

Executive Summary

Domestic Coffee Market Summary

Steady to weak tone were witnessed in Karnataka physical market during week ended as on 4th November 2016 on lackluster trading activities. Arrival is very less against demand. Robusta picking may start quite early by December end and Arabica also during December 2016. Indian farmers expect 15 to 20% decline in Robusta crops production 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 3rd November 2016 is registered higher by 16.65% at 246879 metric tons compared to 211626 metric tons in the corresponding period of previous year. India re-exports maximum Instant of coffee. Instant Coffee exports from 1st January 2016 to 3rd November 2016 this year, recorded down by 14.34% at 21420 metric tons from preceding year volume of 25008 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 24.72% at 36651, 10.37% to 10191 metric tonnes and 30.58% at 15248 metric tons respectively from 1st January to 3rd November against exports volume of 29385 metric ton, 9233 metric tonnes and 116763 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower for 25890 metric tonnes with a decline of 16.33%.

Recommendation:

Weekly Call -: Market participants are advised to stay away for short the period of time.

International Coffee Market Summary

According to the National Coffee Growers Federation, Washed Arabica Coffee beans output of Colombia stood higher by 2% to 1.39 million 60 kg bags in October 2016 from the same month a year earlier. Total shipment of the country is registered up at 6.4% to 1.25 million bags. Production and exports were battered in recent months by a 45-day truckers' strike and the damage done to many coffee trees by the El Nino drought. Twelve-month production through October stood higher by 3% to 14 million bags against the last year record. 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.

Robusta coffee prices in Vietnam increased more than 40% so far in 2016 supported by fund buying against the backdrop of poor Robusta crops in Brazil and Indonesia and the prospect of lower production in Vietnam. Coffee picking of the season 2016/17 will commence from late November 2016 due to rainfall.

Brazil has exported total 8% higher coffee beans in October 2016 at 2974790 60 kg bags against last month record i.e. 2755438 60 kg bags. However, The country shipped total 3306499 60 kg bags in October 2015 with a decline of 10%.

Brazil's Coffee Exports Details					
Commodity	Oct-16	Sep-16	Oct-15	% change Last month	% change Last year
Coffee	2,974,790	2,755,438	3,306,499	8	-10

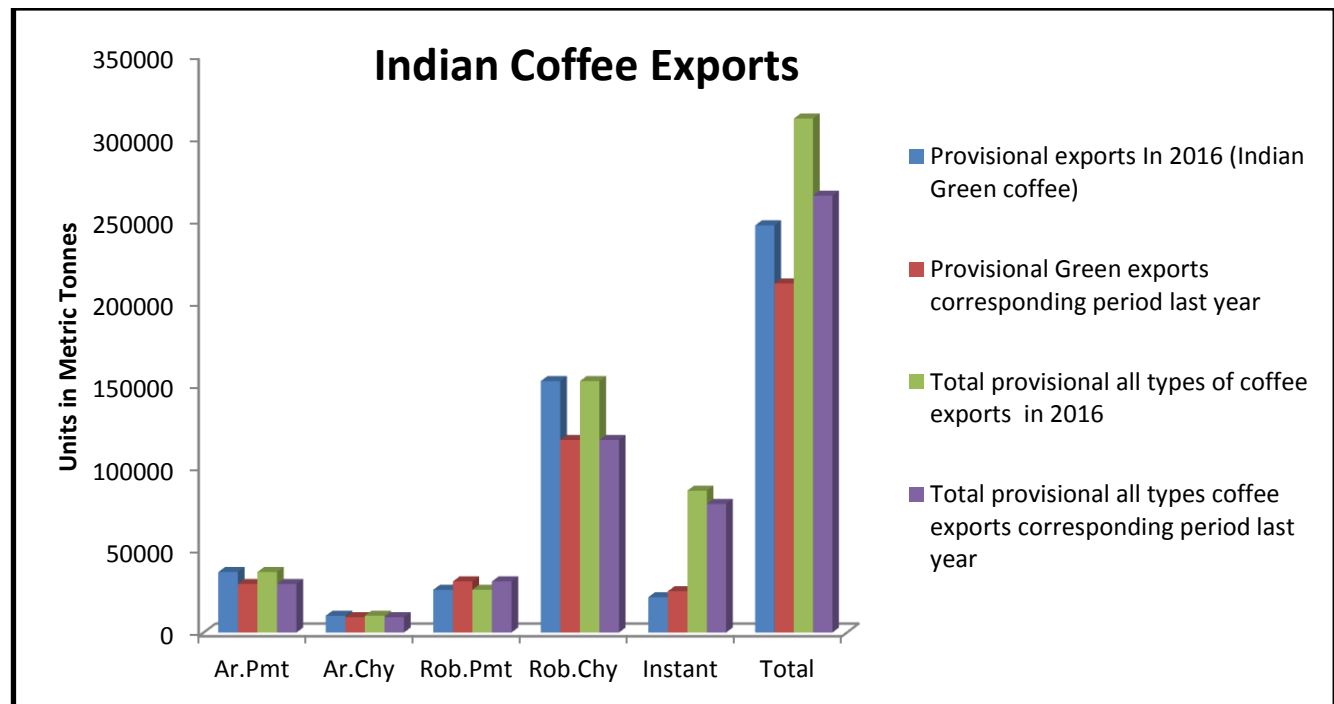
Source: Reuters

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 st January 2016 to 3rd November 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)	36651	10191	25890	152480	49	197	21420	246879
2	Provisional exports corresponding period last year	29385	9233	30946	116763	35	257	25008	211626
3	Provisional re-exports	0	0	0	0	1	157	64594	64752
4	Provisional re-exports corresponding period last year	0	0	0	0	119	268	52933	53320
5	Total provisional exports (1+3)	36651	10191	25890	152480	50	354	86014	311631
6	Total provisional exports corresponding period last year (2+4)	29385	9233	30946	116763	154	525	77941	264946

Source: The Coffee Board Of India



Source: The Coffee Board Of India

Planted Area of Coffee In India:-

Below table shows state-wise Planted Area in India:-

Planted Area of Coffee in Major States/Districts (Zones) of India							
Sl.	State/District	2014-15			2013-14		
No.		Arabica	Robusta	Total	Arabica	Robusta	Total
I	Karnataka						
1	Chikmagalur	56913	31974	88886	56900	31968	88868
2	Kodagu	27969	76953	104922	27963	76927	104890
3	Hassan	24150	12475	36625	24140	12435	36575
	Sub total	109032	121402	230434	109003	121330	230333
II	Kerala						
1	Wyanad	0	67396	67396	0	67364	67364
2	Travancore	2094	11007	13102	2090	10970	13060
3	Nelliampathies	2109	2850	4959	2085	2850	4935
	Sub total	4203	81253	85456	4175	81184	85359
III	Tamilnadu						
1	Pulneys	10949	949	11898	10946	949	11895
2	Nilgiris	3615	4183	7798	3610	4175	7785
3	Shevroys (Salem)	9019	143	9162	8913	143	9056
4	Anamalais (Coimbatore)	2475	338	2813	2470	338	2808
	Sub Total	26058	5613	31671	25939	5605	31544
	Total for Traditional Areas	139293	208268	347561	139117	208119	347236
IV	Non Traditional Areas						
1	Andhra Pradesh	64689	267	64956	61075	268	61343
2	Odisha	4140		4140	4066	0	4066
	Sub Total	68828	267	69096	65141	268	65409
1	North Eastern Region	5340	1273	6613	5127	1203	6330
	Grand Total	213462	209808	423270	209385	209590	418975

Source: The Coffee Board Of India

Domestic Raw Coffee Prices (Karnataka):-

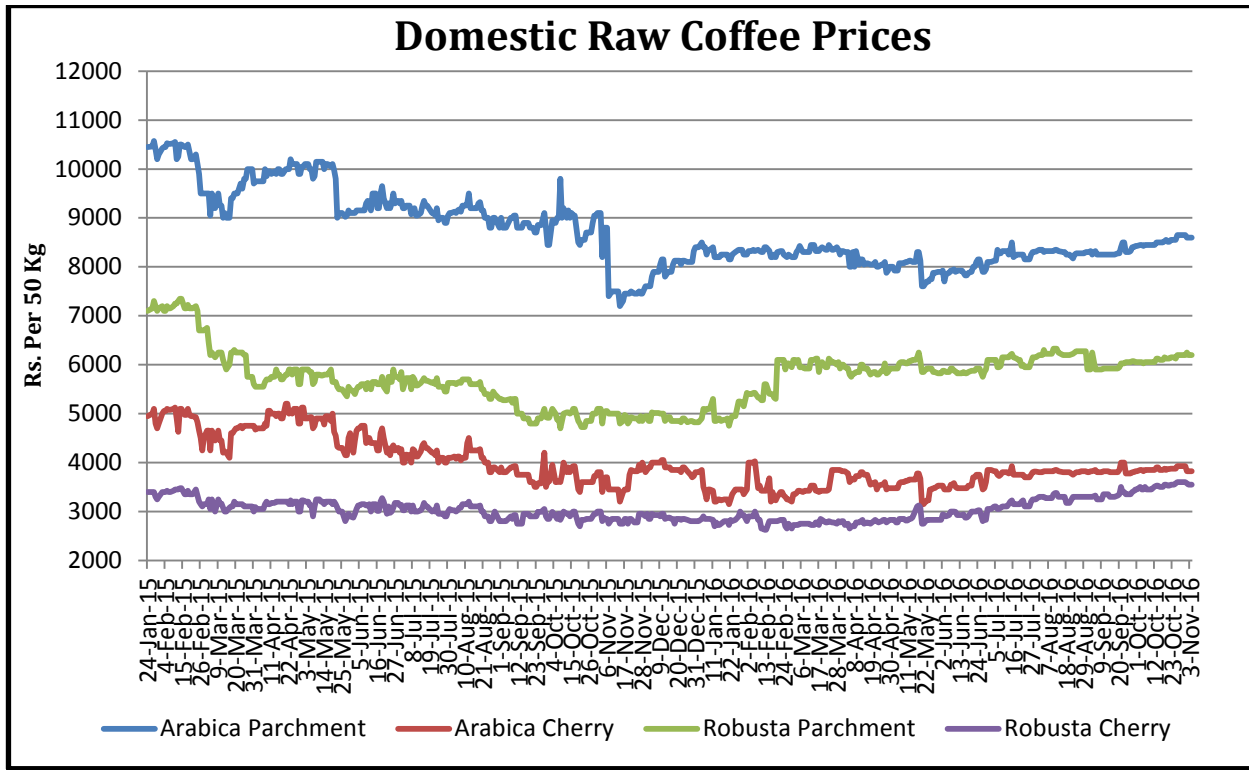
Variety	04.11.2016	28.10.2016	Change
Arabica Parchment	8600	8515	-50
Arabica Cherry	3825	3865	-100
Robusta Parchment	6200	6125	Unchanged
Robusta Cherry	3550	3525	-50

* Values in Rs. per 50 Kg

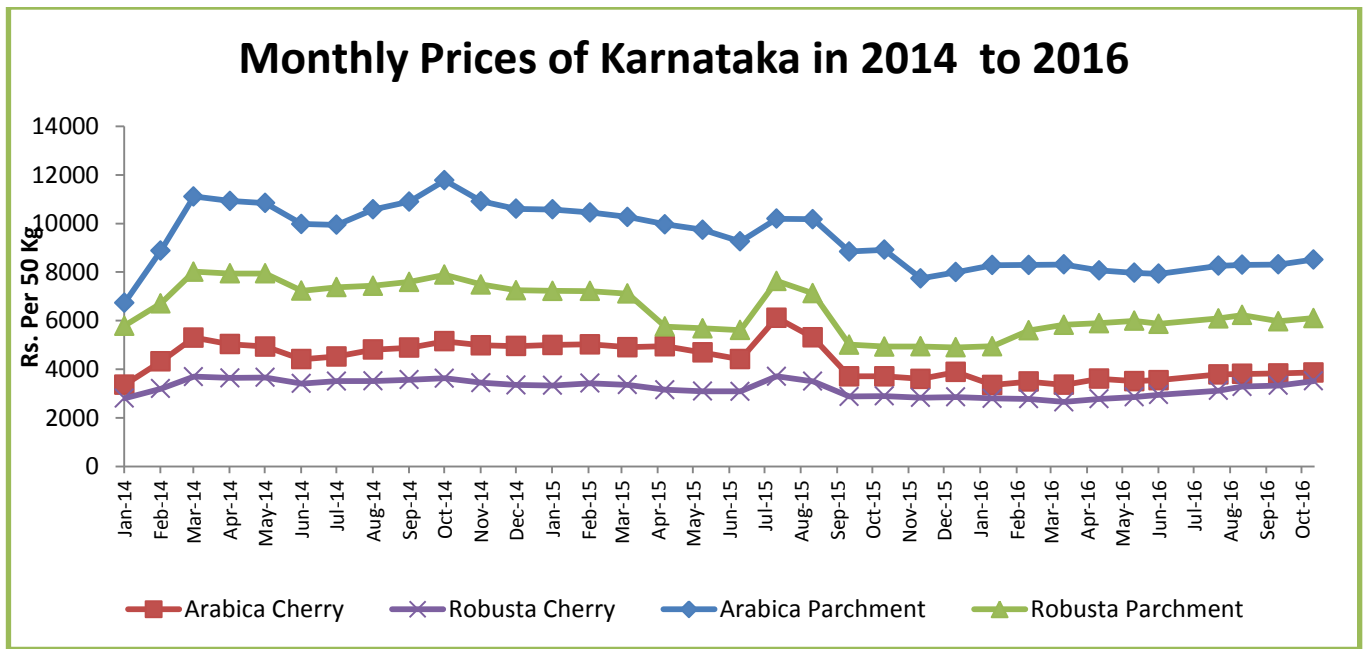
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	27.10.2016	20.10.2016	Change	27.10.2016	20.10.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	---	---	---	---
AA	----	---	---	---	---	---
PB	234	221.26	12.74	190	183.60	6.4
A	---	---	---	---	---	---
AB	---	----	---	---	---	---
B	221	208	13	----	---	---
C	---	---	---	---	145	---
BBB	---	144.56	---	---	---	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	165	---	---	---	---	---
A	---	---	---	---	---	---
PB	158	---	---	149	146.50	2.5
AA	166	---	---	153	150.66	2.34
AB	163	---	---	145	148	-3
B	---	---	---	---	---	---
C	147	---	---	138	140.50	-2.5
BBB	132	128.50	3.5	127	126.50	0.5

Values in Rs. per kg

Coffee Prices Of Auction Market & State Wise Market


Source: The Coffee Board Of India



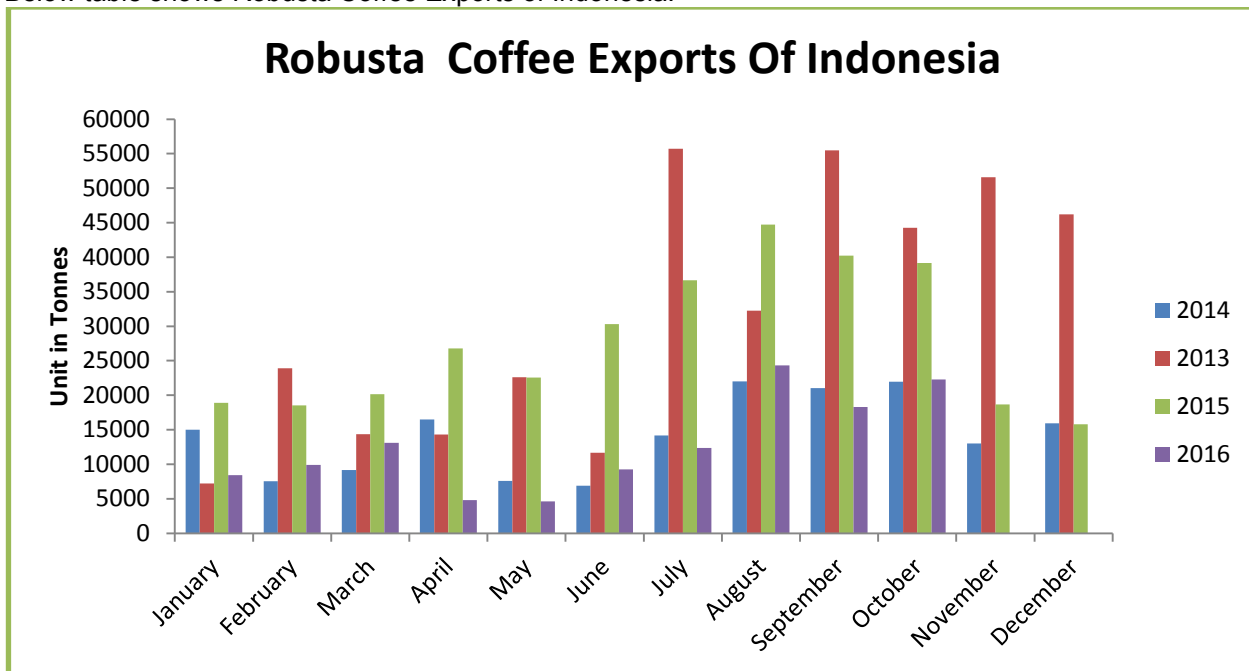
Source: The Coffee Board Of India

International Market Updates

ICE coffee future prices increased by 3.97% to 171.35 cents/lb in this week as on 4th November 2016 against 164.80 cents/lb of the last week. As per sources, speculators have increased by 4827 lots to an over 8-1/2-year high of 55,917 lots. The increase came in a week that prices touched their highest since February 2015. As per RTRS, ICE certified stocks declined by 678 to 1272310 as on November 04,2016 against 1272988 bags as on 3rd November 2016.

Indonesia:- As per sources, Indonesia exported lower coffee beans in October month 2016. The country has shipped 43.14% lower at 22269.70 Tonnes in October month against 18312.60 bags in previous month. The country shipped 40221 Tonnes of coffee beans in October 2015.

Below table shows Robusta Coffee Exports of Indonesia:-



Source: Reuters

Honduras:- Honduras shipped more than three fold of coffee beans in October 2016 against last year record during the same period of time due to shipments of leftover beans from the previous season. Total shipment reached at 84,088 60-kg bags in October, the first month of the new 2016-17 season, against 19,734 bags in previous year in the same period of time. It shipped total 5.1 million bags during the 2015-16 season, 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.

Kenya:-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.

Global Coffee Production :-

Below table depicts coffee production details of the World:-

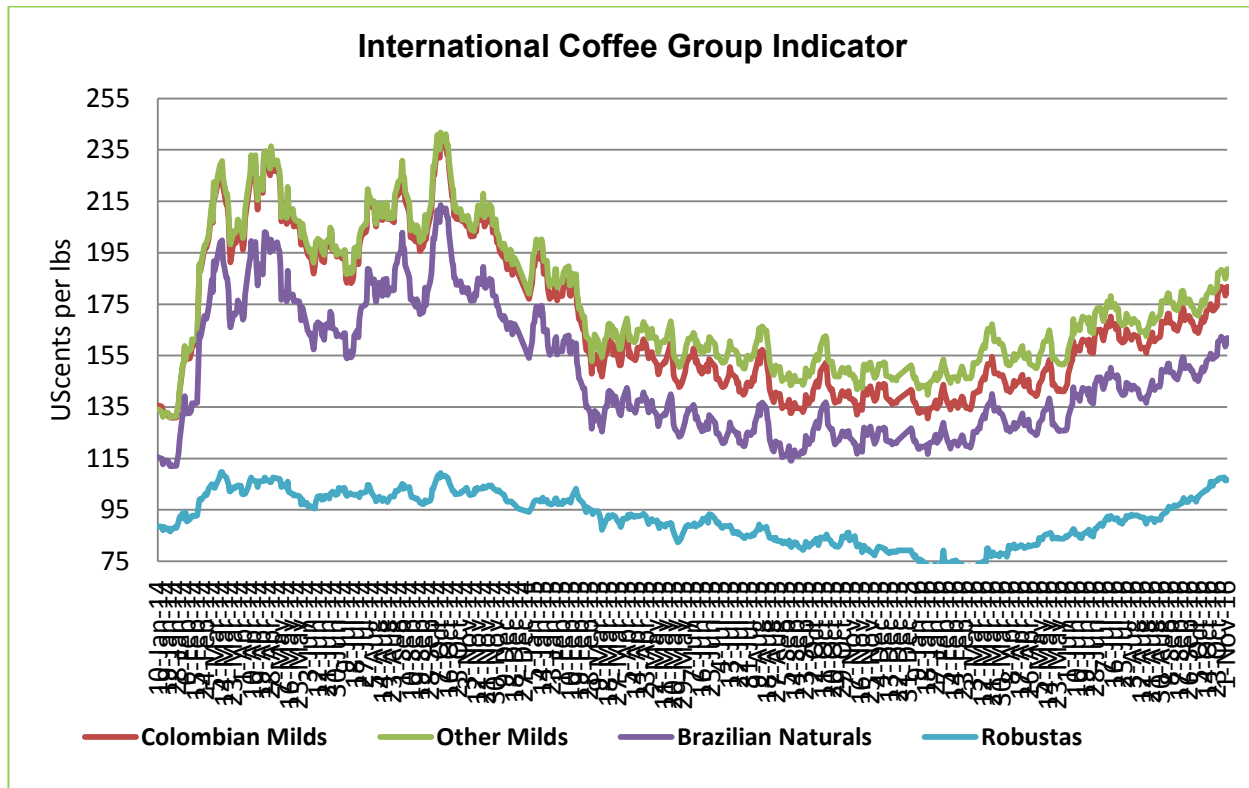
Total Production of Exporting Members Crop years 2011/12 to 2015/16					
Countries	2011/12	2012/13	2013/14	2014/15	2015/16
TOTAL	140,623	144,949	146,580	142,508	144,752
Arabicas	82007	88184	86997	84686	84635
Robustas	54564	56765	59583	57822	60117
April group	63,056	69,763	67,551	62,702	61,528
Angola	29	33	35	39	40
Bolivia	143	115	128	106	90
Brazil	43,484	50,826	49,152	45,639	43,235
Burundi	204	406	163	248	250
Ecuador	825	828	666	644	700
Indonesia	10,644	11,519	11,265	11,418	12,317
Madagascar	585	500	588	518	520
Malawi	26	23	27	16	16
Papua New Guinea	1,414	717	828	798	800
Paraguay	20	20	20	20	20
Peru	5,373	4,453	4,338	2,883	3,200
Rwanda	251	259	254	258	250
Timor-Leste	50	59	79	104	80
Zimbabwe	9	7	8	12	10
July group	1,678	2,222	1,886	1,768	1,855
Congo, Rep. of	3	3	3	3	3
Cuba	100	88	107	101	100
Dominican Republic	491	488	425	397	400
Haiti	349	350	345	344	350
Philippines	180	177	186	193	200
Tanzania	544	1,109	809	728	800
Zambia	11	5	11	2	2
October group	75,889	72,964	77,144	78,038	81,369
Benin					
Cameroon	574	366	413	533	570
Central African Republic	91	23	90	67	65
Colombia	7,652	9,927	12,124	13,333	13,500

Source: The Coffee Board Of India

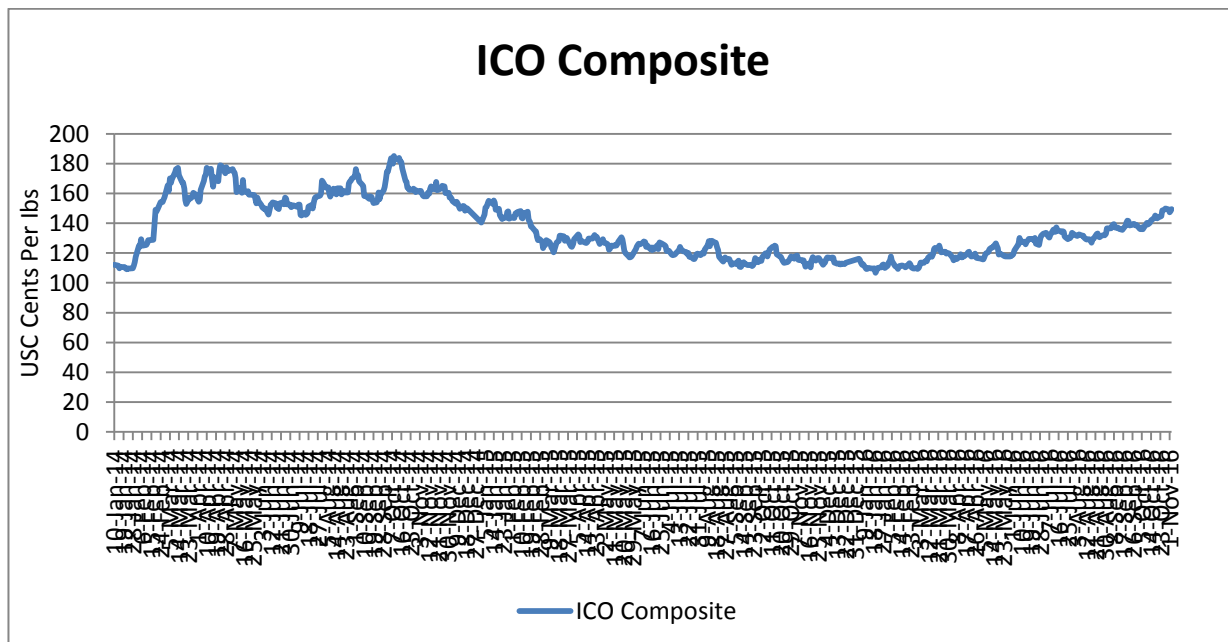
International Coffee Price Trend:-
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	03.11.2016	27.10.2016	03.10.2016	03.10.2015
ICO Composite Indicator	149.61	148.77	136.17	117.27
Colombian Milds				
US	180.75	178.75	163.50	138.25
Europe	182.93	181.25	165.67	145.08
Group Indicator	181.75	179.90	164.50	141.39
Other Milds				
US	188.69	186.69	171.44	152.69
Europe	188.65	186.84	170.93	151.25
Group Indicator	188.67	186.78	171.14	151.84
Brazilian Naturals				
US	147.75	146.75	132.50	117.25
Europe	166.90	165.26	150.43	128.59
Group Indicator	161.92	160.44	145.77	125.64
Robusta				
US	110.25	110.75	102.75	88.83
Europe	105.92	106.55	98.21	81.17
Group Indicator	106.65	107.27	98.98	82.48

US cents/lb

International Coffee Indicators Charts:-


Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(04-Nov-2016)	Week Ago(27-Oct-2016)	Month Ago(04-Oct-2016)	Weekly Change (%)
16-Dec	171.35	164.80	147.45	3.97
16-Mar	174.90	168.30	150.80	3.92
16-May	177.00	170.40	152.75	3.87

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(04-Nov-2016)	Week Ago(27-Oct-2016)	Month Ago(04-Oct-2016)	Weekly Change (%)
16-Nov	2245	2170	1986	3.21
16-Jan	2188	2175	1996	0.73
16-Mar	2195	2175	2003	0.68

USD/T

International Coffee Prices

	03.11.2016	27.10.2016	03.10.2016	03.10.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	44600	44650	41300	--
Vietnam FOB (2-5 pct)* (Saigon port)	2114	2123	1981.50	---
Indonesian FOB (4-80 defects)** (Lampung Port)	270	2060	1910	1590

*FOB Values are in USD/T

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (01/11/2016)	Average Prices In	Prices This Auction In (18/10/2016)
Arabica AA	124-341	296.78	114-330
Arabica AB	93-322	266.53	92-286
Arabica C	94-280	231.32	67-256
Arabica PB	148-286	254.29	96-269
Arabica T	60-200	132.21	20-181
Arabica TT	165-266	222.63	84-255

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.
- Relatively,14 days EMI stood slight up at 160.32 against 155.91 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 72.72 compared to 69.84 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
145.52	155.98	171.35	178.89	184.41

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.
- Relatively, 14-days EMI is moving higher at 2117 against last week records i.e.2066, indicating further strong tone in the market.
- On the other hand, RSI is higher at 88.57 in oversold region against 87.18 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
2039	2103	2245	2282	2326

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