

Executive Summary

Domestic Coffee Market 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 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. 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.

Recommendation:

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

International Coffee Market Summary

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.

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.

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.

Coffee Crop Situation In India:-

Below table depicts production and exports details of India Vs World:-

Production and Exports: India Vs World *						
	Production		India's	Exports		India's
Year	World	India @	Share(%)	World#	India @	Share (%)
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	3.85	110762	5102	4.61
2015/16**	143306	5800	4.05	NA	4506	NA

Source: The Coffee Board Of India

Domestic Raw Coffee Prices (Karnataka):-

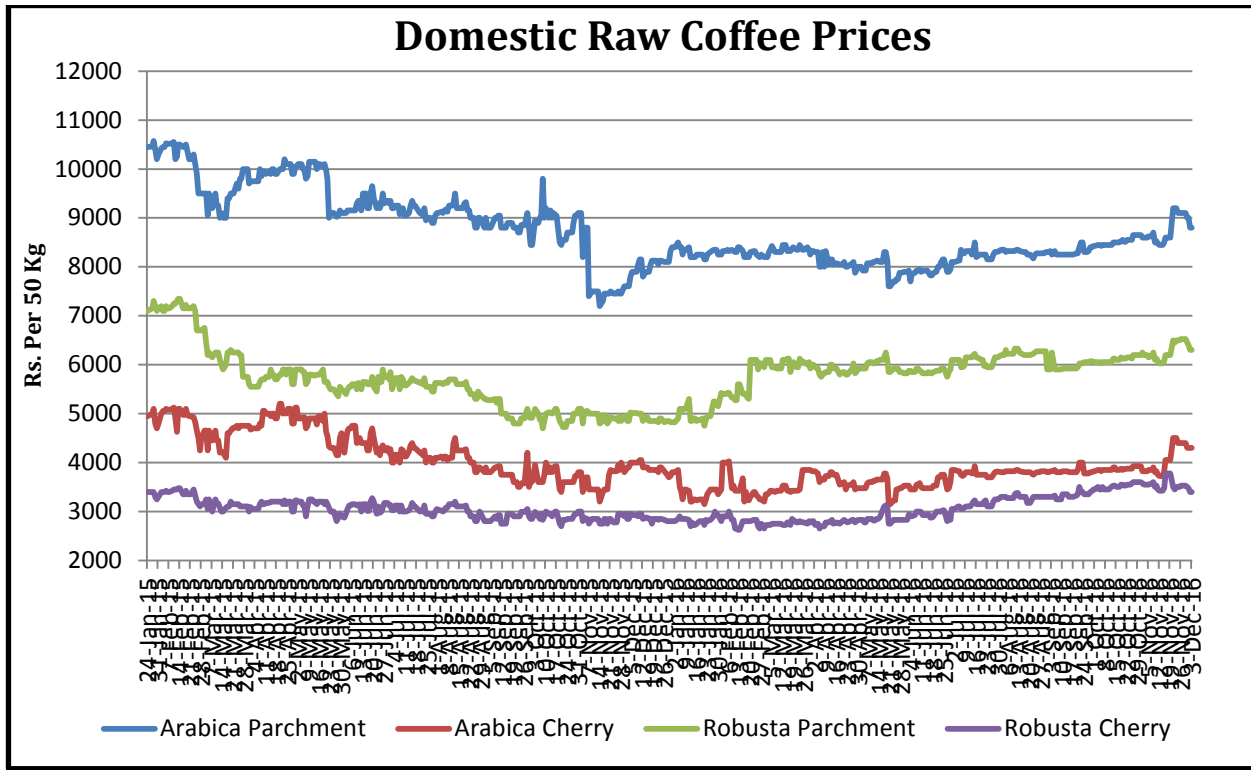
Variety	16.12.2016	09.11.2016	Change
Arabica Parchment	8800	9100	-300
Arabica Cherry	4300	4400	-100
Robusta Parchment	6300	6500	-200
Robusta Cherry	3400	3500	-100

* Values in Rs. per 50 Kg

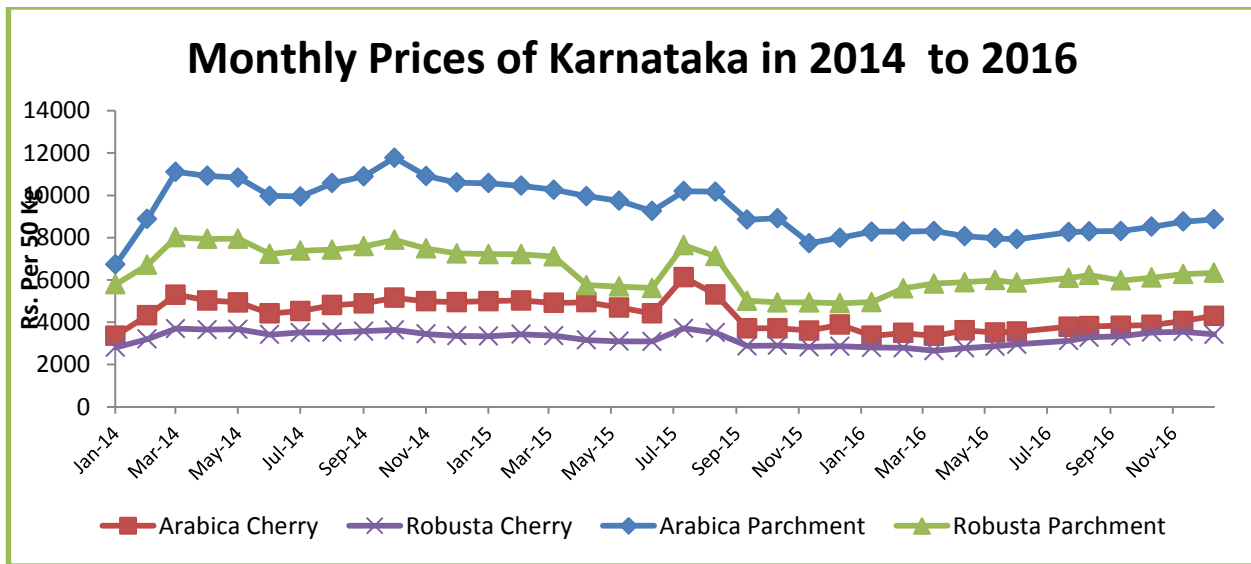
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

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

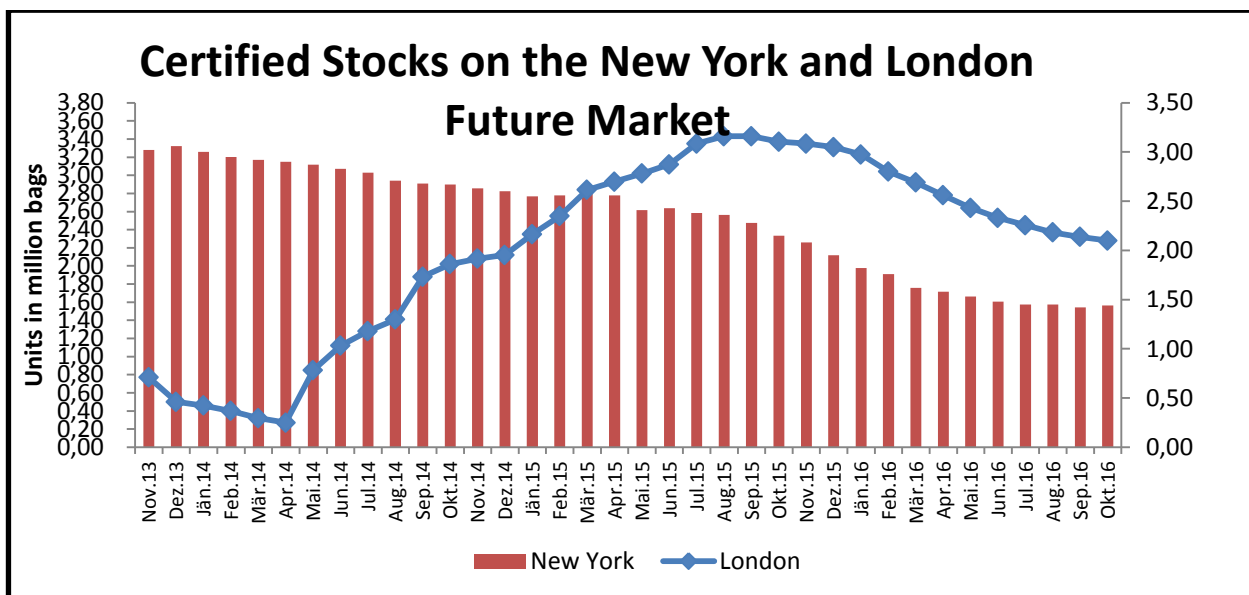
International Market Updates

ICE coffee future prices slipped by 8.30% to 141.80 cents/lb in this week, as on 16th of December 2016 against 154.65 cents/lb of the last week due to lackluster trading activities.

As per U.S. government weather forecaster, La Nina conditions are present and slightly favored to persist into the Northern Hemisphere winter 2016-17. The Climate Prediction Center (CPC) predicted La Niña conditions during October and sees a 55 percent change and they will persist through the winter. Last month, the agency pegged the chance of La Nina developing this fall at 70 percent.

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: 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.

El Salvador:- 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.

Production, Supply and Demand of Vietnam :-

Below table depicts coffee production details of Vietnam:-

Vietnam's Coffee Production, Supply and Demand (PSD)						
Coffee, Green Market Year Begins Vietnam	2013/2014		2014/2015		2015/2016	
Market Year Begins	Oct 2013		Oct 2014		Oct 2015	
Vietnam	USDA	New	USDA	New	USDA	New
	Official	Post	Official	Post	Official	Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Tree Population	0	0	0	0	0	0
Beginning Stocks	1.946	1.946	2.130	2.130	2.407	5.831
Arabica Production	1.175	1.175	1.050	1.050	1.100	1.100
Robusta Production	28.658	28.658	27.117	26.350	27.500	28.200
Other Production	0	0	0	0	0	0
Total Production	29.833	29.833	28.167	27.400	28.600	29.300
Bean Imports	476	476	450	450	200	200
Roast & Ground Imports	12	12	10	10	10	10
Soluble Imports	160	160	160	130	160	160
Total Imports	648	648	620	590	370	370
Total Supply	32.427	32.427	30.917	30.120	31.377	35.501
Bean Exports	27.269	27.269	25.000	20.333	25.500	26.667
Rst-Grnd Exp.	120	120	130	457	140	550
Soluble Exports	900	900	1.300	1.282	1.400	1.500
Total Exports	28.289	28.289	26.430	22.072	27.040	28.717
Rst,Ground Dom. Consum.	1.788	1.788	1.830	1.917	1.900	2.250
Soluble Dom. Cons.	220	220	250	300	260	350
Domestic Use	2.008	2.008	2.080	2.217	2.160	2.600
Ending Stocks	2.130	2.130	2.407	5.831	2.177	4.184
Total Distribution	32.427	32.427	30.917	30.120	31.377	35.501

1000 HA, MILLION TREES, 1000 60 KG BAGS

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	15.12.2016	08.12.2016	15.11.2016	15.12.2015
ICO Composite Indicator	132.88	140.86	147.29	113.02
Colombian Milds				
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
Other Milds				
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
Brazilian Naturals				
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
Robusta				
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 Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(16-Dec-2016)	Week Ago(09-Dec-2016)	Month Ago(16-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(16-Dec-2016)	Week Ago(09-Dec-2016)	Month Ago(16-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

	16.12.2016	09.12.2016	16.11.2016	16.12.2015
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 EMA 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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>

© 2015 Indian Agribusiness Systems Pvt. Ltd.