

## Executive Summary

### Domestic Coffee Market Summary

Coffee prices declined in Karnataka physical market during week ended 2nd December 2016 on dull trading activities. New rule as applied by the government to ban on Rs. 500 and Rs. 1000 has influenced the market activities. Lower volume of rainfall of this season effected growth of coffee tress. Picking of Arabica coffee beans started in parts of Chikmagalur, while Robusta expected a bit early by first week of December since dry weather.

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 1st December 2016 is registered higher by 17.62% at 264249 metric tons compared to 224646 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 1st December 2016 this year, recorded down by 12.50% at 23108 metric tons from preceding year volume of 26411 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 24.04 at 37744, 16.68% to 11793 metric tonnes and 31.58% at 163999 metric tons respectively from 1st January to 1st December against exports volume of 30428 metric ton, 10107 metric tonnes and 124673 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower for 27327 metric tonnes with a decline of 16.53%.

### 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 total coffee beans at 2999483 60 kg bags in November 2016 against 2974790 60 bags in October 2016. The country had exported total 3116107 60 kg bags of coffee beans in November 2015.

Below table shows Brazil's Coffee Exports details:-

Brazil's Coffee Exports Details					
Commodity	Nov-16	Oct-16	Nov-15	% change Last month	% change Last year
Coffee	2,999,483	2,974,790	3,116,107	1	-4

Source: Reuter

As per ICO report, Global coffee exports fell 1.9 percent in October from the same month last year to total 9.13 million 60kg bags. Robusta coffee exports in October, the first month of the 2016/17 season, were down 12.9 percent year on year at 3.02 million bags. Arabica coffee exports in October were 4.7 percent higher than in the same month last year, at 6.11 million bags.

As per government, Vietnam is likely to ship total 1.64 tonnes (27.33 million 60 kg bags) of coffee beans in December 2016 higher by 37.7% against last month record in the previous year. 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. While in the view of traders, Coffee exports from Vietnam are likely to jump to 150,000 tonnes (2.5 million 60-kg bags) this month as the harvest nears its end up from 120,000 tonnes

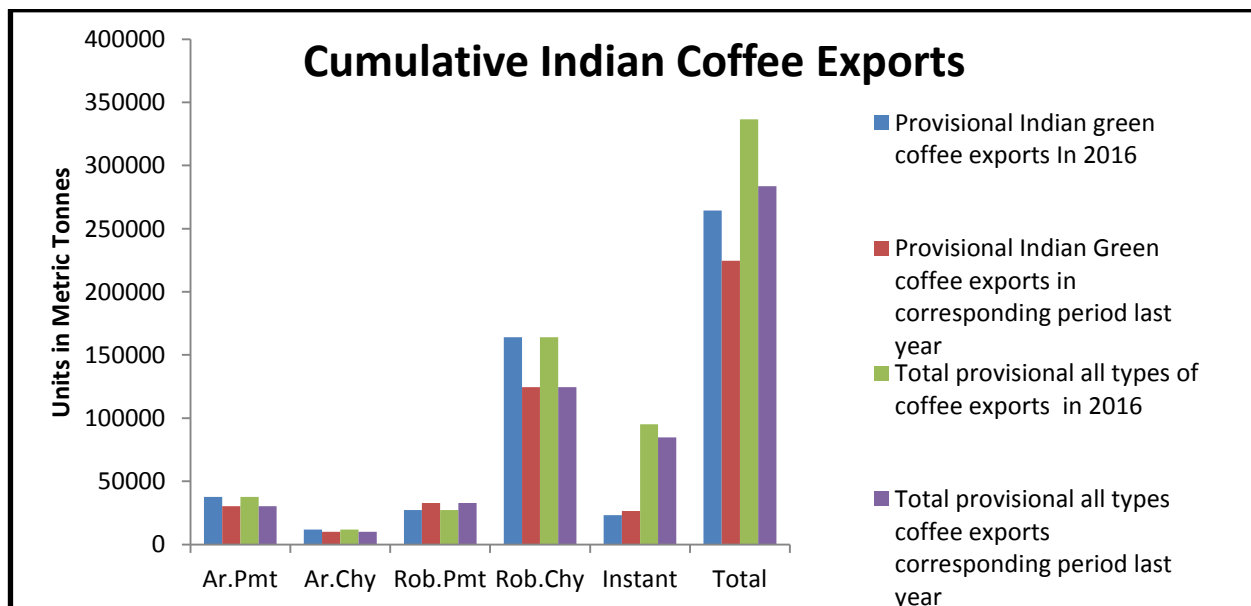
*estimated for November.*

### Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 <sup>st</sup> January 2016 to 1st December 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)	37744	11793	27327	163999	58	221	23108	264249
2	Provisional green coffee exports corresponding period last year	30428	10107	32736	124637	39	288	26411	224646
3	Provisional re-exports	0	0	0	0	1	157	72167	72324
4	Provisional re-exports corresponding period last year	0	0	0	0	119	274	58463	58856
5	Total provisional exports (1+3)	<b>37744</b>	<b>11793</b>	<b>27327</b>	<b>163999</b>	<b>58</b>	<b>378</b>	<b>95274</b>	<b>336573</b>
6	Total provisional exports corresponding period last year (2+4)	<b>30428</b>	<b>10107</b>	<b>32736</b>	<b>124637</b>	<b>157</b>	<b>562</b>	<b>84874</b>	<b>283502</b>

Source: The Coffee Board Of India

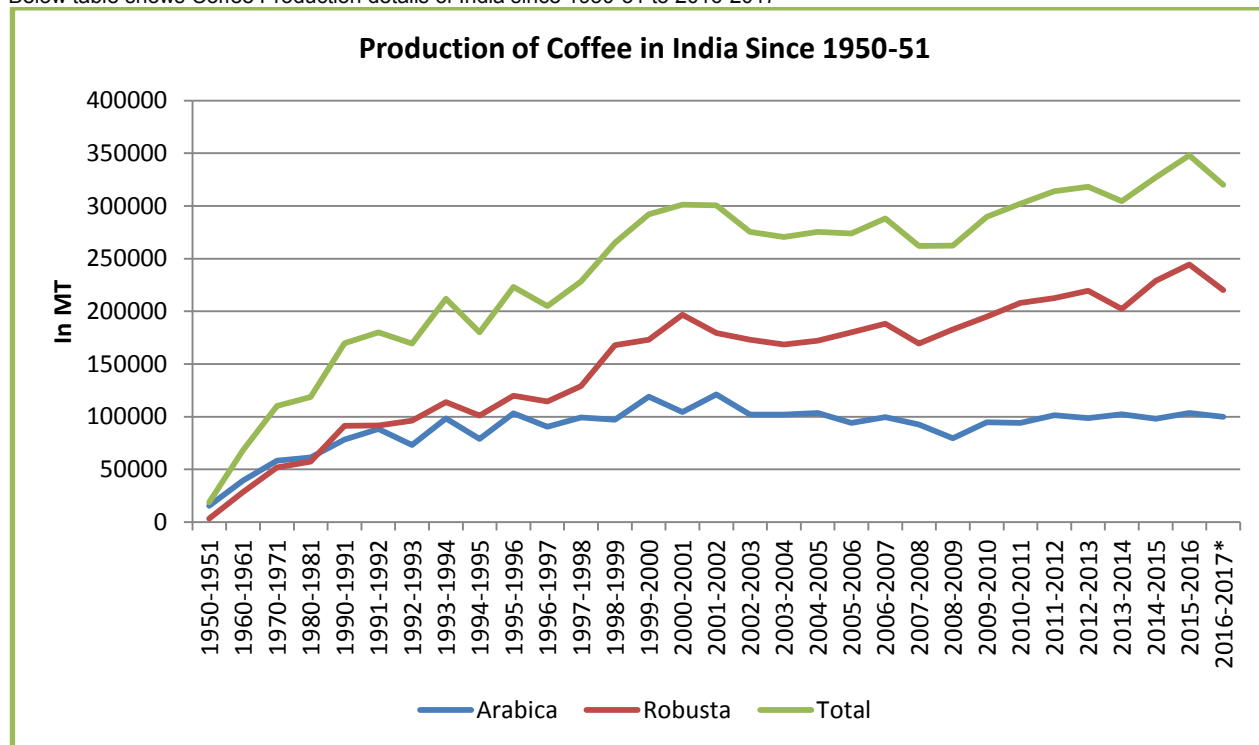


Source: The Coffee Board Of India

### Coffee Crop Situation In India:-

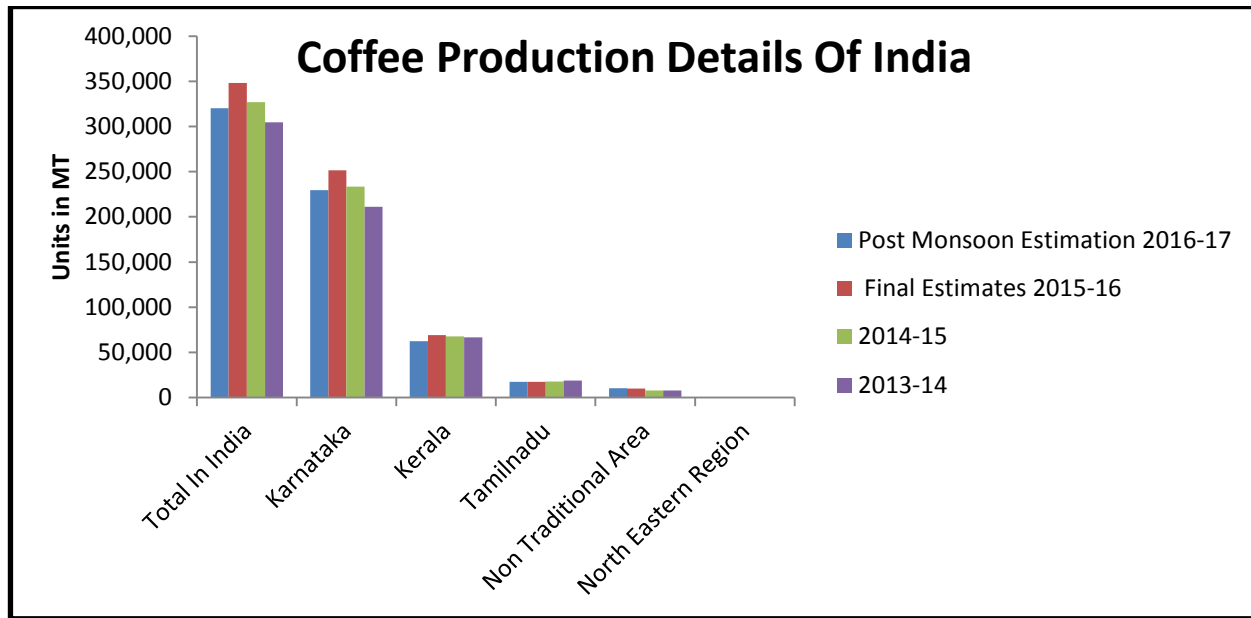
According to the Coffee Board of India, India is likely to produce coffee beans lower by 8.04% to 320000 metric tonnes in 2016/17 season against 348000 metric tonnes 2015/16 on account of delayed blossom and backing showers along with high temperatures especially in major coffee growing areas of Karnataka 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	02.12.2016	25.11.2016	Change
Arabica Parchment	8800	9100	-300
Arabica Cherry	4300	4400	-100
Robusta Parchment	6300	6500	-200
Robusta Cherry	3400	3500	-100

\* Values in Rs. per 50 Kg

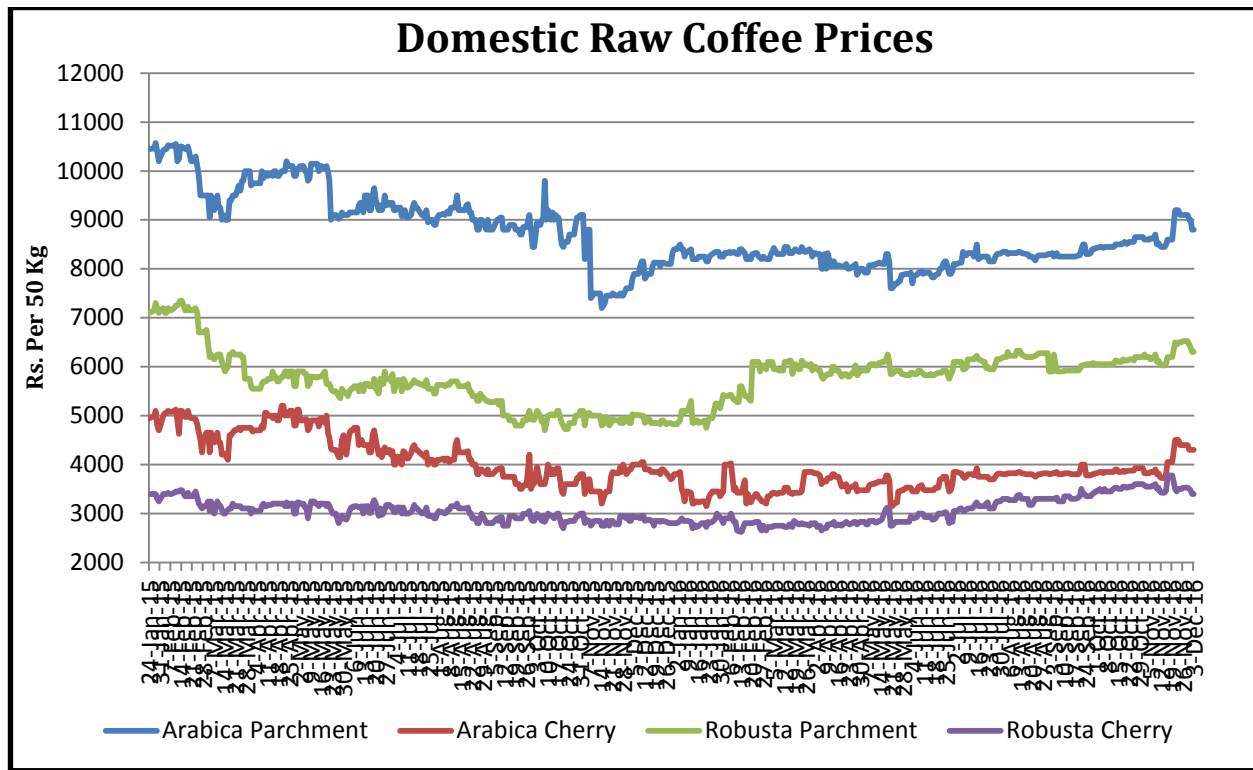
#### **ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop**

Grade	01.12.2016	24.11.2016	Change	01.12.2016	24.11.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	233	---	---	---	---
AA	---	---	---	213	210.56	2.44
PB	---	---	---	---	---	---
A	---	---	---	211	---	---
AB	---	---	---	---	---	---
B	---	---	---	---	---	---
C	---	---	---	---	---	---
BBB	---	---	---	---	---	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	

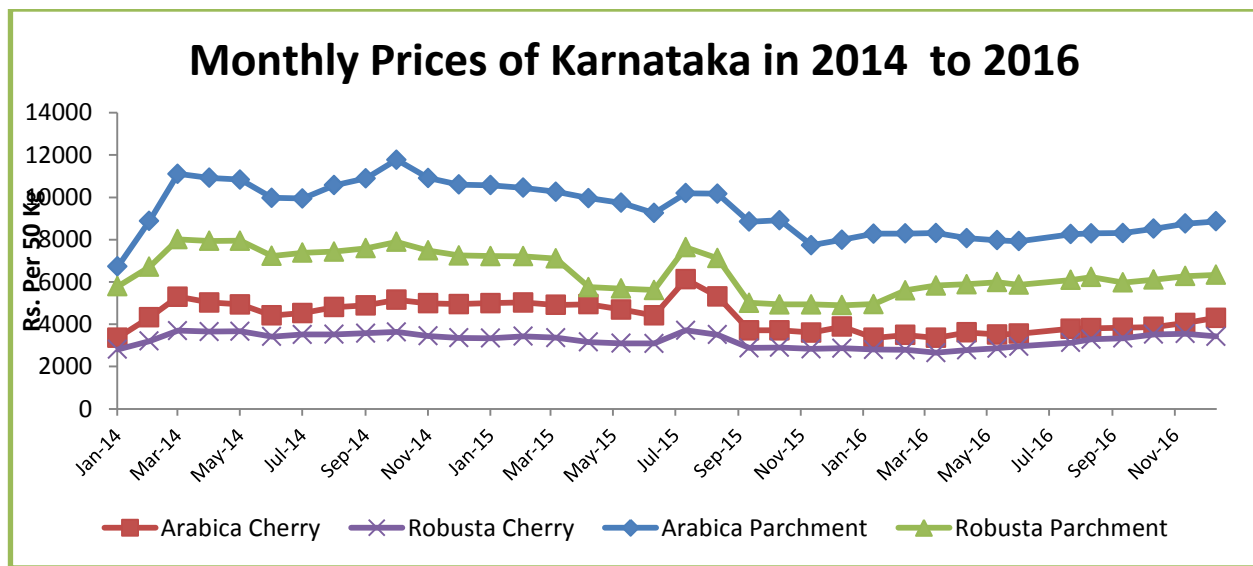


RKR	---	159	---	---	---	--
A	---	---	---	---	---	---
PB	---	152	---	145	149	-4
AA	---	---	---	147	149	-2
AB	---	156	---	145	147	-2
B	---	---	---	---	---	---
C	---	142	---	137	142	-5
BBB	---	---	---	125	128	-3

Values in Rs. per kg

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


Source: The Coffee Board Of India



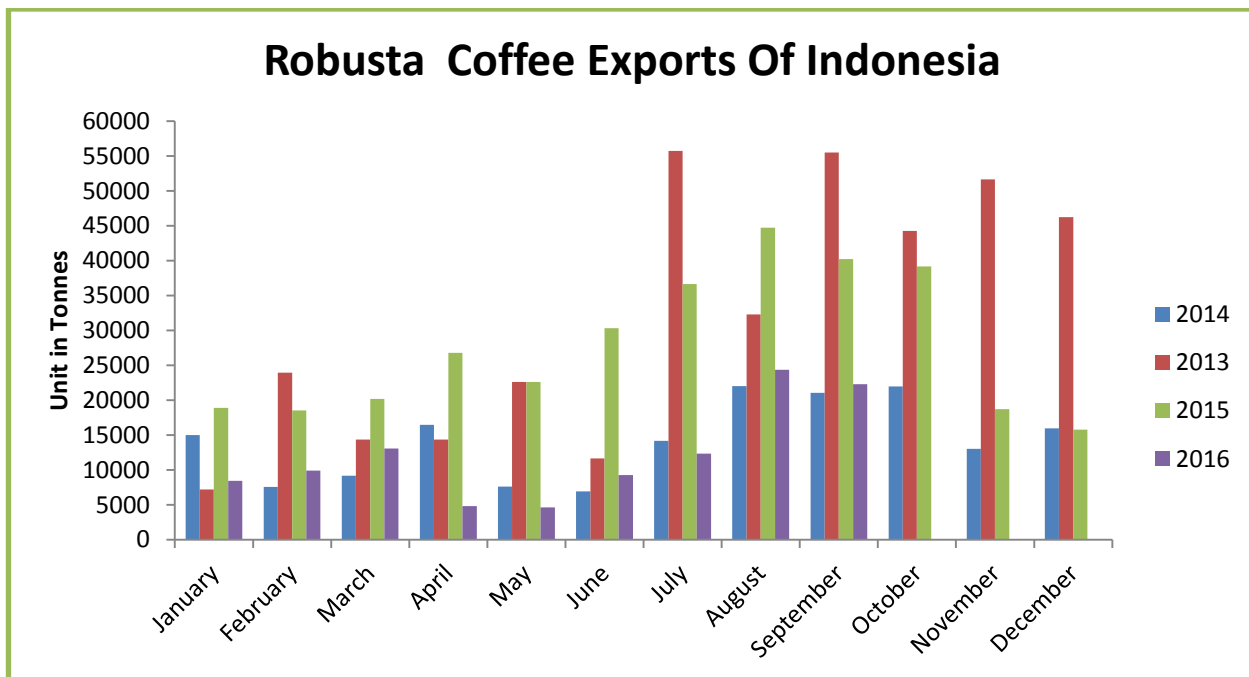
Source: The Coffee Board Of India

### International Market Updates

ICE coffee future prices slipped by 8.30% to 141.80 cents/lb in this week, as on 1st of December 2016 against 154.65 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.

**Indonesia:-** Indonesia shipped 22,284.4 tonnes of Robusta coffee beans from its main growing area in Sumatra in November, a 19 percent increase from a year earlier, and the first increase since November 2015. The world's third-largest Robusta producer shipped 18,684.6 tonnes of Robusta from Sumatra in the corresponding month last year. Coffee data is released monthly from the Lampung trade office in Sumatra.

Below table depicts coffee exports details of Indonesia:-



Source: Reuter

**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.

**Kenya:-** The maximum price of Kenya's benchmark grade AA coffee slightly fell at this week's auction from the last sale two weeks ago. Kenya produces high-quality coffee sought by roasters from other countries to blend with their beans.

**Supply & Demand of The World :-**

Below table depicts supply and demand of the world:-

<b>World Supply/ Demand Balance*</b>					
<b>Crop Year Commencing</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>% Change 2014-15</b>
<b>Production</b>	<b>151358</b>	<b>90540</b>	<b>146645</b>	<b>147994</b>	<b>0.90%</b>
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%
<b>Consumption</b>	<b>145367</b>	<b>147017</b>	<b>149395</b>	<b>151303</b>	<b>1.30%</b>
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%
<b>Balance</b>	<b>5997</b>	<b>5093</b>	<b>-2746</b>	<b>-3305</b>	<b>20.40%</b>

Source: USDA

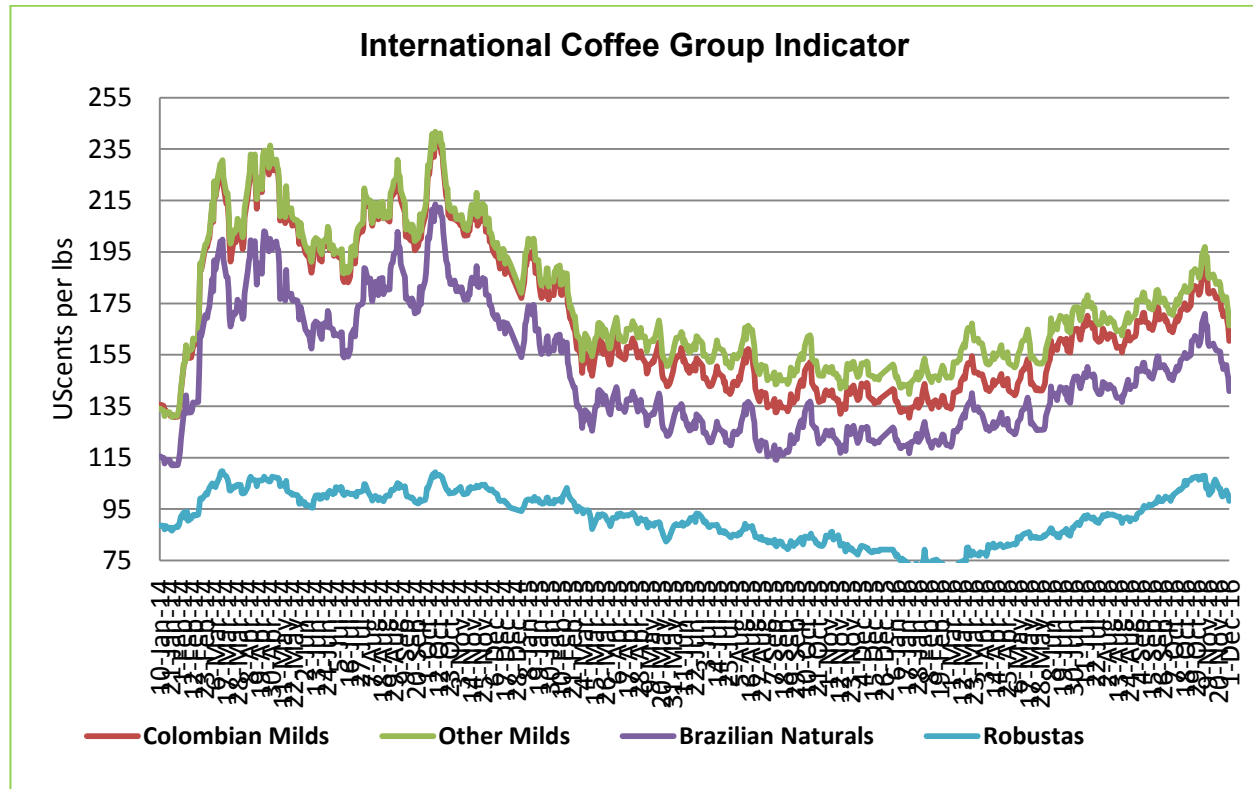


**International Coffee Price Trend:-**
**Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) \* Values**

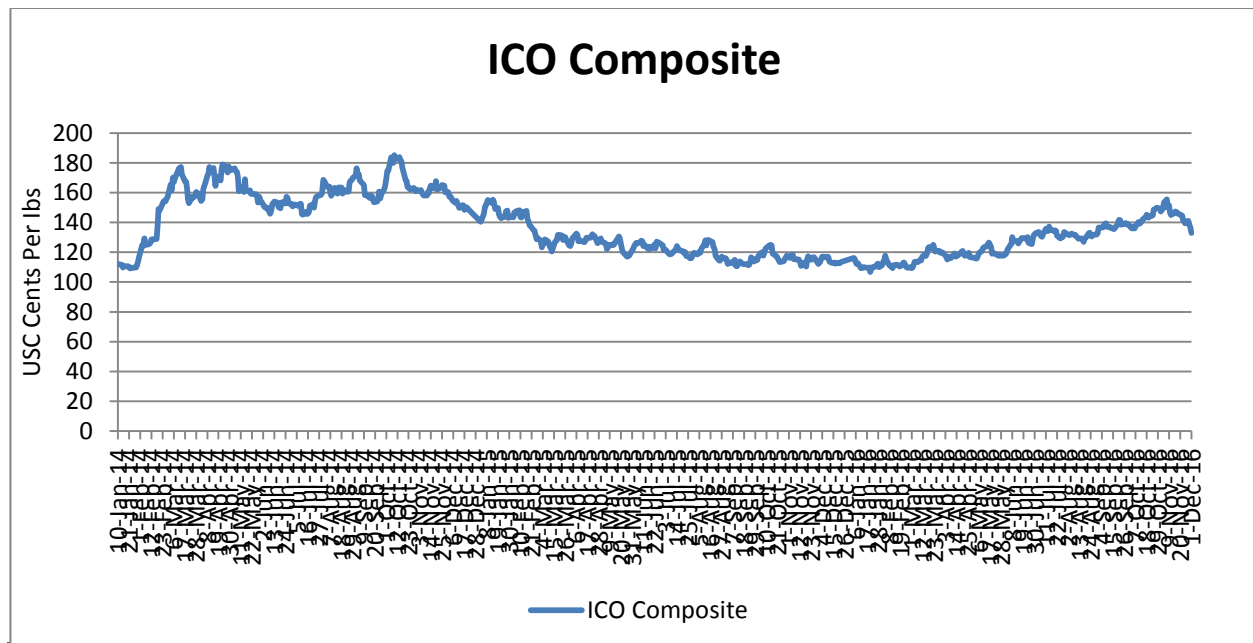
	As on	Week Ago	Month Ago	Year Ago
<b>International Coffee Prices</b>	<b>01.11.2016</b>	<b>24.11.2016</b>	<b>01.11.2016</b>	<b>01.12.2015</b>
<b>ICO Composite Indicator</b>	132.88	140.86	147.29	113.02
<b>Colombian Milds</b>				
US	160	Closed	177.50	138
Europe	160.96	172.45	179.37	137.38
Group Indicator	160.44	172.49	178.36	137.71
<b>Other Milds</b>				
US	166.19	Closed	184.94	146.64
Europe	166.46	178.27	184.92	146.34
Group Indicator	166.35	178.51	184.90	146.64
<b>Brazilian Naturals</b>				
US	128	Closed	144.50	110
Europe	145.35	156.70	163.44	125.42
Group Indicator	140.83	151.79	158.52	121.41
<b>Robusta</b>				
US	100.33	Closed	110	85.67
Europe	97.76	99.43	105.68	77.22
Group Indicator	98.19	99.90	106.41	78.66

**US cents/lb**

### International Coffee Indicators Charts:-



Source: ICO



Source: ICO

**International Future Market Prices :-**

ICE Arabica Coffee Futures Prices				
Contract Months	Today(01-Dec-2016)	Week Ago(24-Nov-2016)	Month Ago(01-Nov-2016)	Weekly Change (%)
16-Dec	141.82	154.65	161.45	-8.31
16-Mar	144.90	157.70	165	-8.11
16-May	147.20	160.10	167.15	-8.05

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(01-Dec-2016)	Week Ago(24-Nov-2016)	Month Ago(01-Nov-2016)	Weekly Change (%)
16-Jan	1990	2022	2158	-1.58
16-Mar	1983	2010	2156	-1.34
16-May	1992	2017	2162	-1.23

USD/T

**International Coffee Prices**

	01.12.2016	24.11.2016	01.11.2016	01.12.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	42500	42600	44750	33450
Vietnam FOB (2-5 pct)* (Saigon port)	-	1982.50	2129	1560
Indonesian FOB (4-80 defects)** (Lampung Port)	-	-	2070	-

**\*FOB Values are in USD/T**

**Weekly Auction Prices Of Kenya**

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (29/11/2016)	Average Prices In	Prices This Auction In (16/11/2016)
Arabica AA	102-343	268.17	94-350
Arabica AB	92-302	262.12	109-323
Arabica C	85-273	233.62	107-284
Arabica PB	102-302	255.67	161-301
Arabica T	33-244	134.02	65-226
Arabica TT	75-275	231.63	168-274

**Units-\$/50 kg bags**

**Technical Analysis Of Coffee Future Market (Dec'2016 Contract At ICE Future Market)(Units in USC/lb)**


**Outlook** -Prices show downside 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 152.54 against 159.80 in the market hints downward momentum in the market.
- Lower volume and 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
126.50	136.04	140.40	158.90	166.03

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


**Outlook** -Prices show downside momentum during the week. We expect prices to trade steady to downside in next week.

- Candlestick chart shows downward momentum in the market.
- Relatively, 14-days EMI is moving lower at 2082 against last week records i.e.2132, indicating further weak tone in the market.
- On the other hand, RSI is lower at 55.5 in neutral region against 72.66 of last week hinting a further downward momentum of the market in upcoming week.

**Strategy:** Market participants are advised to go short in the short period.

**Coffee Future Market(ICE Market)**

Support and Resistance				
S2	S1	PCP	R1	R2
1830	1907	2007	2168	2207

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