Executive Summary

Domestic Coffee Market Summary

Higher tone witnessed in Karnataka physical market during week ended 13th January 2017 after improved demand and lower crop estimates. Traders are active now. Fresh arrival for all types of coffee beans like Arabica parchment, Arabica cherry, Robusta cherry and Robusta parchment have started now. Picking of Arabica is almost finished and farmers have completed approximately 90% coffee beans so far. Picking of Robusta is likely to begin soon. Arabica trees will be pruned and lapped to prepare them for the next crop. Robusta trees are borne with ripe fruits. 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. Vietnam is selling its coffee beans at lower differentials. Brazil has Robusta shortage, Indonesia is also short while Indian crops are good. International buyers asking at very low differentials hence little slow but Indian sellers have also sold Robusta grades at quite low differentials.

As per DGCIS latest report, India received around Rs.385.04 crore as the total coffee exports revenue which is 57.69 million in USD in Oct 2016. This is higher by 20.91% in Rs. However, it has declined by 17.85% in USD respectively as against Rs.318.46 crore and USD 48.95 million respectively in the corresponding month of previous year. It stood at Rs.3223.28 crore and the value in USD at 481.72 million since April-2015 to Oct 2016 higher by 6.28% in Rs. and 4.68% in USD as against the last year revenue i.e. 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 2017 to 10th January 2017 is registered higher by 58.15% at 5722 metric tons compared to 3618 metric tons in the corresponding period of previous year. India re-exports maximum Instant type of coffee. Instant Coffee exports from 1st January 2017 to 10th January 2017 this year, recorded higher by 401% at 957 metric tons from preceding year volume of 191 metric tons. Total provisional exports of Arabica Cherry, Robusta Parchment and Robusta Cherry is placed higher by 134.56% to 380 metric tonnes and 50.75% at 597 metric tons and 62.18% to 3302 respectively from 1st January to 10th January 2017 against exports volume of 162 metric ton, 396 metric tonnes and 2036 metric tons respectively in the corresponding period of last year. However, Arabica parchment is registered lower for 482 metric tonnes with a decline of 41.50%.

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

International Coffee Market Summary

In view of Brazilian coffee exporters Terra forte, Brazil is likely to produce 13% lower Arabica coffee beans at 38.18 million 60 kg bags against 44 million bags in 2016/17. It forecasts Robusta coffee beans production at 9.88 million bags with a decline of 5% for the season 2016/17 from previous crop size due to radical stumping, heavy pruning and switches into black pepper production.

As per ICO recent released data, total coffee output of the world is expected to reach higher by 0.1% to 151.60 million bags of the season 2016/17 against 151.4 million bags year over year. Arabica coffee beans production of the world is revised and up from its earlier estimates i.e. 85.8 million bags to 93.5 million bags which is also high by 4.4% from previous year record i.e. 89.6 million bags. Robusta coffee output is forecasted 6% down to 58.2 million bags from 2015/16 record crop size. It pegged global coffee consumption of 2016/17 at 155.10 million bags with a decline of 0.4% against prior year record.

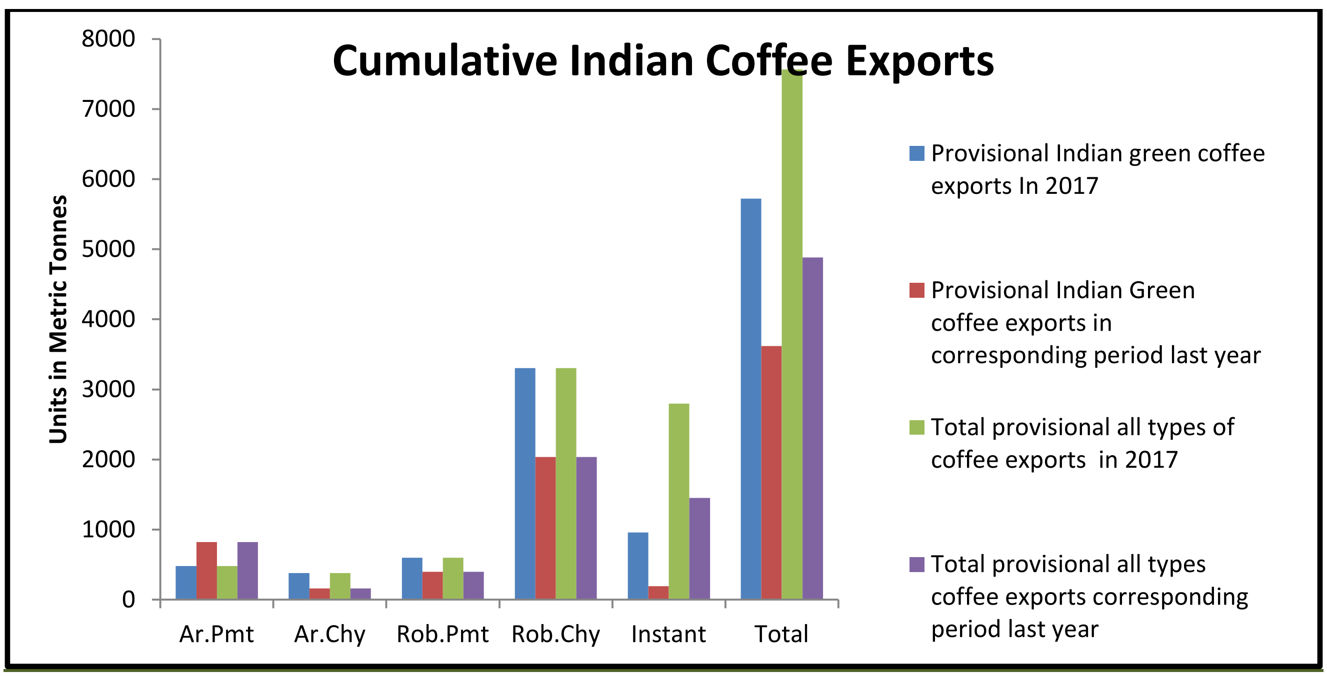
According to recent released data by ICO, coffee shipments of the world increased by 13.6% to 9.94 million 60 kg bags in November 2016 against previous year record followed by higher Robusta and Arabica coffee beans shipments i.e. 3.68 million bags and 6.25 million bags respectively. Total coffee exports for the first two months of the 2016/17 (started as on Oct. 1,2016) stood up by 8.5% to 19.52 million bags. Cumulative Arabica coffee shipment went up by 7.3% to 12.48 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 10th January 2017(in metric tonnes)								
1	Provisional exports (Indian green coffee)	482	380	597	3302	0	4	957	5722
2	Provisional green coffee exports corresponding period last year	824	162	396	2036	0	10	191	3618
3	Provisional re-exports	0	0	0	0	0	0	1842	1842
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	1262	1262
5	Total provisional exports (1+3)	**482**	**380**	**597**	**3302**	**0**	**4**	**2798**	**7563**
6	Total provisional exports corresponding period last year (2+4)	**824**	**162**	**396**	**2036**	**0**	**10**	**1453**	**4880**

Source: The Coffee Board Of India



Source: The Coffee Board Of India

Exports:-

Below table depicts Coffee Exports from India by Countries :-

Exports of Coffee from India by Countries – FY 2016/2017*				
NoSl	**Destination**	**Quantity(In MT)**	**Total% to**	**Unit`/TonneValue**
1	ITALY	52842	24.78	131745
2	GERMANY	21005	9.85	144747
3	RUSSIAN FEDERATION	15822	7.42	168592
4	BELGIUM	13877	6.51	171814
5	TURKEY	8238	3.86	159342
6	SLOVENIA	7436	3.49	113899
7	GREECE	6384	2.99	128953
8	SPAIN	5948	2.79	125928
9	POLAND	5703	2.67	143905
10	INDONESIA	4538	2.13	130036
11	U.S.A.	3787	1.78	168734
12	LIBYA	3558	1.67	136566
13	AUSTRALIA	3477	1.63	177808
14	MALAYSIA	3348	1.57	145004
15	TUNISIA	2946	1.38	113095
16	KOREA,REPUBLIC OF-S	2917	1.37	149892
17	KUWAIT	2823	1.32	209475
18	JORDAN	2767	1.30	210631
19	UKRAINE	2760	1.29	155046
20	SYRIA	2344	1.10	130872
21	PORTUGAL	2097	0.98	119854
22	ISRAEL	1901	0.89	264924
23	SAUDI ARABIA	1892	0.89	201462
24	FINLAND	1838	0.86	175066
25	TAIWAN	1771	0.83	139362
26	ALGERIA	1614	0.76	119362
27	FRANCE	1505	0.71	168755
28	NETHERLANDS	1418	0.67	154969
29	UNITED KINGDOM	1409	0.66	180066
30	UNITED ARAB EMIRATES	1392	0.65	218659
31	MONTENEGRO	1172	0.55	119619
32	ROMANIA	1146	0.54	135678
33	DENMARK	1130	0.53	129022
34	ALBANIA	1056	0.50	124014
35	SWITZERLAND	1050	0.49	185013
36	MYNMAR	961	0.45	125188
37	NIGER	936	0.44	206419
38	SINGAPORE	884	0.41	195449
39	SENEGAL	846	0.40	197002
40	CROATIA	790	0.37	122504
41	EGYPT	710	0.33	140068
42	MALI	667	0.31	192655
43	CANADA	657	0.31	135252
44	TOGO	634	0.30	198260
45	OTHERS	11215	5.26	180862
	TOTAL	**213213**	**100.00**	**150184**

Source: The Coffee Board Of India (Based on exports Permits)

Domestic Raw Coffee Prices (Karnataka):-

Variety	13.01.2017	06.01.2017	Change
Arabica Parchment	9200	8600	600
Arabica Cherry	4350	4000	350
Robusta Parchment	7100	7000	100
Robusta Cherry	3725	3400	325

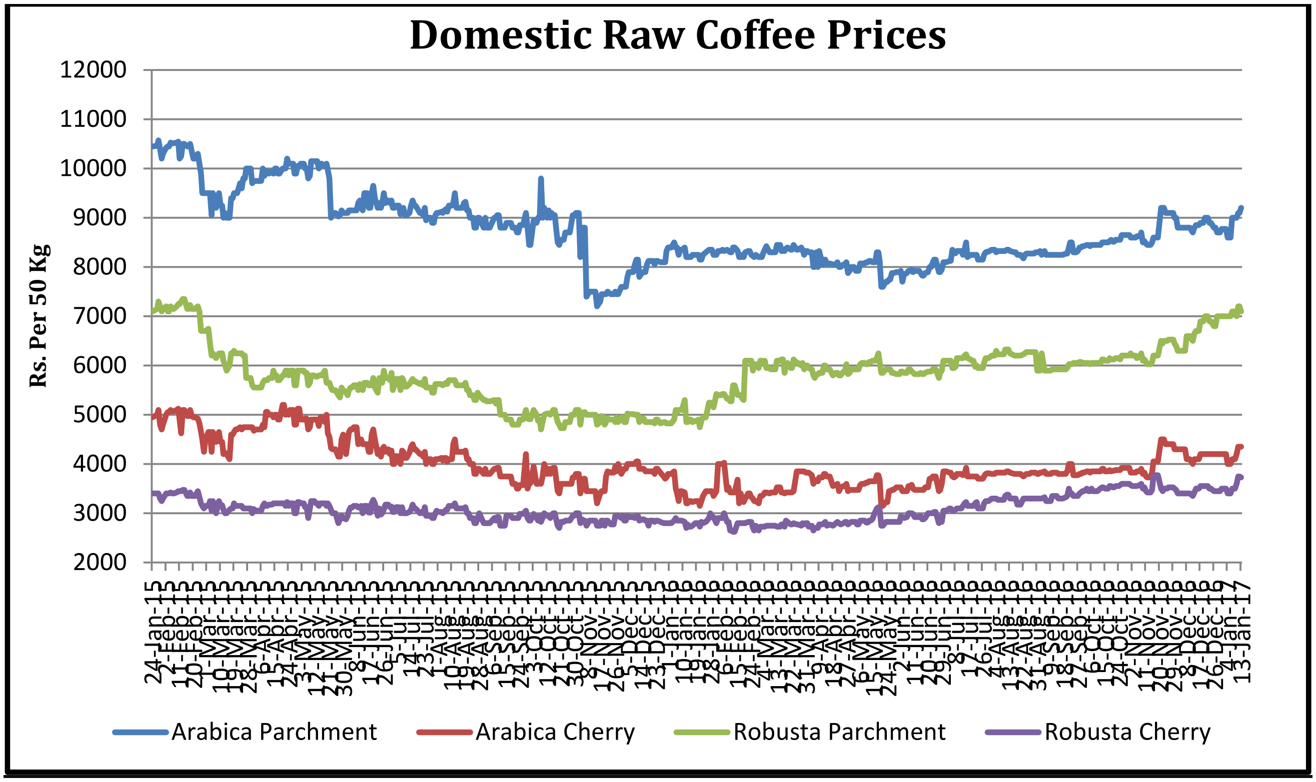
*** Values in Rs. per 50 Kg**

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

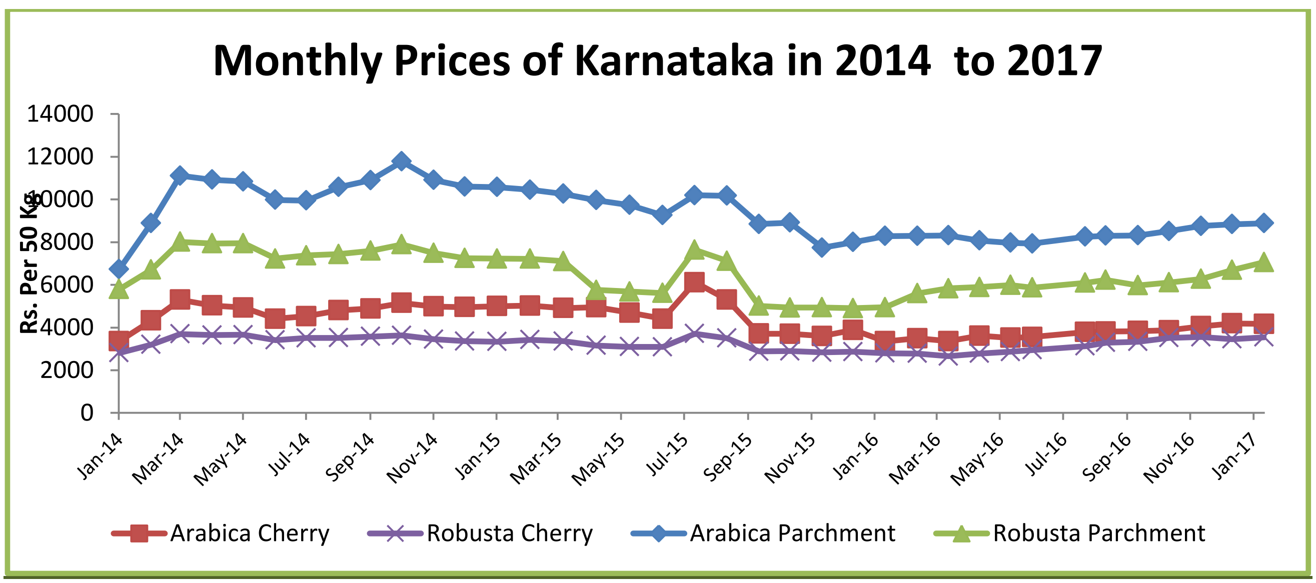
Grade	05.01.2017	22.12.2016	Change	05.01.2017	22.12.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	233	---	---	---	---
AA	212.50	---	---	---	---	---
PB	215	233	-18	---	---	---
A	---	223	---	202	---	---
AB	---	---	---	186.86	---	---
B	---	---	---	---	---	---
C	180	190	-10	---	---	---
BBB	---	---	---	---	---	---
Grade	**Robusta Parchment**	**Robusta Parchment**		**Robusta Cherry**	**Robusta Cherry**	
RKR	---	---	---	---	---	--
A	---	---	---	---	----	---
PB	---	---	---	148.30	143	5.3
AA	---	---	---	---	140	---
AB	---	---	---	148	142.50	5.5
B	---	---	---	---	---	---
C	---	128	---	---	139	---
BBB	132	126	6	---	124.50	---

Values in Rs. per kg

Coffee Prices Of Auction Market & State Wise Market



Source:Agriwatch



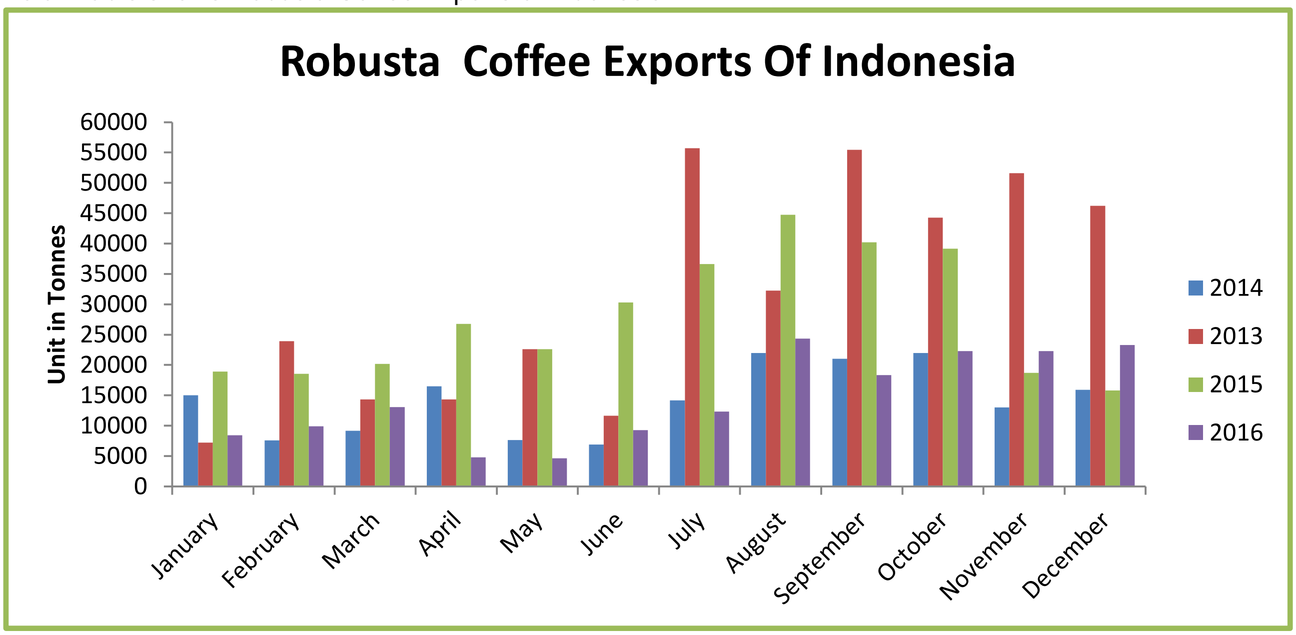
Source: Agriwatch

International Market Updates

ICE coffee future prices increased by 4.06% to 149.60 cents/lb in this week, as on 12th of January 2017 against 143.75 cents/lb of the last week after tight supplies in the market. Lower supplies weighed on the market after poor Robusta crops estimates in Brazil and Indonesia combined with a drop in production in Vietnam, where the harvest is winding down. ICE certified Arabica stocks increased by 7921 bags to 1273486 bags as on 12th Jan 2017 against previous day record. Speculators are increasing their long position.

Indonesia:- 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.

Below table shows Robusta Coffee Exports of Indonesia:-



Source: Reuters

Kenya:- The maximum price of Kenya's benchmark grade AA coffee declined at this week's auction compared with the last sale held on Dec. 14,2016. Kenya produces high-quality coffee that is in high demand from roasters in other countries to blend with their beans.

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.

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 Exports Of The world:-
Below table shows monthly coffee exports details of the World:-

Monthly export statistics - November 2016 (In Thousands 60 kg bags)						
				October - November		
	November 2015	November 2016	% change	2014/15	2015/16	% change
TOTAL	**8 743**	**9 936**	**13.6%**	**17 990**	**19 524**	**85.0%**
Arabicas	5 795	6 254	79.0%	11 632	12 477	73.0%
Colombian Milds	*1 211*	*1 436*	*18.6%*	*2 513*	*2 751*	*94.0%*
Other Milds	*1 260*	*1 514*	*20.2%*	*2 497*	*3 009*	*20.5%*
Brazilian Naturals	*3 324*	*3 304*	*-0.6%*	*6 622*	*6 717*	*14.0%*
Robustas	2 949	3 682	24.9%	6 358	7 046	10.8%
Bolivia	5	3	-44.1%	11	5	-50.3%
Brazil	3 497	3 209	-82.0%	7 029	6 560	-67.0%
Burundi	40	45	11.1%	79	85	75.0%
Cameroon	5	8	70.4%	31	15	-51.1%
Congo, Dem. Rep. of	7	8	14.3%	13	14	77.0%
Colombia	1 111	1 330	19.7%	2 285	2 560	12.1%
Costa Rica	26	28	82.0%	51	71	38.1%
Côte d'Ivoire	173	150	-13.2%	266	260	-22.0%
Dominican Republic	1	1	88.3%	2	2	14.1%
Ecuador	68	87	27.3%	155	192	23.8%
El Salvador	4	5	32.0%	11	16	42.9%
Ethiopia	208	215	31.0%	485	424	-12.5%
Guatemala	66	80	22.1%	110	130	17.9%
Honduras	90	149	65.4%	110	214	95.0%
India	328	453	38.1%	684	887	29.7%
Indonesia	582	742	27.5%	1 480	1 643	11.0%
Kenya	51	58	13.7%	135	112	-17.1%
Liberia	0	0		1	0	
Madagascar	5	6	22.9%	8	12	49.4%
Malawi	3	1	-63.3%	4	2	-43.8%
Mexico	122	165	35.8%	303	315	40.0%
Nicaragua	31	60	92.8%	72	114	57.3%
Panama	7	3	-56.1%	11	6	-43.1%
Papua New Guinea	46	114	15.0%	109	256	13.5%
Peru	490	450	-82.0%	942	996	56.0%
Philippines	0	2		1	5	36.2%
Rwanda	33	34	42.0%	72	74	31.0%
Sierra Leone	9	4	-53.9%	15	8	-48.4%
Tanzania	61	81	32.5%	134	150	11.7%
Thailand	2	2	0.0%	4	4	0.0%
Timor-Leste	11	3	-76.7%	19	5	-76.2%
Togo	0	5		4	10	12.6%
Uganda	249	408	63.9%	472	617	30.7%
Vietnam	1 387	2 000	44.2%	2 824	3 700	31.0%
Yemen	0	1		1	2	10.0%
Zimbabwe	1	1	-24.4%	1	1	38.0%
Others	27	26	-31.0%	55	57	36.0%

Source: ICO

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	**12.01.2017**	**05.01.2017**	**12.12.2016**	**12.01.2016**
ICO Composite Indicator	139.62	135.04	130.94	109.40
Colombian Milds				
US	165.50	159.75	158	132.25
qEurope	165.71	160.84	155.96	133.19
Group Indicator	165.60	160.25	157.06	132.68
Other Milds				
US	167.94	163.44	162.19	143.44
Europe	170.94	165.65	162.92	141.29
Group Indicator	169.71	164.74	162.62	142.17
Brazilian Naturals				
US	137.50	128.75	126	103.25
Europe	150.10	145.30	140.44	124.05
Group Indicator	146.83	141	136.69	118.64
Robusta				
US	110.08	108.75	101.83	82.75
Europe	107.63	105.43	99.06	73.70
Group Indicator	108.05	105.99	99.53	75.24

US cents/lb

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	**Today(12-Jan-2017)**	**Week Ago(05-Jan-2017)**	**Month Ago(12-Dec-2016)**	**Weekly Change (%)**
17-Mar	149.60	143.75	142	**4.06**
17-May	152	146.05	144.25	**4.07**
17-Jul	154.30	148.30	146.45	**4.04**

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	**Today(12-Jan-2017)**	**Week Ago(05-Jan-2017)**	**Month Ago(12-Jan-2017)**	**Weekly Change (%)**
17-Jan	2210	2166	2030	**2.03**
17-Mar	2198	2154	2017	**2.04**
17-May	2205	2158	2024	**2.17**

USD/T

International Coffee Prices

	10.01.2017	**05.01.2017**	**10.12.2016**	**10.01.2016**
Vietnam (Robusta Beans Spot) (Dong/Kg)	45250	46200	-	-
Vietnam FOB (2-5 pct)* (Saigon port)	2071	2075	-	-
Indonesian FOB (4-80 defects)** (Lampung Port)	2080	2090	-	-

FOB Values are in USD/T

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	**Prices This Auction In (10/01/2017)**	**Average Prices In**	**Prices This Auction In (14/12/2016)**
Arabica AA	160-405	300.93	170-443
Arabica AB	130-386	279.08	114-356
Arabica C	90-276	242.75	71-271
Arabica PB	186-347	274.44	144-308
Arabica T	51-209	128.56	48-176
Arabica TT	124-292	219.49	52-265

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 145.70 against 141.88 in the market hints upward momentum in the market.
- Higher volume and prices indicates further long build up phase of the market.
- On the other hand, RSI is lower at 53.26 compared to 49.71 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**
130.36	136.85	148.80	158.99	166.55

Technical Analysis Of Coffee Future Market (Jan'2017 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 2093 against last week records i.e.2123, indicating further weak tone in the market.
- On the other hand, RSI is also higher at 65.38 in neutral region against 63.52 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**
2018	2109	2205	2299	2350

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Disclaimer