Executive Summary

Domestic Coffee Market Summary

Coffee prices closed on higher side in Karnataka physical market during week ended 22nd December 2016 on improved demand. Picking of Arabica has started last week and will take a week more for arrivals to the markets , Robusta by Jan 15th 2017. 6% stocks are remaining in the hand of farmers. Cyclone Vardha created a panic among the Arabica growers and has affected 10% damage to the crops, presently it is bright and sunny. Plucking of Arabica is underway and also Robusta in all irrigated areas. As of now, it is red in Arabica and Greenish in Robusta. Exporters are less active since the differentials are low and the news of crop being less in Vietnam has the fear of the market moving up hence not much ordered being place. Prices in the domestic markets are likely to move up.

According to the recent report of the Coffee Board Of India, Coffee production in India may stand down by 1% to 316,700 tonnes from its earlier estimates on account of poor monsoon rains as a result Arabica coffee production is estimated lower side at 96200 tonnes for the season 2016/17.The estimate of Robusta crop is placed at 220500 tonnes for 2016/17season. India exports three-quarters of its production. Italy, Germany and Belgium are the main buyers of India's crop.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2016 to 22nd December 2016 is registered higher by 17.6216.43% at 276309 metric tons compared to 237312 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 22nd December 2016 this year, recorded down by 11.36% at 24674 metric tons from preceding year volume of 27837 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 20.41 at 38316, 14.85% to 12753 metric tonnes and 30.49% at 171680 metric tons respectively from 1st January to 22nd December against exports volume of 31820 metric ton, 11104 metric tonnes and 131562 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower for 28601 metric tonnes with a decline of 17.48%.

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

International Coffee Market Summary

As per UCDA, Uganda shipped 64% higher coffee beans at 408027 60 kg bags in November 2016 against 248921 bags in November 2016 during the corresponding period of time in 2015. Positive weather condition supported to higher crop size.

Conab, Brazil's crop supply agency expects coffee production of Brazil at 51.39 million 60 kg bags for 2016 which is higher from its earlier forecast i.e. 49.6 million bags.

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.

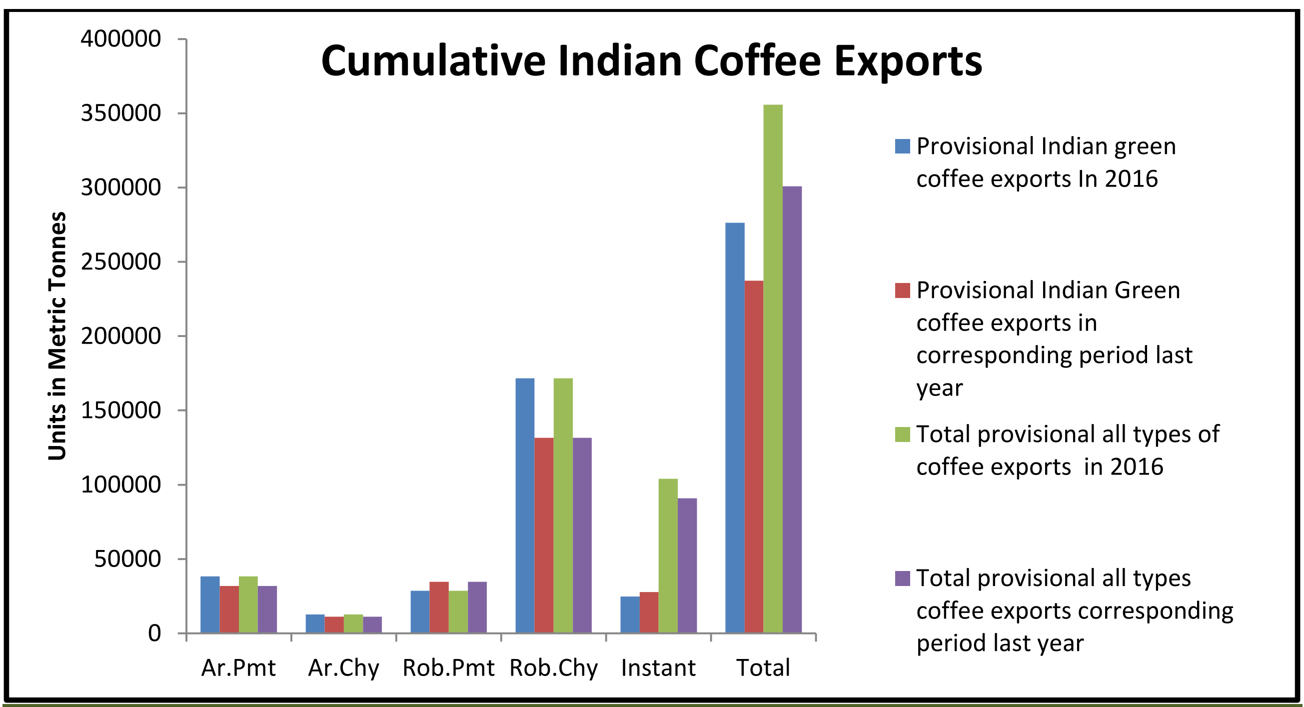
According to USDA report, Global coffee exports of production is expected to go up by 2.4% for the season 2016/17 against previous year record after a record Arabica crop in top grower Brazil more than offsetting smaller Robusta harvests. For the season 2015/16, the production was placed at 156.60 million 60 kg bags higher from the USDA's June estimate of 155.7 and up from 2015/16 at 152.90 million bags.

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

	INDIAN COFFEE	Ar.Pmt	Ar.Chy	Rob.Pmt	Rob.Chy	Roasted seeds	R & G	Instant	Total
	Export update: From 01st January 2016 to 22nd December 2016(in metric tonnes)								
1	Provisional exports (Indian green coffee)	38316	12753	28601	171680	58	227	24674	276309
2	Provisional green coffee exports corresponding period last year	31820	11104	34661	131562	39	293	27837	237317
3	Provisional re-exports	0	0	0	0	1	157	79354	79512
4	Provisional re-exports corresponding period last year	0	0	0	0	119	274	63069	63462
5	Total provisional exports (1+3)	**38316**	**12753**	**28601**	**171680**	**59**	**384**	**104028**	**355821**
6	Total provisional exports corresponding period last year (2+4)	**31820**	**11104**	**34661**	**131562**	**158**	**567**	**90906**	**300779**

Source: The Coffee Board Of India



Source: The Coffee Board Of India

Coffee Crop Situation In India:-

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

Planted Area of Coffee in Major States/Districts (Zones) of India										
Sl.	**State/District**	**2015-16**			**2014-15**			**2013-14**		
No.		**Arabica**	**Robusta**	**Total**	**Arabica**	**Robusta**	**Total**	**Arabica**	**Robusta**	**Total**
I	**Karnataka**									
1	Chikmagalur	58175	32196	90371	56913	31974	88886	56900	31968	88868
2	Kodagu	28104	78423	106527	27969	76953	104922	27963	76927	104890
3	Hassan	24946	13594	38540	24150	12475	36625	24140	12435	36575
	Sub total	**111225**	**124213**	**235438**	**109032**	**121402**	**230434**	**109003**	**121330**	**230333**
II	**Kerala**	**0**								
1	Wyanad	0	67436	67436	0	67396	67396	0	67364	**67364**
2	Travancore	2132	10998	13130	2094	11007	13102	2090	10970	**13060**
3	Nelliampathies	2085	2850	4935	2109	2850	4959	2085	2850	**4935**
	Sub total	**4217**	**81284**	**85501**	**4203**	**81253**	**85456**	**4175**	**81184**	**85359**
III	**Tamilnadu**									
1	Pulneys	12597	839	13436	10949	949	11898	10946	949	**11895**
2	Nilgiris	3780	4550	8330	3615	4183	7798	3610	4175	**7785**
3	Shevroys (Salem)	7495	4593	10358	9019	143	9162	8913	143	9056
4	Anamalais (Coimbatore)	2470	338	2808	2475	338	2813	2470	338	**2808**
	Sub Total	**29062**	**5870**	**34932**	**26058**	**5613**	**31671**	**25939**	**5605**	**31544**
	Total for Traditional Areas	**144504**	**211367**	**355871**	**139293**	**208268**	**347561**	**139117**	**208119**	**347236**
IV	**Non Traditional Areas**									
1	Andhra Pradesh	67089	267	67356	64689	267	64956	61075	268	**61343**
2	Odisha	4191	0	4191	4140		4140	4066	0	**4066**
	Sub Total	**71280**	**267**	**71547**	**68828**	**267**	**69096**	**65141**	**268**	**65409**
1	North Eastern Region	5595	1423	7018	5340	1273	6613	5127	1203	**6330**
	Grand Total	**221379**	**213057**	**434436**	**213462**	**209808**	**423270**	**209385**	**209590**	**418975**

Source: The Coffee Board Of India

Domestic Raw Coffee Prices (Karnataka):-

Variety	23.12.2016	16.11.2016	Change
Arabica Parchment	8900	8850	50
Arabica Cherry	4200	4100	100
Robusta Parchment	6900	6700	200
Robusta Cherry	3500	3500	Unchanged

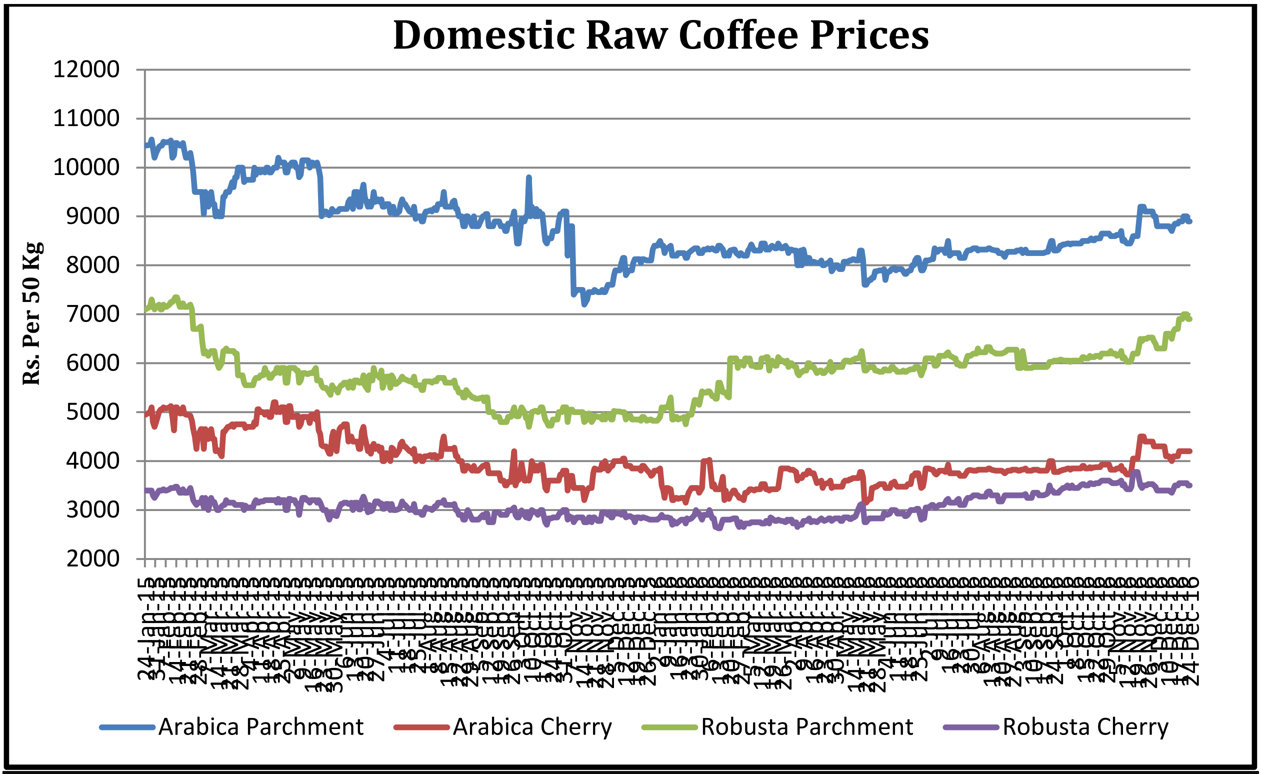
*** Values in Rs. per 50 Kg**

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

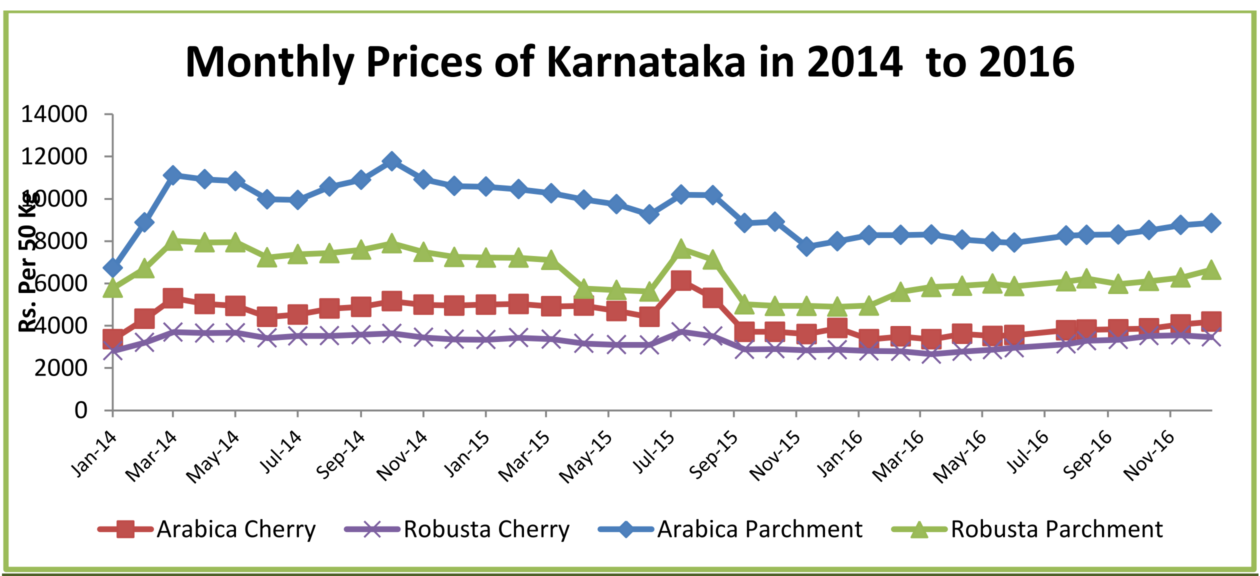
Grade	15.12.2016	12.08.2016	Change	15.12.2016	12.08.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	233	---	---	---	---
AA	233.8		---	216	---	---
PB	---	---	---	190	184	6
A	---	---	---	214.7	---	---
AB	210	---	---	212	---	---
B	---	---	----	---	----	---
C	---	---	---	150.5	----	---
BBB	---	---	---	134	127	---
Grade	**Robusta Parchment**	**Robusta Parchment**		**Robusta Cherry**	**Robusta Cherry**	
RKR	---	---	---	---	---	--
A	---	---	---	----	----	---
PB	---	---	---	139	139	Unchaged
AA	---	---	---	145.2	140	5.5
AB	---	---	---	142.50	137	5.5
B	---	---	---	----	---	---
C	---	---	---	135	135	Unchaged
BBB	125	125	Unchaged	122	124	-2

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 -3% to 136.15 cents/lb in this week, as on 22nd of December 2016 against 138.20 cents/lb of the last week due to lackluster trading activities.

Vietnam:- According to USDA, Vietnam, the world's biggest robusta grower, was likely to harvest 26.7 million bags in 2016-17, down from a June estimate of 27.3 million and down from the 2015-16 crop at 28.9 million bags, due to high temperatures and dry growing conditions in early 2016.

Brazil:- The USDA pegged output in top grower Brazil at 56.1 million bags, up from the prior year, with the arabica harvest seen at 45.6 million bags and robusta at 10.5 million bags. Arabica production is likely to increase by 9.5 million bags to a record 45.6 million as yields improve. Good blossoming between September and November 2015 was followed by ideal weather during the fruit-set and fruit development period in Minas Gerais and Sao Paulo, two regions that account for about 80 percent of output. Following last year's sharp decline, Robusta production is expected to drop an additional 2.8 million bags to a 10-year low of 10.5 million due to above-average temperatures and prolonged dry spells in Espirito Santo, where the vast majority is grown. Water Coffee: World Markets and Trade Ending Stocks in Producing Countries Continue Tightening - 10 20 30 40 50 12/13 13/14 14/15 15/16 16/17 Million 60 Kilogram Bags Consuming Countries Producing Countries Brazil's Arabica Production at Record, Robusta Continues Sharp Decline - 5 10 15 20 25 30 35 40 45 50 55 60 14/15 15/16 16/17 Million 60 Kilogram Bags Robusta Arabica Colombia's Production to Continue Rising - 5 10 15 10/11 11/12 12/13 13/14 14/15 15/16 16/17 Million 60 Kilogram Bags shortages continue to limit irrigation, a common practice in the state. Although the combined Arabica and Robusta harvest is forecast to expand 6.7 million bags to 56.1 million, total supply is expected nearly unchanged due to the previous year's drawdown in stocks. Consumption is expected unchanged at 20.5 million bags. With bean exports expected to slip 900,000 bags to 31.0 million, ending stocks are forecast to rise slightly

Colombia:- Colombia, the world's biggest washed-arabica producer, was forecast to harvest 14.5 million bags, up from the June estimate at 13.3 million bags and from 2015-16 at 14 million bags, due to a replanting program and favorable weather. Labor shortages, however, were noted.

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 kg 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.

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. Kenyean 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.

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.

USDA Updates :-

Below table shows Robusta and Arabica coffee details:-

Coffee Summary Thousands 60 kgs						
					June	Dec
	2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2016/17**
Arabica Production						
Brazil	42,100	41,800	37,300	36,100	43,850	45,600
Colombia	9,927	12,075	13,300	14,000	13,300	14,500
Ethiopia	6,500	6,345	6,475	6,500	6,500	6,500
Honduras	4,725	4,400	5,100	5,300	6,100	5,500
Peru	4,300	4,250	2,900	3,500	3,800	3,800
Guatemala	4,000	3,500	3,125	3,275	3,300	3,300
China	1,535	1,947	2,200	2,300	2,300	2,500
Nicaragua	1,925	2,000	2,100	2,100	2,100	2,200
Mexico	4,450	3,750	2,980	1,800	2,100	2,000
India	1,643	1,703	1,630	1,725	1,420	1,420
Costa Rica	1,675	1,450	1,400	1,400	1,400	1,400
Indonesia	2,000	1,900	1,270	1,500	1,300	1,400
Vietnam	900	1,175	1,050	1,100	1,050	1,100
Kenya	660	850	750	750	700	800
Papua New Guinea	775	815	760	700	700	700
Other	5,757	4,630	4,498	4,401	4,146	4,165
Total	92,872	92,590	86,838	86,451	94,066	96,885
Robusta Production						
Vietnam	25,600	28,658	26,350	27,830	26,225	25,600
Brazil	15,500	15,400	17,000	13,300	12,100	10,500
Indonesia	9,900	10,000	9,200	10,600	8,700	8,600
India	3,660	3,372	3,810	4,075	3,750	3,750
Uganda	2,800	3,000	2,800	2,900	3,000	3,000
Malaysia	1,400	1,500	2,100	2,200	1,500	2,000
Cote d'Ivoire	1,750	1,675	1,400	1,600	1,700	1,800
Thailand	1,000	1,000	1,000	700	1,000	1,000
Cameroon	485	375	525	525	575	575
Laos	460	475	475	475	550	500
Other	2,591	2,133	2,547	2,290	2,531	2,426
Total	65,146	67,588	67,207	66,495	61,631	59,751

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	**21.12.2016**	**14.12.2016**	**21.11.2016**	**21.12.2015**
ICO Composite Indicator	135.04	133.31	144.93	112.47
Colombian Milds				
US	160.50	160.25	178.25	n.q
qEurope	160.81	158.69	176.50	136.48
Group Indicator	160.64	159.66	177.45	136.64
Other Milds				
US	163.94	164.44	184.16	n.q
Europe	166.11	165.21	182.96	144.60
Group Indicator	165.22	164.85	183.44	145.34
Brazilian Naturals				
US	130.50	129.25	144.25	n.q
Europe	145.25	143.31	160.69	125.94
Group Indicator	141.41	139.66	156.42	120.95
Robusta				
US	106.75	103.33	104.83	n.q
Europe	103.66	101.03	102.50	77.15
Group Indicator	104.19	101.42	102.89	78.63

US cents/lb

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	**Today(23-Dec-2016)**	**Week Ago(16-Dec-2016)**	**Month Ago(21-Nov-2016)**	**Weekly Change (%)**
16-Dec	136.15	138.20	158.65	**-3**
16-Mar	138.40	142.45	163.30	**-4**
16-May	140.70	144.80	165.60	**-2.83**

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	**Today(23-Dec-2016)**	**Week Ago(16-Dec-2016)**	**Month Ago(21-Nov-2016)**	**Weekly Change (%)**
16-Jan	2103	2097	2083	**0.28**
16-Mar	2089	2083	2076	**0.28**
16-May	2095	2088	2083	**0.33**

USD/T

International Coffee Prices

	22.12.2016	**08.12.2016**	**22.11.2016**	**22.12.2015**
Vietnam (Robusta Beans Spot) (Dong/Kg)	44550	42650	43250	33150
Vietnam FOB (2-5 pct)* (Saigon port)	2048	1970	2018	1560
Indonesian FOB (4-80 defects)** (Lampung Port)	2060	---	2040	1610

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

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	**Prices This Auction In (15/12/2016)**	**Average Prices In**	**Prices This Auction In (08/12/2016)**
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 upperside in the market.

- Candlestick chart depicts upper trend in the market.
- However,14 days EMI stood slight down at 142.50 against 146.55 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 42.89 compared to 44.20 of last week record indicating week tone in the next week.

Strategy: *Market participants are advised to go short for the short period of time.*

Coffee Future Market(ICE Market)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
126.03	132.40	136.50	143.60	151.45

Technical Analysis Of Coffee Future Market (Jan'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 2100 against last week records i.e.2090, indicating further strong tone in the market.
- On the other hand, RSI is lower at 60.50 in neutral region against 58.50 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**
1900	1950	2103	2200	2250

******

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.