

Executive Summary

Domestic Coffee Market Summary

Coffee prices closed on higher side in Karnataka physical market during week ended 18th November 2016 on improved demand. Lower volume of rainfall of this season effected growth of coffee trees. Picking of Arabica coffee beans started in parts of Chikmagalur, while Robusta expected a bit early by first week of December since dry weather. As of now, coffee beans colors are in greenish red. Exporter and traders, are taking future contracts, at USD 110, for RC AB grades. Allansons, LD, OLAM, RUCHI, SOYA are the major buyers for Indian coffee beans. Lower grade of Arabica coffee beans is in demand in International markets to make up shortage of Robusta.

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 11th November 2016 is registered higher by 25.28% at 37092 metric tons compared to 29605 metric tons in the corresponding period of previous year. India re-exports maximum Instant type of coffee. Instant Coffee exports from 1st January 2016 to 11th November 2016 this year, recorded down by 12.90% at 21881 metric tons from preceding year volume of 25122 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 25.28 at 37092, 10.09% to 10496 metric tonnes and 30.90% at 155457 metric tons respectively from 1st January to 11th November against exports volume of 29605 metric ton, 9541 metric tonnes and 118758 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower for 26488 metric tonnes with a decline of 16.01%.

Recommendation:

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

International Coffee Market Summary

According to Cecafe, Brazil shipped higher green coffee beans at 2.89 million 60 kg bags in October 2016 against 2.68 million bags in September 2016. The country exported total 3.21 million bags of green coffee in October 2015. Arabica coffee beans stood higher by 1.3% at 2.88 million bags in October 2016 compared to last year record, however Robusta coffee beans stood down by 97% at 9,833 bags against previous year exports volume. The consumption of Brazil is registered at 21.2 million 60 kg bags in October 2016 with an increase of 3.4% against 20.5 million bags over the previous year. The price of the bulk commodity has risen sharply recently due to drought over the growing areas.

According to ICO recent report, coffee exports of the World stood slightly higher at 8.99 million bags in September 2016 against 8.89 million bags during corresponding period of previous year. Cumulative coffee exports volume of the world for 2015/16 (Oct/15 to Sep/16) declined by 0.7% to 111.83 million bags compared to 112.65 million bags in the last coffee year supported by higher volume of Arabica coffee beans which is amounted at 71.02 million bags against 68.83 million. However, Robusta coffee exports stood slightly lower at 40.81 million bags in the twelve months ending September 2016 (Oct/15 to Sep/16) against 43.82 million bags in previous year during the same period of time.

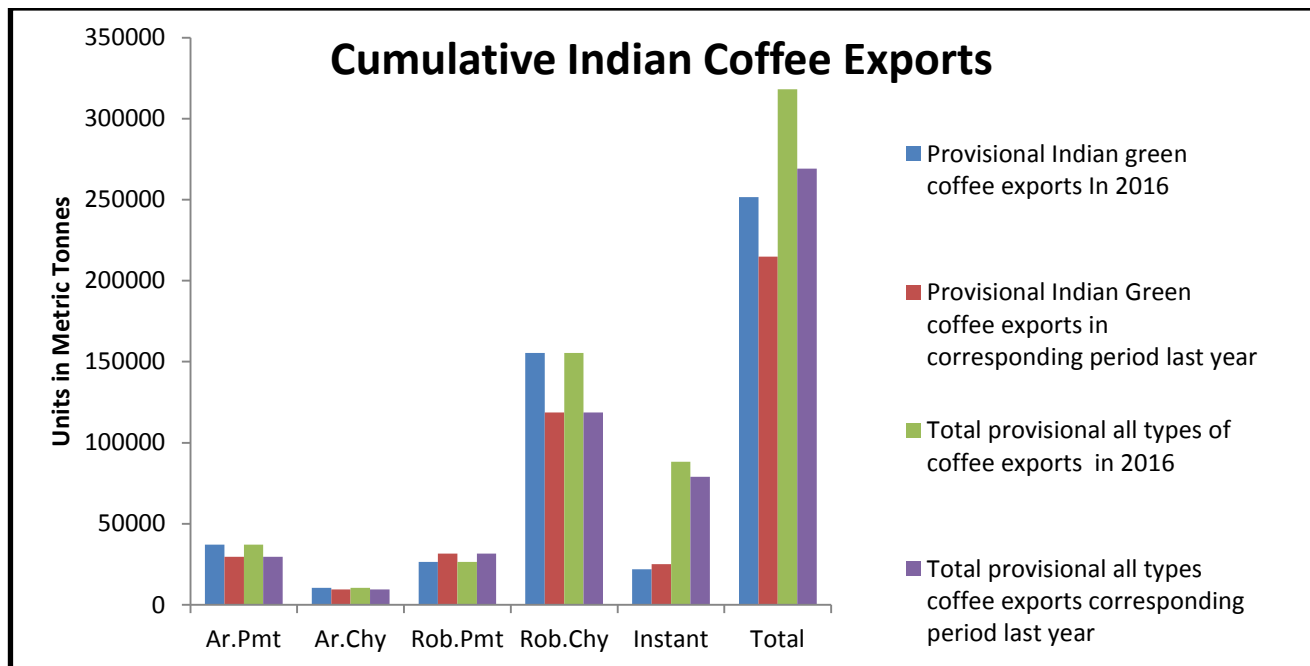
As per sources, Vietnam shipped total 117,300 tonnes (1.96 million 60 kg bags) of coffee beans in October 2016 with decline of 9.1% against last month record. Traders had predicted at between 70,000-100,000 tonnes for October 2016 while the governments forecasted the volume at 130,000 tonnes. Little rain is likely to fall in most of Vietnam's coffee growing province in the next two weeks before the dry season begins which may impact current coffee.

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 st January 2016 to 8th 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 green coffee)	37092	10496	26488	155457	50	199	21881	251644
2	Provisional green coffee exports corresponding period last year	29605	9541	31538	118758	35	267	25122	214866
3	Provisional re-exports	0	0	0	0	1	157	66329	66487
4	Provisional re-exports corresponding period last year	0	0	0	0	119	274	53909	54301
5	Total provisional exports (1+3)	37092	10496	26488	155457	50	356	88210	318150
6	Total provisional exports corresponding period last year (2+4)	29605	9541	31538	118758	154	541	79031	269168

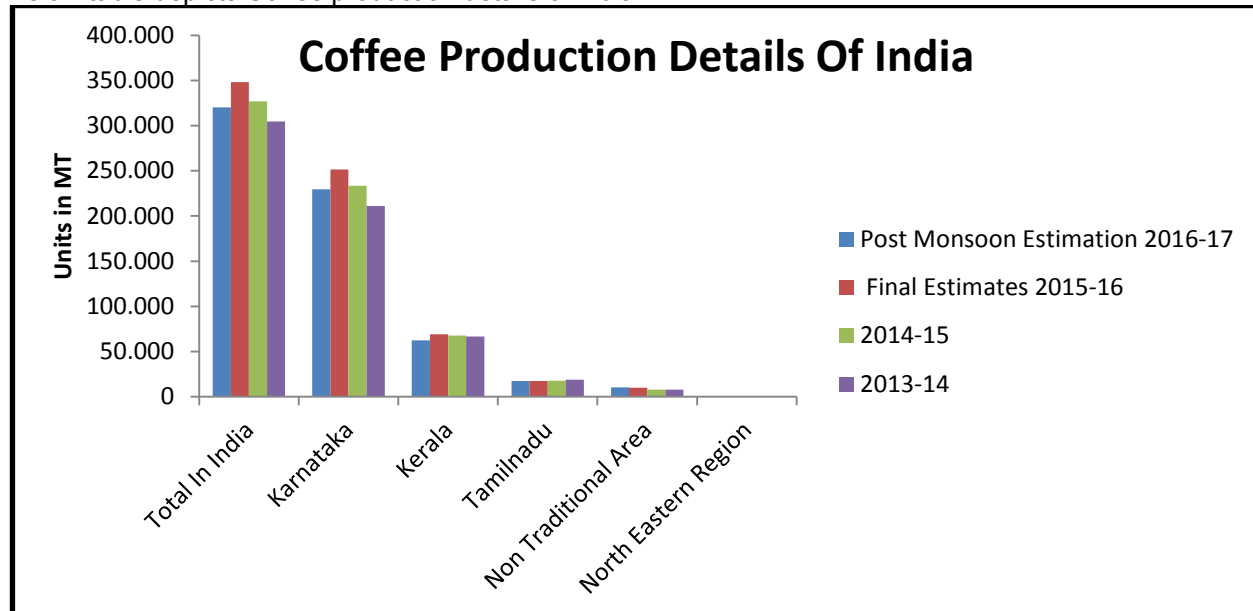
Source: The Coffee Board Of India



Source: The Coffee Board Of India

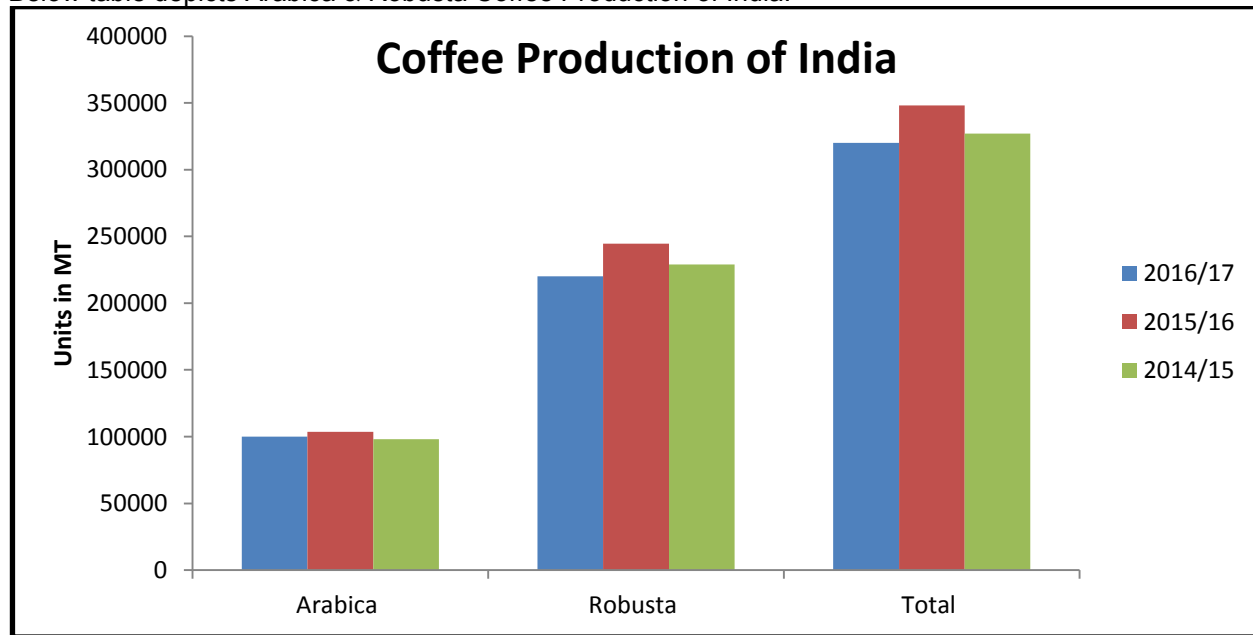
Coffee Production of India:-

Below table depicts Coffee production details of India:-



Source: The Coffee Board Of India

Below table depicts Arabica & Robusta Coffee Production of India:-



Source: The Coffee Board Of India

Domestic Raw Coffee Prices (Karnataka):-

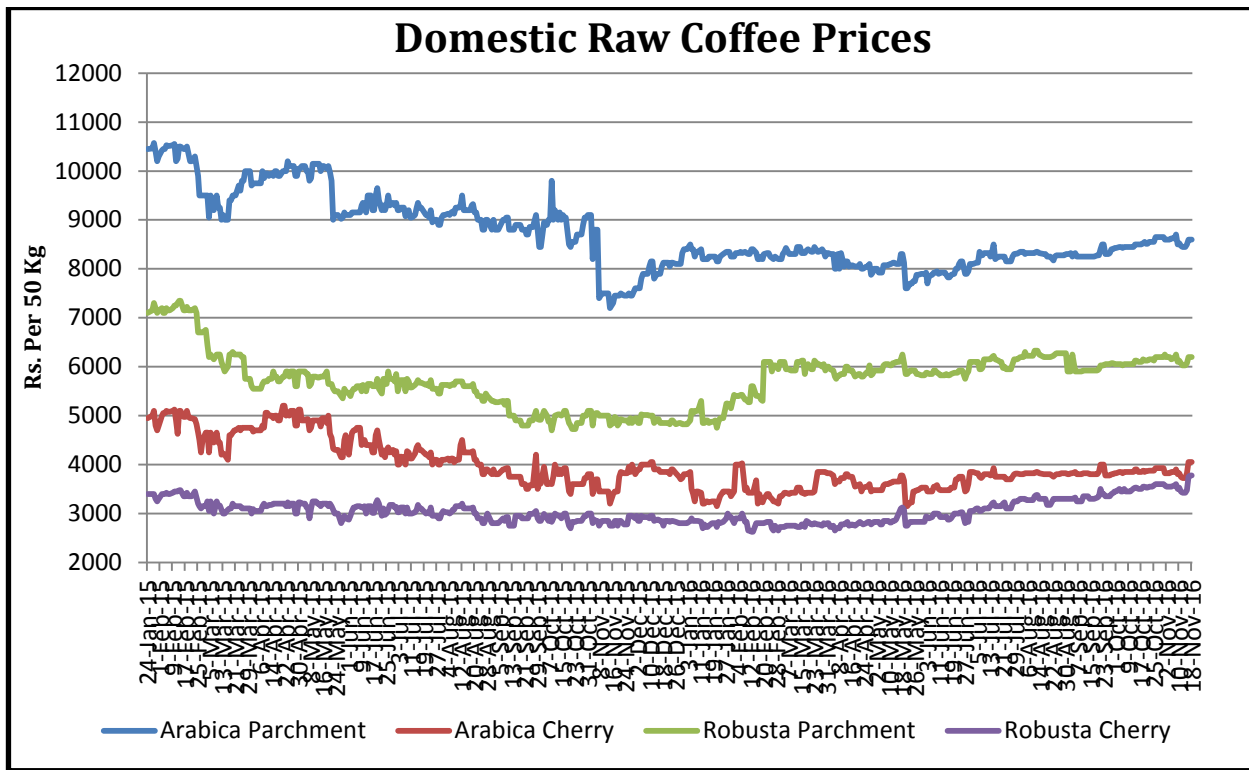
Variety	18.11.2016	11.11.2016	Change
Arabica Parchment	8600	8475	125
Arabica Cherry	4050	3750	300
Robusta Parchment	6200	6075	125
Robusta Cherry	3775	3450	325

* Values in Rs. per 50 Kg

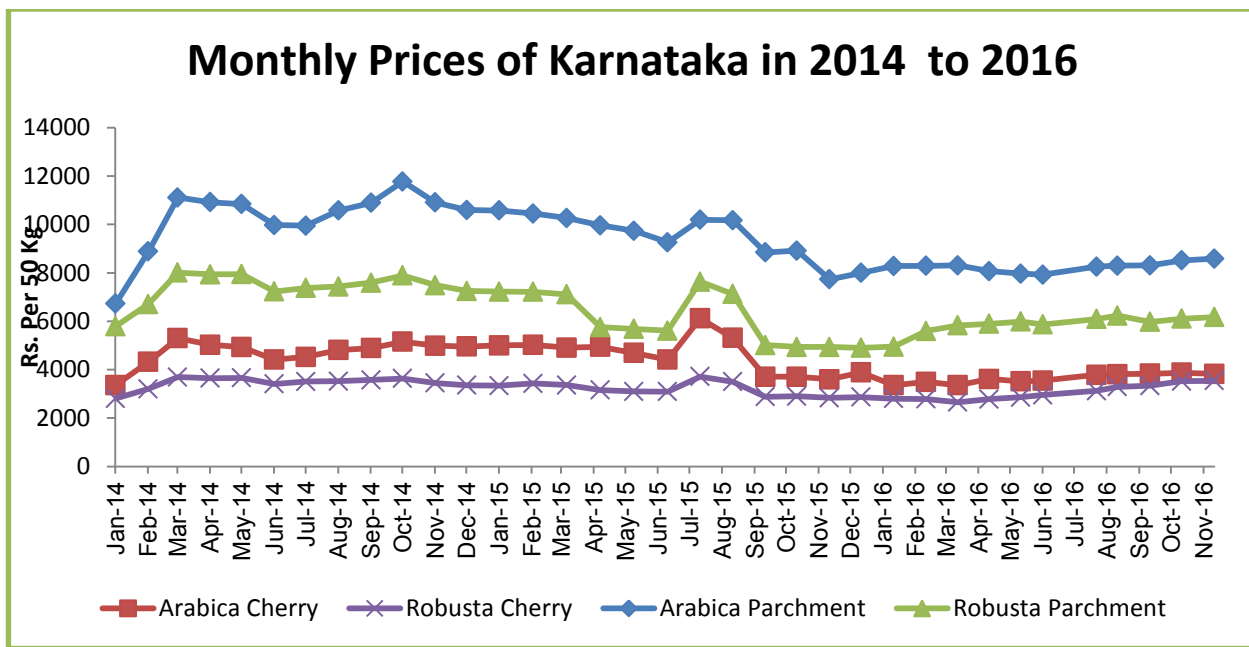
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	11.11.2016	27.10.2016	Change	11.11.2016	27.10.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	---	---	---	---
AA	---	---	---	---	---	---
PB	---	234	---	---	190	---
A	240	---	---	---	---	---
AB	---	---	---	---	---	---
B	---	221	---	---	---	---
C	204.70	---	---	---	---	---
BBB	---	---	---	---	---	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	165	165	---	---	---	---
A	---	---	---	---	---	---
PB	158	158	Unchanged	146.50	149	-2.5
AA	---	166	---	153	153	Unchanged
AB	163	163	Unchanged	148.50	145	3.5
B	---	---	---	---	---	---
C	147	147	Unchanged	142.50	138	4.5
BBB	133.26	132	1.26	131	127	4

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

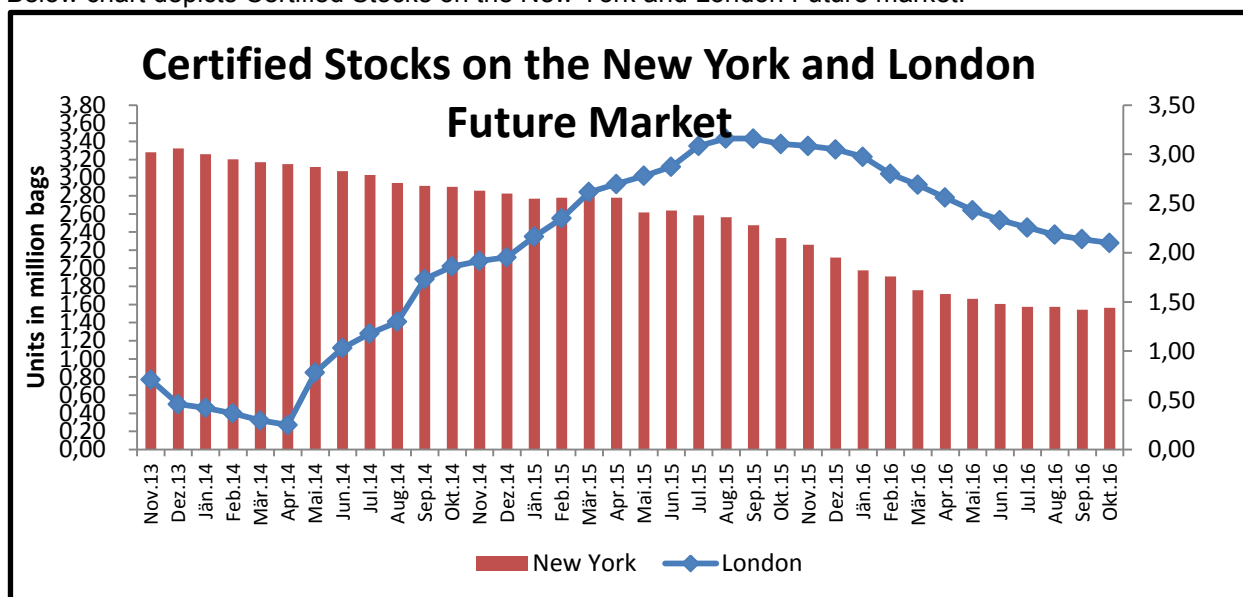
ICE coffee future prices slipped by 1.57% to 157.89 cents/lb in this week, as on 17th of November 2016 against 159.45 cents/lb of the last week due to lackluster trading activities. ICE Arabica coffee futures fell on Friday as top producer Brazil's currency extended this week's sharp decline and funds further scaled back long positions.

As per sources, certified washed Arabica stocks decreased by 625 bags to 1271115 bags as on 10th November 2016 against previous day record i.e. 1271740 bags. Coffee prices increased in October 2016 due to continue concerns over Robusta supply. The monthly average of the ICO composite indicator hit a 21-month high of 142.68 US cents/lb, with the Robusta indicator at its highest level in two years. The market has also been buoyed by speculation over the next 2017/18 Brazilian crop.

Coffee stocks is recorded down by 1.3% at European ports in September 2016. Stocks at the end of July fell to 707,779 tonnes from 716,770 tonnes a month earlier. According to the Green Coffee Association (GCA), U.S. green coffee stocks went up by 7,982 bags to 6.2 million 60-kg bags by the end of October.

Certified Stocks on the New York and London future market are registered at 1.44 million bags and 2.28 million bags respectively in October month 2016 against 1.42 million bags and 2.32 million bags in September 2016. Stocks are down by 1.72% at New York future market however it stood higher by 2.28% at London future market.

Below chart depicts Certified Stocks on the New York and London Future market:-



Source: Reuters

Vietnam:- According to traders, The pace of coffee picking will accelerate in Vietnam supported by better weather condition and firmness in coffee prices. Central Highland, one of the coffee belts of Vietnam, started early harvest last month but the main cherry-picking period is expected to begin mid-November in the world's top Robusta producer. However, rainfall in the last week delayed the harvesting pace and affected quality of beans. As of now, there is no rainfall and it is sunny days. This may help coffee cherries ripen faster. Pace of picking may increase if sunlight continues for 10 days. Traders have stored high volume of old stocks, which may be exported in this month. As per sources, total production of the country may decline by 10 to 20% due to drought early this year.

Monthly Coffee Export Of The World :-

Below table depicts monthly coffee exports details :-

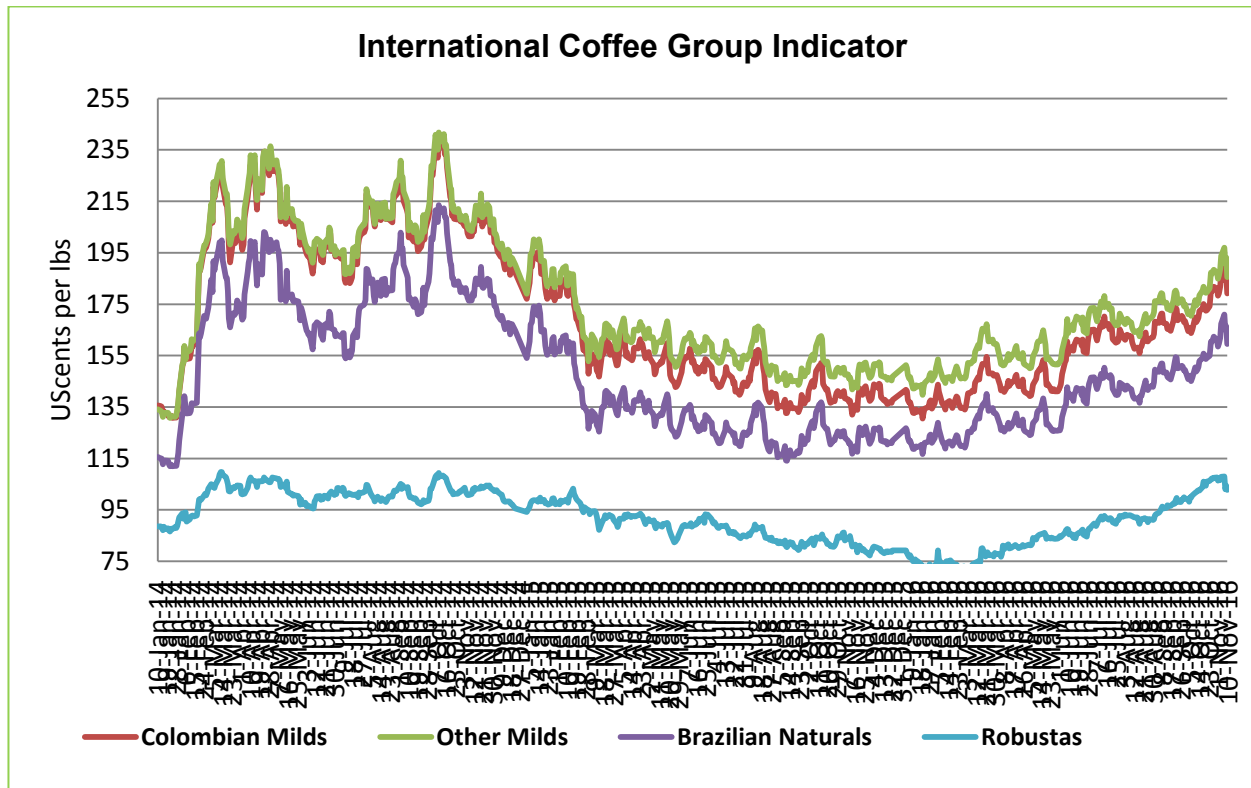
Monthly export statistics - September 2016 in thousands 60 kg bags						
	Sep-15	September 2016	% change	October - September		% change
				2014/15	2015/16	
TOTAL	8 889	8 990	11.0%	112 645	111 830	-0.7%
Arabicas	5 631	5 467	-29.0%	68 826	71 021	32.0%
Colombian Milds	1 167	1 098	-59.0%	13 454	13 600	11.0%
Other Milds	1 420	1 741	22.6%	21 770	22 962	55.0%
Brazilian Naturals	3 044	2 628	-13.7%	33 602	34 459	26.0%
Robustas	3 258	3 523	81.0%	43 820	40 809	-69.0%
Angola	0	0		12	8	-35.3%
Bolivia	4	1	-63.1%	31	30	-33.0%
Brazil	3 191	2 503	-21.5%	36 456	34 006	-67.0%
Burundi	33	34	41.0%	231	279	20.6%
Cameroon	24	25	50.0%	398	310	-22.0%
Central African Republic	0	0		43	80	85.3%
Congo, Dem. Rep. of	4	8	10.2%	135	123	-88.0%
Colombia	1 086	1 040	-42.0%	12 281	12 329	0.4%
Costa Rica	37	49	30.8%	1 145	994	-13.2%
Côte d'Ivoire	122	185	51.1%	1 438	1 554	80.0%
Cuba	0	0		10	19	97.0%
Dominican Republic	1	1	15.0%	19	19	-30.0%
Ecuador	77	90	16.2%	907	891	-18.0%
El Salvador	12	26	12.3%	595	445	-25.2%
Ethiopia	245	262	67.0%	2 872	3 076	71.0%
Gabon	0	0		0	0	
Ghana	0	0		11	1	-86.1%
Guatemala	182	240	31.6%	2 925	3 030	36.0%
Honduras	43	158	26.3%	5 020	5 140	24.0%
India	360	407	13.1%	5 115	5 861	14.6%
Indonesia	981	651	-33.6%	8 122	6 120	-24.7%
Jamaica	1	1	0.2%	12	11	-86.0%
Kenya	62	42	-32.7%	720	725	0.7%
Liberia	0	0		2	3	58.8%
Madagascar	4	8	80.3%	74	72	-25.0%
Malawi	1	1	80.4%	20	13	-34.5%
Mexico	186	125	-32.9%	2 458	2 211	-10.0%
Nicaragua	50	70	41.3%	1 810	1 924	63.0%
Panama	3	3	-12.2%	43	41	-39.0%
Papua New Guinea	70	140	10.0%	726	919	26.6%
Paraguay	0	0		0	0	
Peru	467	592	26.8%	2 466	3 524	42.9%
Philippines	0	1		19	8	-55.1%
Rwanda	36	28	-23.2%	267	257	-40.0%
Sierra Leone	4	3	-31.7%	41	46	10.4%
Tanzania	35	48	38.6%	657	890	35.6%
Timor-Leste	2	2	-12.7%	90	71	-21.7%
Uganda	286	209	-27.0%	3 455	3 316	-40.0%
Vietnam	1 237	2 000	61.7%	21 294	22 925	77.0%
Others	33	31	-67.0%	469	455	-30.0%

Source: USDA

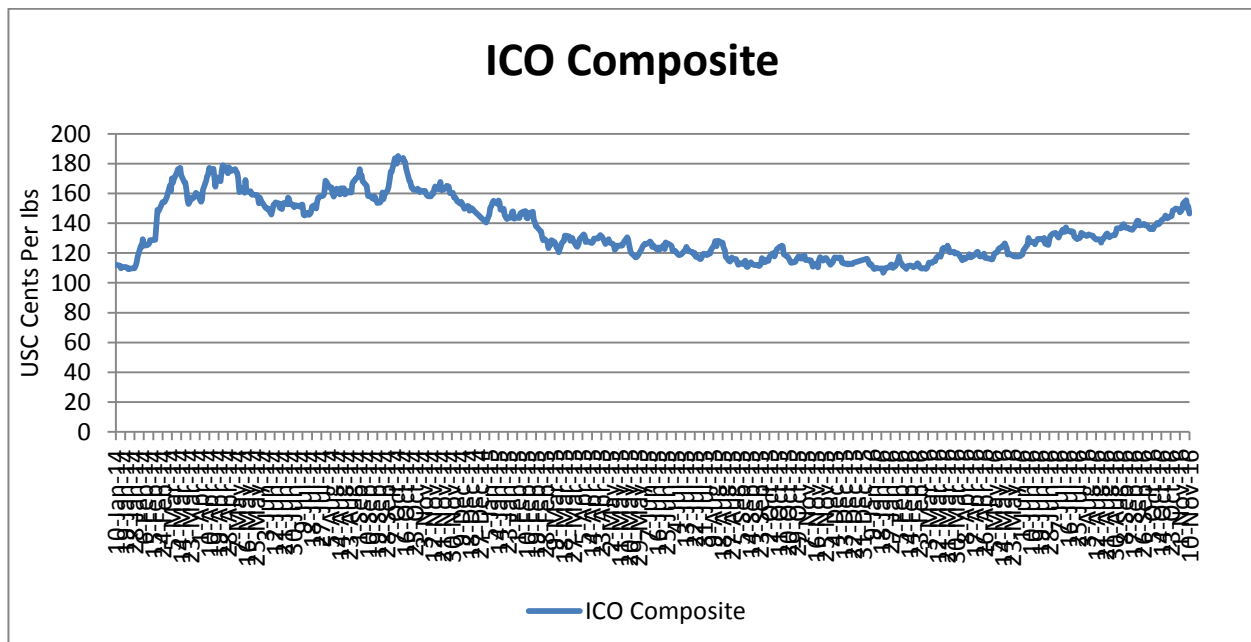
International Coffee Price Trend:-
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	17.11.2016	10.11.2016	17.10.2016	17.11.2015
ICO Composite Indicator	145.80	146.46	137.08	158.28
Colombian Milds				
US	177	177.75	167.25	196.25
Europe	176.95	180.76	168.39	204.48
Group Indicator	176.86	179.13	167.77	200.95
Other Milds				
US	183.19	184.69	178.69	204.69
Europe	182.06	186.06	173.67	203.06
Group Indicator	182.52	185.50	175.73	203.68
Brazilian Naturals				
US	144	144.75	136.25	161.25
Europe	161.19	164.61	152.77	182.24
Group Indicator	156.72	159.45	148.47	176.79
Robusta				
US	107.83	106.25	100.17	106.50
Europe	105.25	102.12	94.58	100.46
Group Indicator	105.69	102.82	95.53	101.42

US cents/lb

International Coffee Indicators Charts:-


Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(17-Nov-2016)	Week Ago(11-Nov-2016)	Month Ago(17-Oct-2016)	Weekly Change (%)
16-Dec	159.30	161.85	160.55	-1.57
16-Mar	162.95	165.65	162.55	-1.62
16-May	165.30	167.95	164.50	-1.57

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(17-Nov-2016)	Week Ago(11-Nov-2016)	Month Ago(17-Oct-2016)	Weekly Change (%)
16-Nov	2220	2133	2109	-1.57
16-Jan	2163	2077	2108	-1.62
16-Mar	2132	2084	2108	-1.57

USD/T

International Coffee Prices

	17.11.2016	11.11.2016	17.10.2016	17.11.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	44650	44200	43300	34750
Vietnam FOB (2-5 pct)* (Saigon port)	2098	2098	2055	1570
Indonesian FOB (4-80 defects)** (Lampung Port)	2110	2015	2025	1620

***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 zone of the market during the week. We expect prices to trade steady to upside in the market.

- Candlestick chart depicts upper trend in the market.
- However, 14 days EMI stood slight down at 159.68 against 160.07 in the market hints downward momentum in the market.
- Lower volume however higher prices indicates further short build up phase of the market.
- On the other hand, RSI is lower at 59.44 compared to 60.13 of last week record indicating week tone in the next week.

Strategy: Market participants are advised to stay away for the short period of time.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
138	145	158.70	169	182

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