

Executive Summary

Domestic Coffee Market Summary

Steady to weak tone witnessed in Karnataka physical market during week ended 6th January 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.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2016 to 30th December 2016 is registered higher by 16.46% at 279465 metric tons compared to 239956 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 30th December 2016 this year, recorded down by 9.94% at 25547 metric tons from preceding year volume of 28367 metric tons. Total provisional exports of Arabica parchment, Arabica Cherry and Robusta Cherry is placed higher by 17.98 at 38514, 17.89% to 13136 metric tonnes and 30.81% at 173216 metric tons respectively from 1st January to 30th December against exports volume of 32644 metric ton, 11142 metric tonnes and 132408 metric tons respectively in the corresponding period of last year. However, Robusta parchment is registered lower for 28761 metric tonnes with a decline of 17.96%.

Recommendation:

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

International Coffee Market Summary

As per sources, Costa Rica coffee exports declined by 26.1% to 31246 60 kg bags in December 2016 from last year record during the corresponding period of time. The country is known for high quality coffee beans. It shipped total 88143 bags so far of the current season 2016/17 with a decrease of 6.3% against previous cycle of three months in 2015/16. The coffee season in Central America and Mexico, which together produce about one-fifth of the world's Arabica beans, runs from October through September.

As per sources, coffee exports beans for Sumatra, which is the main coffee growing area of Indonesia is registered higher by 48% to 23284.6 tonnes in December 2016 against 15788.9 tonnes in December 2015. It is also higher from November 2016 record i.e. 222848.4 tonnes.

As per the recent report, Brazil shipped total 2912716 60 kg bags in December 2016 with a decline of 3% against November month record i.e. 2999483 60 kg bags.

Below table depicts Brazil's coffee exports details:-

Brazil's Coffee Exports Details (60 kg bags)					
Commodity	Dec-16	Nov-16	Dec-15	% change Last month	% change Last year
Coffee	2,912,716	2,999,483	2,976,727	-3	-2

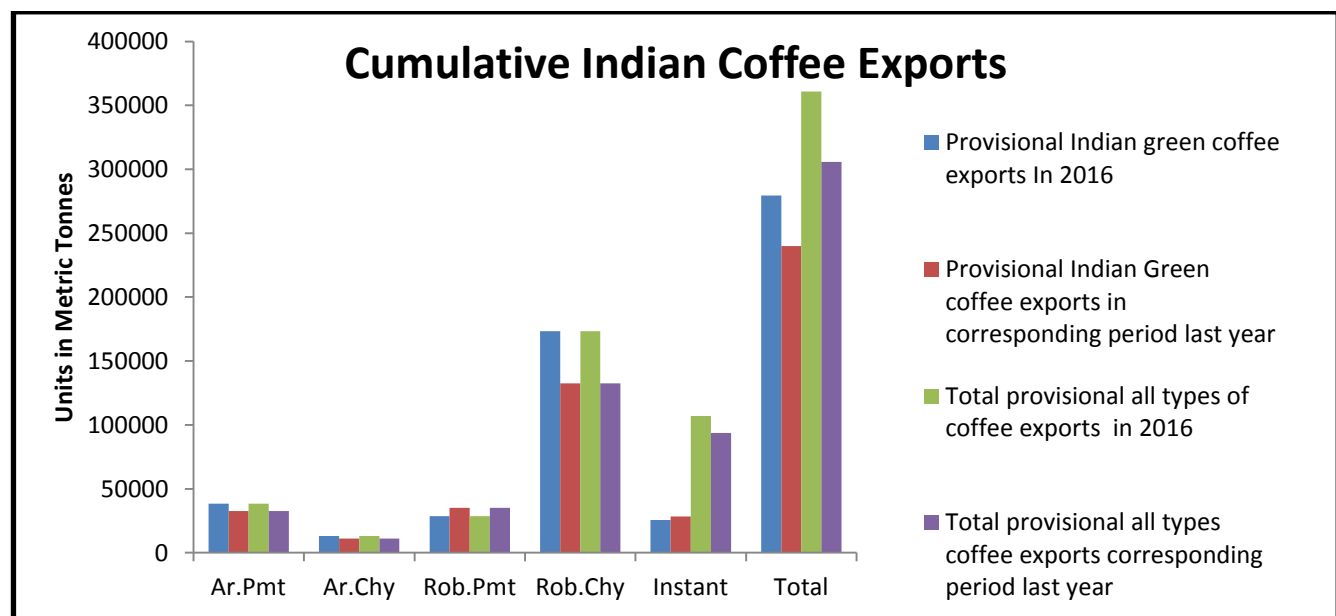
Source: Reuters

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 st January 2016 to 30th 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)	38514	13136	28761	173216	62	229	25547	279465
2	Provisional green coffee exports corresponding period last year	32644	11142	35059	132408	42	294	28367	239956
3	Provisional re-exports	0	0	0	0	1	157	81327	81485
4	Provisional re-exports corresponding period last year	0	0	0	0	119	274	65332	65724
5	Total provisional exports (1+3)	38514	13136	28761	173216	63	387	106874	360950
6	Total provisional exports corresponding period last year (2+4)	32644	11142	35059	132408	161	568	93698	305681

Source: The Coffee Board Of India

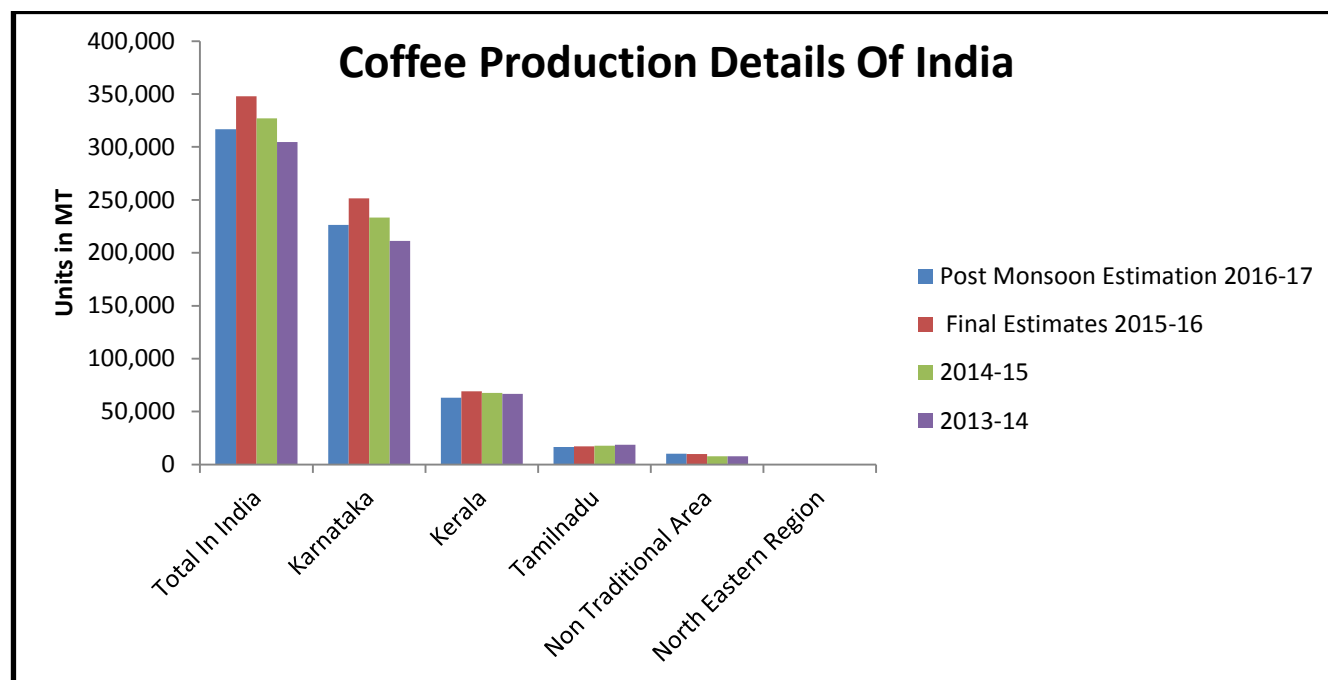


Source: The Coffee Board Of India

Coffee Crop Situation In India:-

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

States	Post Monsoon Estimation 2016-17	Final Estimates 2015-16	2014-15	2013-14	%change
Total In India	316,700	348,000	327000	304500	(3.15)
Karnataka	226,300	251,520	233,230	211,100	(2.97)
Kerala	63,290	69,230	67,700	66,675	(6.51)
Tamilnadu	16,560	17,295	17,875	18,775	(7.36)
Non Traditional Area	10,350	9,800	7,975	7,760	29.78
North Eastern Region	200	155	220	190	(9.09)



Source: The Coffee Board Of India

Domestic Raw Coffee Prices (Karnataka):-

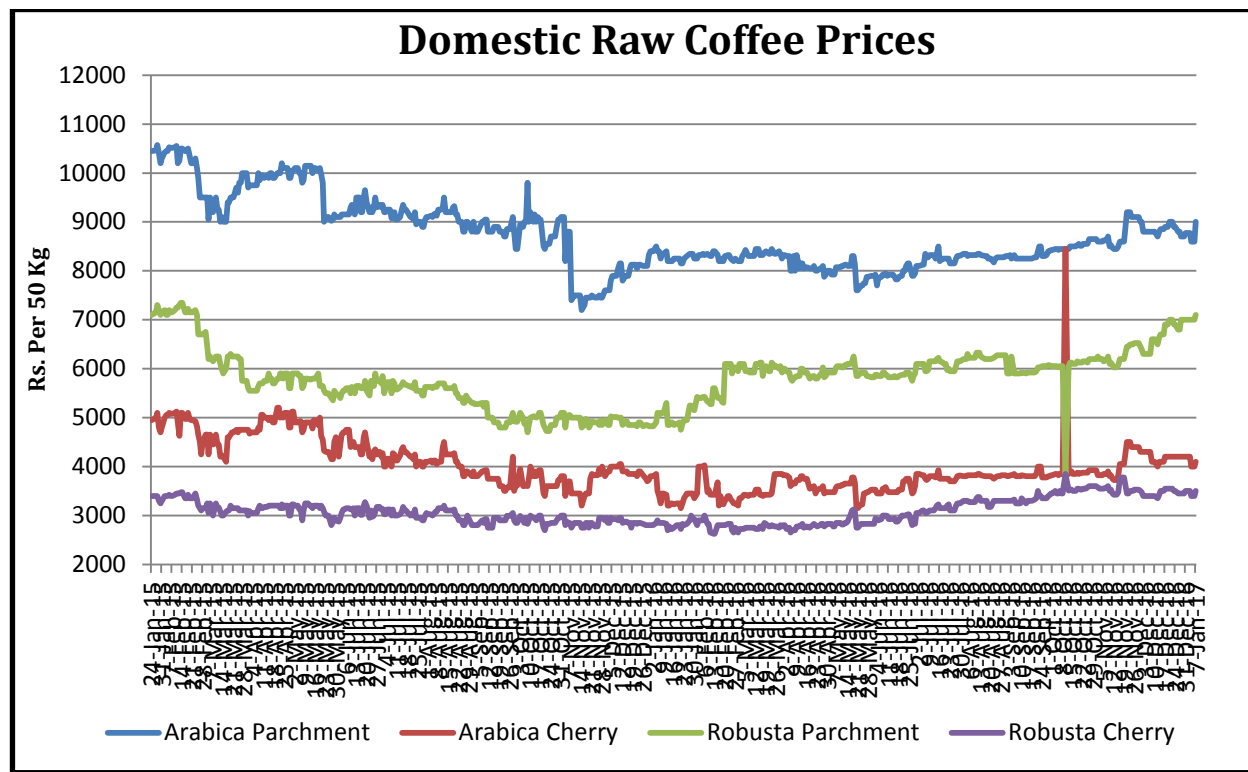
Variety	06.01.2017	22.12.2016	Change
Arabica Parchment	8600	8700	-100
Arabica Cherry	4000	4200	-200
Robusta Parchment	7000	7000	Unchanged
Robusta Cherry	3400	3450	-50

* Values in Rs. per 50 Kg

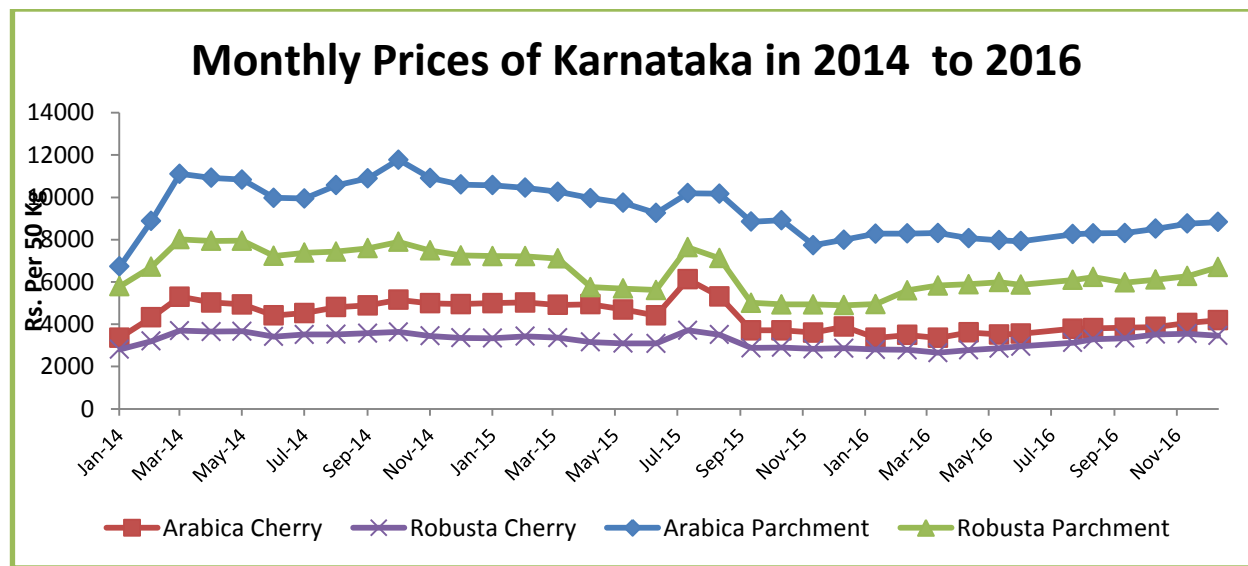
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

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

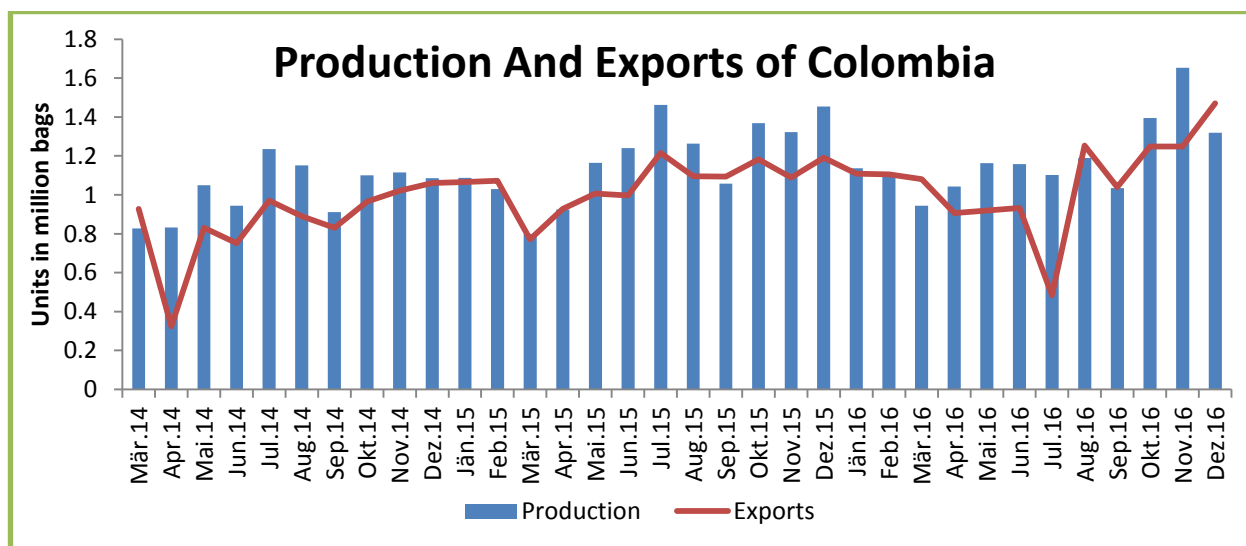


Source: The Coffee Board Of India

International Market Updates

ICE coffee future prices increased by 2.47% to 142.85 cents/lb in this week, as on 6th of January 2017 against 139.40 cents/lb of the last week after improved demand. ICE certified Arabica stocks decreased by 2487 bags to 1252202 bags as on 06th Jan 2017 against previous day record.

Colombia:- As per the National Coffee Growers Federation, Colombia's coffee output of washed Arabica stood at 14.23 million 60 kg bags in 2016 with an increase of 0.4% against last year record i.e. 14.17 million bags. However, the country produced 9.3% lower coffee beans in December 2016 as compared to last year record in the corresponding period of time after truckers' strike and damage done to many coffee trees by the El Nino drought. While, coffee exports is registered 1.2% higher at 12.86 million bags in 2016 from previous year record i.e. 12.7 million bags. Coffee shipment for December month 2016 is recorded up by 23% to 1.47 million bags.



Source: Reuters

Vietnam:- 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.

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.

Global:- USDA revised its coffee production estimates for the season 2015/16 down by 300,000 bags to 153 million bags in December 2016 followed by lower coffee beans production for Uganda and Mexico which stood at 3.7 million bags, 2.0 million bags respectively. Relatively, coffee beans shipment are also placed down from its June month estimates. Beans exports of the world stood 200,000 bags to 112.6 million bags for 2015/16 followed by lower beans shipment of Brazil, and Uganda.

Coffee Crop Estimates of Brazil :-

As per USDA recent released data, coffee consumption of the world is projected at a record 153.3 million bags, drawing ending inventories to a 5-year low, particularly in producing countries.

Below table shows domestic consumption of the World:-

Domestic Consumption						
European Union	45,250	43,275	41,475	43,630	43,900	43,850
United States	22,946	23,027	23,811	23,577	23,700	24,067
Brazil	20,025	20,110	20,210	20,330	20,580	20,330
Japan	7,050	7,505	7,750	7,825	7,790	8,125
Canada	4,170	4,230	4,605	4,505	4,975	4,800
Philippines	3,660	4,405	3,630	4,265	3,900	4,600
Russia	3,865	4,130	4,230	4,050	4,940	4,075
Indonesia	2,380	2,670	2,790	3,050	3,150	3,090
Ethiopia	3,050	3,000	3,120	2,985	2,972	2,972
Korea, South	1,785	1,825	2,160	2,305	2,350	2,350
Vietnam	1,665	1,825	2,008	2,217	2,160	2,600
Algeria	2,270	1,945	2,300	2,155	2,280	2,280
China	1,060	1,560	1,705	1,940	1,765	1,925
Mexico	2,212	2,030	2,331	1,776	2,273	2,173
Australia	1,600	1,660	1,615	1,775	1,680	1,800
Thailand	1,060	1,130	1,260	1,700	1,450	1,550
Colombia	1,260	1,200	1,300	1,515	1,300	1,350
Switzerland	1,460	1,500	1,410	1,445	1,400	1,450
India	1,168	1,100	1,200	1,200	1,250	1,250
Venezuela	1,305	1,290	1,170	1,155	1,155	1,155
Ukraine	1,425	1,255	1,155	1,005	1,110	1,000
Norway	760	740	775	775	765	775
Argentina	750	835	685	740	675	700
Turkey	375	490	505	670	615	615
Morocco	715	705	620	630	665	640
Other	8,954	8,774	8,933	8,301	8,884	8,745
Total	142,220	142,216	142,753	145,521	147,684	148,267

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	05.01.2017	29.12.2016	05.12.2016	05.01.2016
ICO Composite Indicator	135.04	129.60	133.54	115.43
Colombian Milds				
US	159.75	n.q.	159.50	141
qEurope	160.84	152.63	159.99	141.55
Group Indicator	160.25	151.70	159.73	141.25
Other Milds				
US	163.44	n.q.	165.44	151.19
Europe	165.65	157.91	165.96	149.56
Group Indicator	164.74	156.55	165.74	150.23
Brazilian Naturals				
US	128.75	n.q.	127.50	112
Europe	145.30	137.10	144.41	130.87
Group Indicator	141	132.93	140.01	125.96
Robusta				
US	108.75	n.q.	103.08	85.25
Europe	105.43	103.60	100.81	76.85
Group Indicator	105.99	104.17	101.19	78.28

US cents/lb

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(6-Jan-2017)	Week Ago(30-Dec-2016)	Month Ago(6-Dec-2016)	Weekly Change (%)
17-Mar	142.85	144.30	146.45	
16-Mar	145.15	141.70	144.30	
16-May	147.45	143.70	146.45	

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(6-Jan-2016)	Week Ago(30-Dec-2016)	Month Ago(6-Dec-2016)	Weekly Change (%)
16-Jan	2140	2138	2032	
16-Mar	2143	2144	2041	
16-May	2146	2149	2046	

USD/T

International Coffee Prices

	05.01.2017	29.12.2016	05.11.2016	05.01.2016
Vietnam (Robusta Beans Spot) (Dong/Kg)	46200	43750	-	33550
Vietnam FOB (2-5 pct)* (Saigon port)	2075	2017	-	1557.50
Indonesian FOB (4-80 defects)** (Lampung Port)	2090	--	-	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 (March'2017 Contract At ICE Future Market)(Units in USC/lb)


Outlook - Prices show uptrend in 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 upside at 141.88 against 140.51 in the market hints upward momentum in the market.
- Higher volume and prices indicates further short build up phase of the market.
- On the other hand, RSI is lower at 49.71 compared to 42.39 of last week record indicating strong tone in the next week.

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

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
125.25	132.50	144.50	149.92	155

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 upward momentum in the market.
- Relatively, 14-days EMI is moving upper at 2169 against last week records i.e.2083, 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
2034	2095	2169	2225	2259

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