

Executive Summary

Domestic Coffee Market Summary

Steady to weak tone witnessed in Karnataka physical market during week ended 29th December 2016 on sluggish demand. Picking of Arabica has begun last week and will come soon in the market for further delivery. 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 in steady to slight up zone in upcoming week.

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 2016/17 season. India exports three-quarters of its production. Italy, Germany and Belgium are the main buyers of India's crop.

As per DGCIS report, India has received total coffee exports revenue around Rs. 385.04 crore which is in USD 57.69 million in Oct 2016 higher by 20.91% in Rs. and 17.85% in USD respectively against Rs. 318.46 crore and USD 48.95 million respectively of previous year in October month 2016. It stood at Rs.3223.28 crore and the value in USD at 481.76 million since April-Oct in 2016 up by 9.14% in Rs. and 4.68% when the value is counting in USD against last year revenue at Rs.2953.42 crore and in USD 460.22 million in corresponding period of time.

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 reuter survey group, Brazil is likely to produce higher coffee beans at 54.9 million bags in 2017. Flowering stage of coffee trees was already started in September 2016. However other analysts forecasted coffee crop size for 2017 season on lower side.

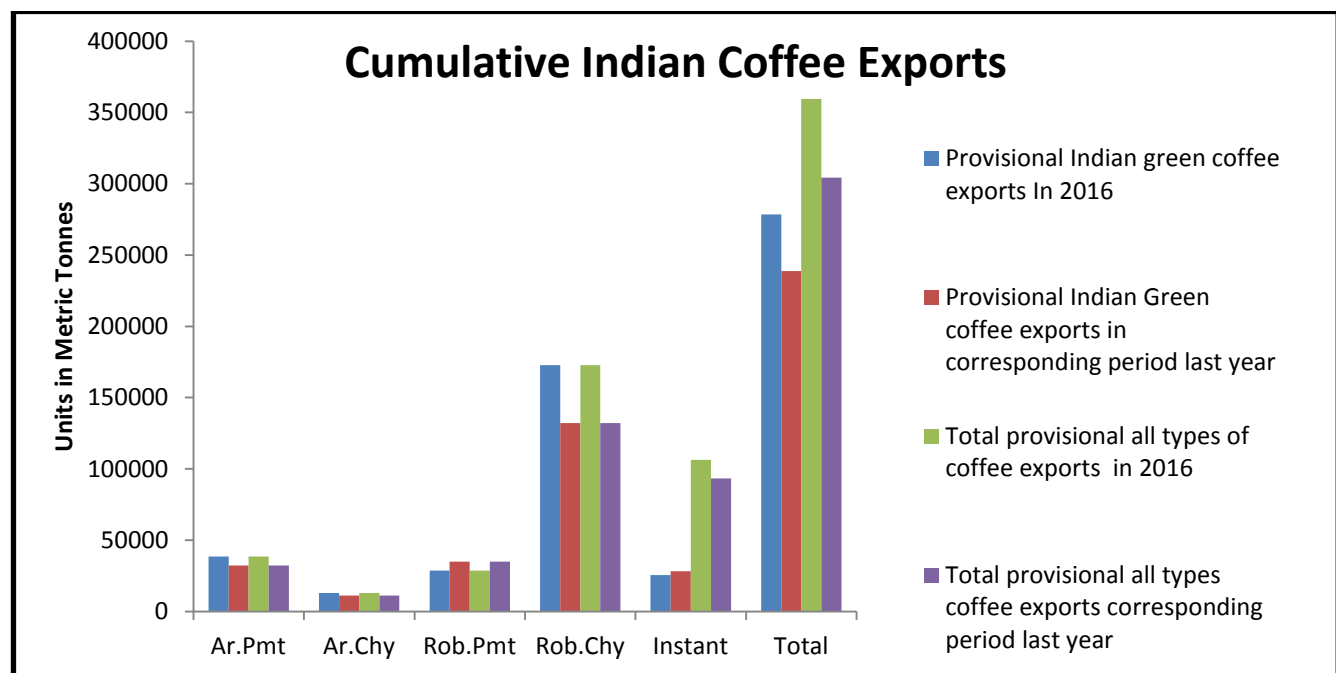
As per the government, Vietnam is likely to ship 33.7% higher coffee beans at 1.79 million tonnes (29.83 million 60 kg bags) of coffee in 2016 against last year record. In December, the country exported total 160,000 tonnes which is higher by 5.4% against a year record. Coffee beans harvesting for 2017 will commence with full pace as supported by better weather condition. Central Highland, one of the coffee belts of Vietnam, started early picking in October. 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.

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 st January 2016 to 28th 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)	38416	12906	28730	172704	62	229	25487	278535
2	Provisional green coffee exports corresponding period last year	32260	11109	34895	132119	39	293	28092	238808
3	Provisional re-exports	0	0	0	0	1	157	80777	80934
4	Provisional re-exports corresponding period last year	0	0	0	0	119	274	65135	65528
5	Total provisional exports (1+3)	38416	12906	28730	172704	63	386	106263	359469
6	Total provisional exports corresponding period last year (2+4)	32260	11109	34895	132119	158	567	93227	304336

Source: The Coffee Board Of India



Source: The Coffee Board Of India

Coffee Crop Situation In India:-

Below table depicts Post Monsoon Estimates of Coffee for India :-

State/District	Post Monsoon Estimate 2016-17			Final Estimate 2015-16		
	Arabica	Robusta	Total	Arabica	Robusta	Total
Karnataka						
Chikmagalur	36,400	35,000	71,400	40,600	41,400	82,000
Kodagu	17,400	106,750	124,150	19,150	118,150	137,300
Hassan	17,800	12,950	30,750	18,900	13,320	32,220
Sub total	71,600	154,700	226,300	78,650	172,870	251,520
Kerala						
Wayanad0	0	52,500	52,500,	0	57,850	57,850
Travancore	990	7,050	8,040	1,000	7,480	8,480
Nelliampathies	1,150	1,600	2,750	1,200	1,700	2,900
Sub total	2,140	61,150	63,290	2,200	67,030	69,230
Tamil Nadu						
Pulneys	6,135	365	6,500	6,785	340	7,125
Nilgiris	1,200	3,565	4,765	1,325	3,575	4,900
Shevroys (Salem)	3,425	70	3,495	3,400	70	3,470
Anamalais (Coimbatore)	1,300	500	1,800	1,300	500	1,800
Sub total	12,060	4,500	16,560	12,810	4,485	17,295
Non Traditional Areas						
Andhra Pradesh	9,650	50	9,700	9,150	50	9,200
Orissa	650	0	650	600	0	600
Sub Total	10,300	50	10,350	9,750	50	9,800
North Eastern Region	100	100	200	90	65	155
Grand Total (India)	96,200	220,500	316,700	103,500	244,500	348,000

Source: The Coffee Board Of India

Domestic Raw Coffee Prices (Karnataka):-

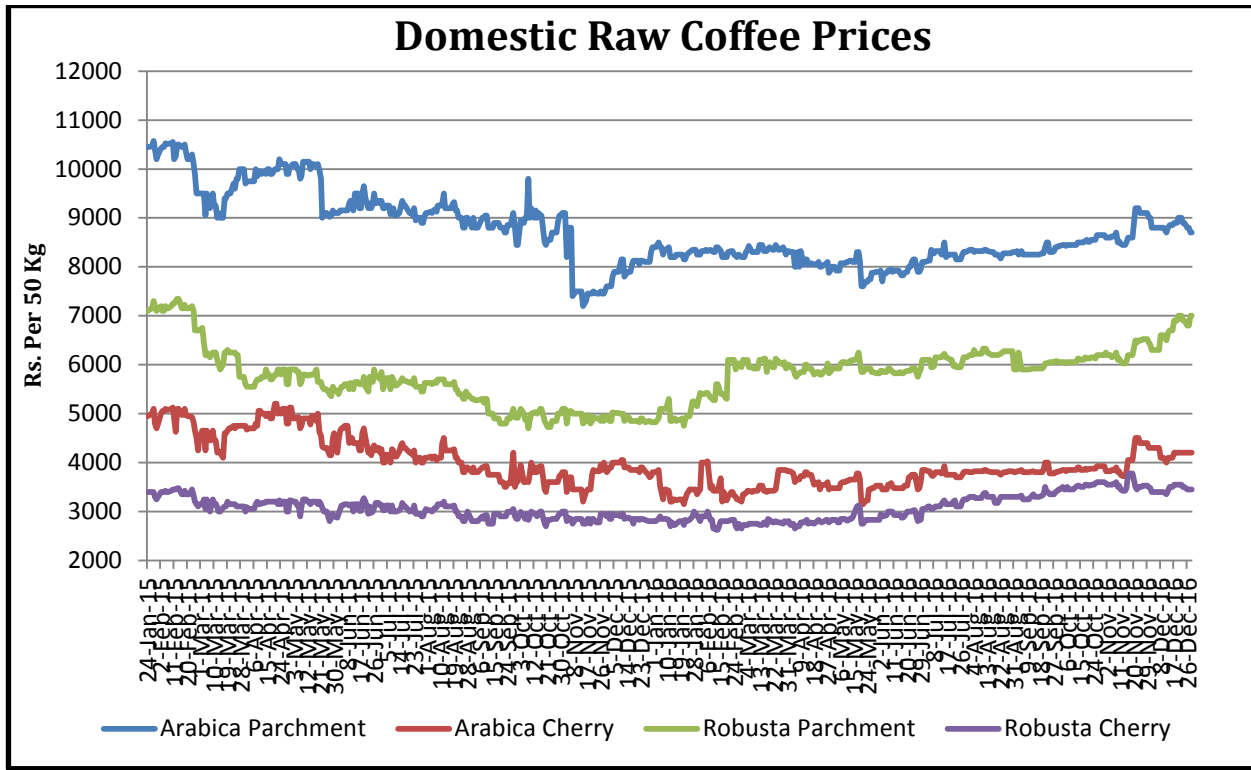
Variety	29.12.2016	22.12.2016	Change
Arabica Parchment	8700	9000	-300
Arabica Cherry	4200	4200	Unchanged
Robusta Parchment	7000	7000	Unchanged
Robusta Cherry	3450	3550	-100

* Values in Rs. per 50 Kg

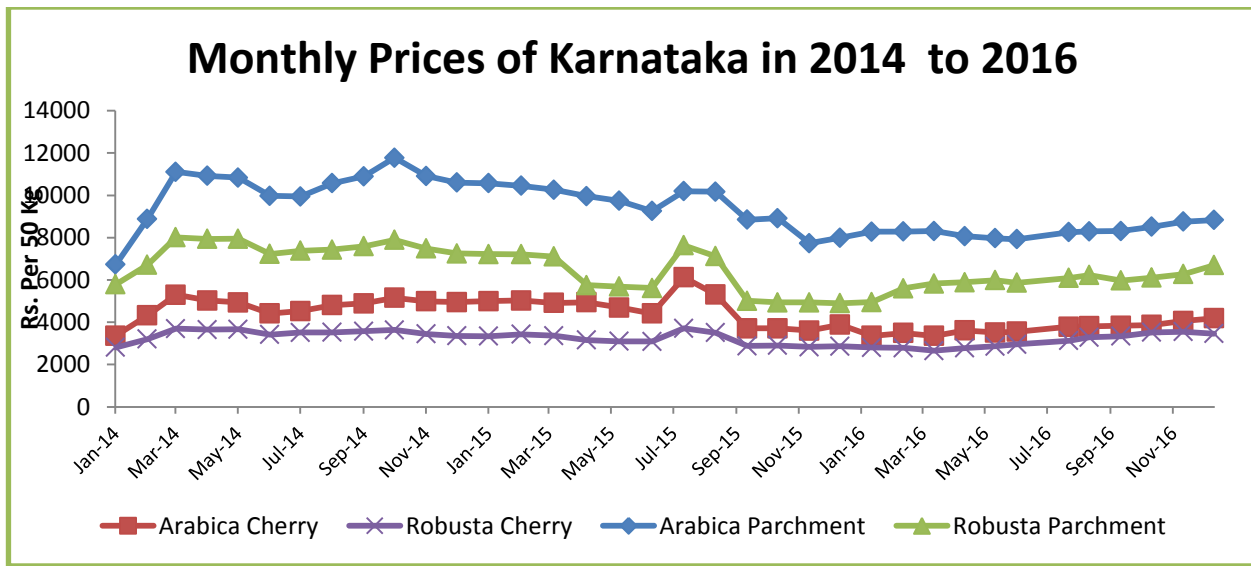
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	22.12.2016	15.12.2016	Change	22.12.2016	15.12.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	233	---	---	---	---	---
AA	---	233.8	---	---	216	---
PB	233	---	---	---	190	---
A	223	---	---	---	214.7	---
AB	---	210	---	---	212	---
B	---	---	---	---	---	---
C	190	---	---	---	150.5	---
BBB	---	---	---	---	134	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	---	---	---	---
A	---	---	---	---	---	---
PB	---	---	---	143	139	---
AA	---	---	---	140	145.2	4
AB	---	---	---	142.50	142.50	-5.5
B	---	---	---	---	---	---
C	---	---	---	139	135	4
BBB	---	125	---	124.50	122	2.5

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 slipped by 0.51% to 135.45 cents/lb in this week, as on 29th of December 2016 against 139.10 cents/lb of the last week after less demand. Speculators cut their long position in Arabica coffee as on Dec 20, 2016 against previous week record. ICE certified Arabica stocks increased by 1210 bags to 1264892 bags as on December 2016 against previous day record i.e. 1261632 bags.

Below table shows ICE certified stocks details :-

COUNTRIES	ANTWERP	BARCELONA	HAMBURG/BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Brazil	5440	0	0	0	0	0	1209	6649
Burundi	57838	0	38475	0	0	0	5337	101,650
Colombia	129545	0	27151	1195	40428	275	142230	340824
El Salvador	425	0	0	0	0	0	1020	1445
Guatemala	56	0	0	575	0	3610	3950	8191
Honduras	171360	0	9700	22729	0	1275	19279	224340
India	30122	0	1499	0	0	0	0	31621
Mexico	127977	0	2536	251	0	0	10216	140980
Nicaragua	38281	0	0	550	0	1375	14575	54781
Papua New Guinea	0	0	2659	0	0	0	960	3619
Peru	96503	0	37446	16772	0	1000	93657	245378
Rwanda	46791	0	8833	0	0	0	640	56264
Tanzania	70	0	0	0	0	0	578	648
Uganda	21278	295	23769	0	0	0	3160	48502
Total in Bags	725686	295	152068	42072	40428	7535	296808	1264892

Source:- Reuter

El Salvador:- El Salvador coffee exports went up by 26% to 4487 60 kg bags in November 2016 because plantations recovered from a fungal outbreak known as roya and a drought. The country shipped 3,565 bags during the same month in the last year. Exports during the first two months of the 2016/17 season totaled 15,084 bags with an increase of 37.5% from the same period in the previous cycle. 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. El Salvador, one of Central America's smaller coffee producers, has been one of the hardest hit by the spread of roya, also known as coffee leaf rust, over the past couple of seasons. The country has also struggled with the effects of a regional drought.

USDA:- 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. 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.

Coffee Crop Estimates of Brazil :-

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. As per Reuter survey group, Brazil is likely to produce higher coffee beans at 54.9 million bags in 2017. Flowering stage of coffee trees was already started in September 2016. However other analysts forecasted coffee crop size for 2017 season on lower side.

Below table shows coffee estimates of Brazil as given by different sources:-

Source	2016	2017	2016- Robusta	2016- Arabica	Date
Safras & Mercado	54.9	Trend Lower	12.1	42.8	7-Dec
Exportadata Guaxapua C	56	Trend Lower	NA	NA	1-Dec
Comexim	56	Early to say	9	47	1-Dec
Terra Forte	54.1	Trend Lower	10.4	43.7	1-Dec
Large Broker	54	50-52	9	45	1-Dec
Midsize	55.5	Trend Lower	10	45.5	1-Dec
Domestic trader		47-50			
Coasta	54	Trend Lower	10	44	29-Nov
Comissaria	-	45	-	-	-
Large Merchant	58.4	Early To Say	10.4	48	30-Nov
Marca Jacob consultant/producer	53	20% Lower	10	43	1-Dec
Unicafe	53.6	49-50	9.6	44	2-Dec
USDA	56.1	NA	10.5	45.6	22-Nov
Median	54.9	-	-	-	-
Conab	49.6	NA	-	-	Sep

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 (The ICO will be closed after 22 December until the New Year. Daily Prices for 22 December and all other days up to 2 January 2017 will be published on 3 January 2017)

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(29-Dec-2016)	Week Ago(22-Dec-2016)	Month Ago(29-Nov-2016)	Weekly Change (%)
16-Dec	135.24	139.10	149.90	-0.51
16-Mar	137.75	141.35	153.05	-0.46
16-May	140.05	143.65	155.35	-0.46

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(29-Dec-2016)	Week Ago(22-Dec-2016)	Month Ago(29-Nov-2016)	Weekly Change (%)
16-Jan	2125	2076	2046	2.36
16-Mar	2116	2064	2035	2.51
16-May	2123	2071	2042	2.51

USD/T

International Coffee Prices

	29.12.2016	22.12.2016	29.11.2016	29.12.2015
Vietnam (Robusta Beans Spot) (Dong/Kg)	43750	44550	43650	--
Vietnam FOB (2-5 pct)* (Saigon port)	2017	2048	2020.50	--
Indonesian FOB (4-80 defects)** (Lampung Port)	--	--	2025	1640

*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 slightly downside zone of the market during the week. We expect prices to trade steady to steady to lower side in the market.

- Candlestick chart depicts lower trend in the market.
- However, 14 days EMI stood slight down at 140.51 against 142.50 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 42.39 compared to 42.86 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
128.55	131.99	135.45	143.95	148.05

Technical Analysis Of Coffee Future Market (Jan'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 downward momentum in the market.
- Relatively, 14-days EMI is moving upper at 2104 against last week records i.e.2082, indicating further strong tone in the market.
- On the other hand, RSI is also higher at 62.82 in neutral region against 55.5 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
1961	2030	2155	2206	2262

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