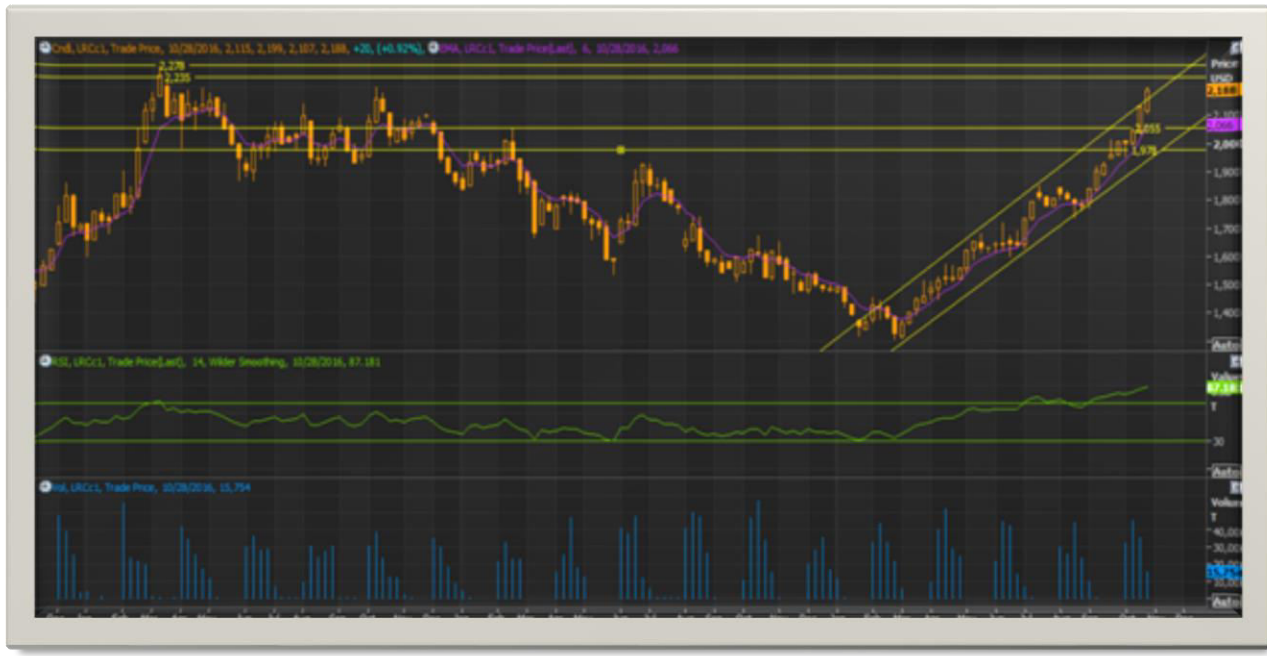

**Outlook** -Prices show upside of the market during the week. We expect prices to trade higher side in the market.

- Candlestick chart depicts uptrend in the market.
- However, 14 days EMI stood slight up at 155.91 against 152.07 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 69.84 compared to 64.20 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
137.19	154.24	165.50	181.82	190.96

**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 EMV is moving higher at 2066 against last week records i.e.2017, indicating further strong tone in the market.
- On the other hand, RSI is higher at 87.18 in neutral region against 85.44 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
1978	2055	2188	2235	2278

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