

## **Executive Summary**

### **Domestic Coffee Market Summary**

Mostly downtrend momentum were seen in Karnataka physical market during week ended 27th January 2017 after sluggish demand especially from the exporters. Arrivals are increasing, coffee coming in more on consignment rather than outright sale. Weather is very good and suitable for coffee drying, however in some areas late sunshine and earlier fall of dew in the evenings like Coorg, will take some extra days of coffee drying up. Arabica plants clear of all fruits and pruning, trimming etc work on. Poor grade percentage of Present grade of Arabica beans is poor due to lack of rains during growing period of September, October November in 2016. Exporters offering very low differentials, hence not much buying activity. Robusta market seems bullish, on reports of shortage in world production and Arabica steady since reports of increased production in Brazil. Robusta picking going on. Arabica fruits picked already, Robustas are in cherry red color. Fresh arrival for all types of coffee beans like Arabica parchment, Arabica cherry, Robusta cherry and Robusta parchment have started with full pace in the market. Picking of Robusta is started now supported by good weather condition. Arabica trees will be pruned and lapped to prepare them for the next crop. Robusta trees are borne with ripe fruits. Prices in the domestic markets are likely to move in steady to slight up zone in upcoming week. 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. Olam, Ecom, LD, Allanasons, Starbucks, Vietnam offering at low differentials of Robusta and also Arabica, Indian sellers want better differentials, overall speculators will have a field day.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2017 to 24th January 2017 is registered higher by 11.94% at 12276 metric tons compared to 10966 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 24th January 2017 this year, recorded higher by 95.36% at 1897 metric tons from preceding year volume of 971 metric tons. Total provisional exports of Arabica Cherry, Robusta Parchment and Robusta Cherry is placed higher by 99.61% to 1036 metric tonnes and 40.93% at 1174 metric tons and 18.48% to 6892 respectively from 1st January to 24th January 2017 against exports volume of 519 metric ton, 833 metric tonnes and 5817 metric tons respectively in the corresponding period of last year. However, Arabica parchment is registered lower at 1252 metric tonnes with a decline of 55.50%.

### **Recommendation:**

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

### **International Coffee Market Summary**

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.

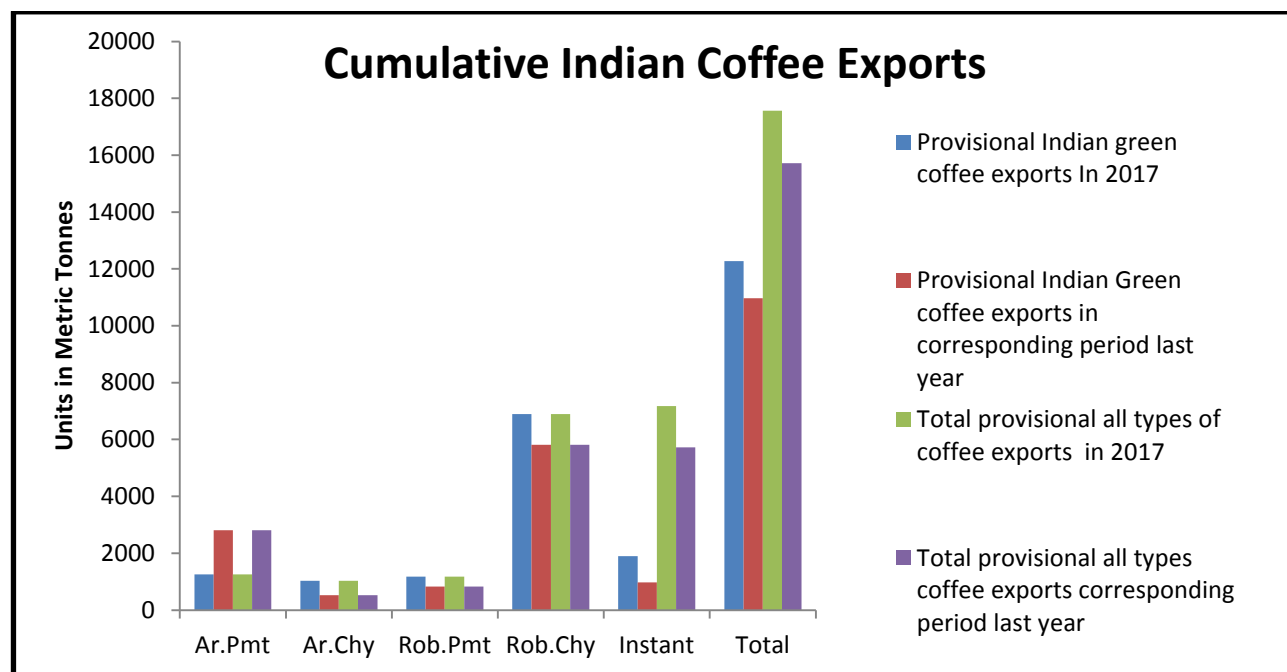
As per the Conab estimates, Brazil is likely to produce coffee crops between 43.65 million to 47.51 million 60 kg bags in 2017 season against 51.37 million bags in last year due to lower productivity. Arabica coffee beans is likely to touch the level of 35.01 million bags to 37.88 million bags from previous years record i.e. 43.38 million in 2016. Robusta coffee beans production is expected to reach in between 8.64 million bags to 9.63 million bags in 2017 as compared to 7.98 million bags in the last year. Further, it expects 0.2% higher covering coffee planted area to 2.23 million hectares (5.5 million acres) for 2017 season from last year record.

### Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 <sup>st</sup> January 2016 to 24th January 2017(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)	1252	1036	1174	6892	0	25	1897	12276
2	Provisional green coffee exports corresponding period last year	2814	519	833	5817	0	11	971	10966
3	Provisional re-exports	0	0	0	0	0	0	5282	5282
4	Provisional re-exports corresponding period last year	0	0	0	0	0	5	4750	4755
5	Total provisional exports (1+3)	<b>1252</b>	<b>1036</b>	<b>1174</b>	<b>6892</b>	<b>0</b>	<b>25</b>	<b>7179</b>	<b>17558</b>
6	Total provisional exports corresponding period last year (2+4)	<b>2814</b>	<b>519</b>	<b>833</b>	<b>5817</b>	<b>0</b>	<b>16</b>	<b>5721</b>	<b>15721</b>

Source: The Coffee Board Of India



Source: The Coffee Board Of India

**Exports:-**

Below table depicts Arabica and Robusta Coffee Production details since 1996-97 to 2016/17 :-

<b>Year</b>	<b>Arabica</b>	<b>Robusta</b>	<b>Total</b>
1996-1997	90450	114550	205000
1997-1998	99300	129000	228300
1998-1999	97000	168000	265000
1999-2000	119000	173000	292000
2000-2001	104400	196800	301200
2001-2002	121050	179550	300600
2002-2003	102125	173150	275275
2003-2004	101950	168550	270500
2004-2005	103400	172100	275500
2005-2006	94000	180000	274000
2006-2007	99700	188300	288000
2007-2008	92500	169500	262000
2008-2009	79500	182800	262300
2009-2010	94600	195000	289600
2010-2011	94140	207860	302000
2011-2012	101500	212500	314000
2012-2013	98600	219600	318200
2013-2014	102200	202300	304500
2014-2015	98000	229000	327000
2015-2016	103500	244500	348000
2016-2017*	100000	220000	320000

Source: The Coffee Board Of India

**Domestic Raw Coffee Prices (Karnataka):-**

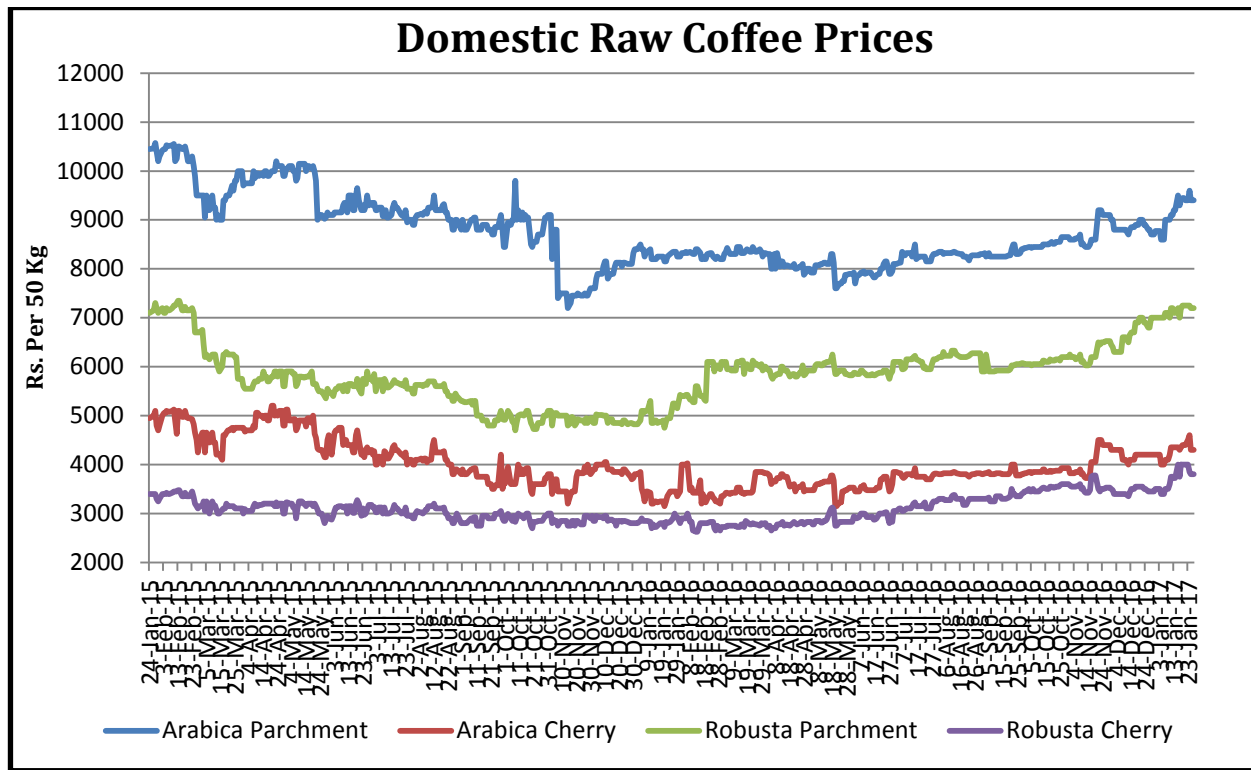
Variety	27.01.2017	19.01.2017	Change
Arabica Parchment	9400	9450	50
Arabica Cherry	4300	4400	-100
Robusta Parchment	7200	7250	-50
Robusta Cherry	3800	4000	-200

\* Values in Rs. per 50 Kg

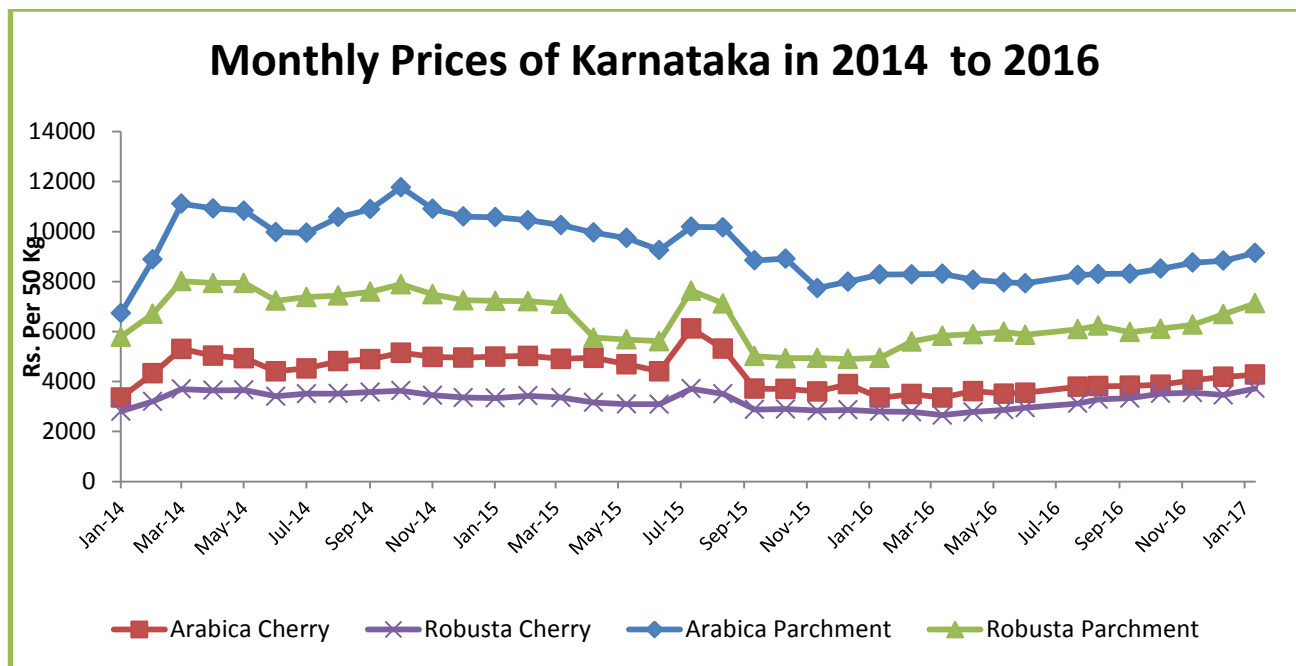
**ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop**

Grade	19.01.2017	12.01.2016	Change	19.01.2017	05.01.2016	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	---	---	---	---
AA	---	---	---	---	215.10	---
PB	---	230.26	---	190	200	-10
A	---	226.06	---	---	216.10	---
AB	---	---	---	---	193	---
B	195	217.16	-22.16	---	---	---
C	188	---	---	---	160	---
BBB	146	152.16	-6.16	133	131	-3
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	164	---	---	---	--
A	---	---	---	162	159	---
PB	---	158	---	---	151.56	3.26
AA	---	---	---	163	160	---
AB	---	163	---	---	154.50	6.5
B	---	---	---	---	---	---
C	151	146	5	---	146	---
BBB	135	---	---	---	---	---

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 0.76% to 153.20 cents/lb in this week, as on 19th of January 2017 against 149.60 cents/lb of the last week after tight supplies in the market. ICE certified Arabica stocks declined by 1514 bags to 1288675 bags as on 24th Jan 2017 against previous day record i.e. 1290189 bags.

Below table shows ICE Arabica Stocks details:-

COUNTRIES	ANTWERP	BARCELONA	HAMBURG/BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Brazil	27200	0	0	0	0	0	1209	28409
Burundi	57855	0	35582	0	0	0	5337	98,774
Colombia	137905	0	22051	1195	40428	275	152698	354552
El Salvador	425	0	0	0	0	0	1020	1445
Guatemala	56	0	0	575	0	3610	3900	8141
Honduras	164663	0	8335	31653	0	1275	13057	218983
India	29482	0	929	0	0	0	0	30411
Mexico	127300	0	2236	1751	0	0	7466	138753
Nicaragua	38281	0	0	550	0	1375	15440	55646
Papua New Guinea	0	0	2659	0	0	0	960	3619
Peru	83918	0	37171	26672	0	1000	93622	242383
Rwanda	47661	0	8833	0	0	0	640	57134
Tanzania	0	0	0	0	0	0	578	578
Uganda	21278	295	25114	0	0	0	3160	49847
<b>Total in Bags</b>	<b>736024</b>	<b>295</b>	<b>142910</b>	<b>62396</b>	<b>40428</b>	<b>7535</b>	<b>299087</b>	<b>1288675</b>

Source: Reuters

**Brazil:-** 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

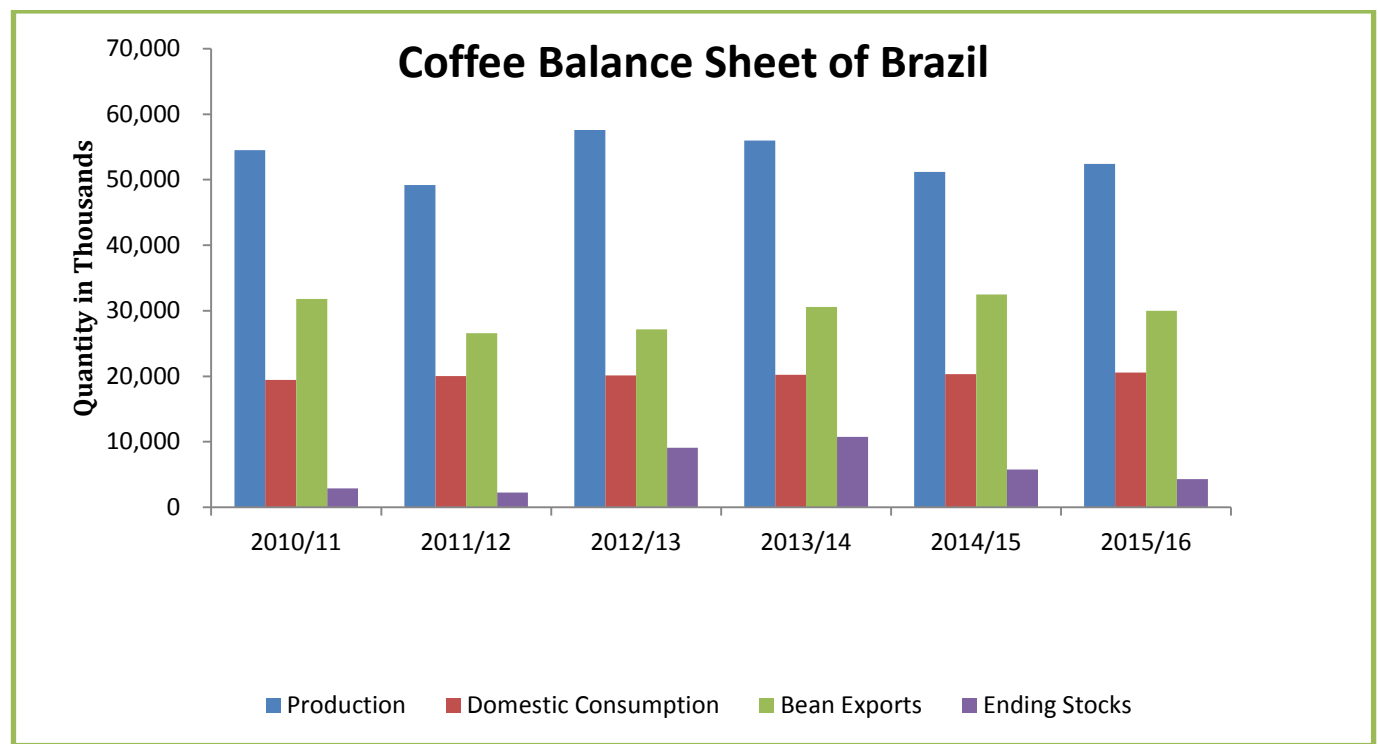
Source: Reuters

**Vietnam:-** As per sources, Vietnam shipped total 1.78 million tonnes (29.7 million 60 kg bags) of coffee in 2017 higher from 32.8% against previous year record. The country exported 148000 tonnes of coffee beans in December 2016.

**Coffee Exports Of The world:-**
**Below table shows Coffee balance Sheet Of Brazil:-**

<b>Coffee Balance sheet of Brazil</b>						
	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
<b>Production</b>	54,500	49,200	57,600	56,000	51,200	52,400
<b>Domestic Consumption</b>	19,420	20,025	20,110	20,210	20,330	20,580
<b>Bean Exports</b>	31,810	26,556	27,143	30,600	32,500	30,000
<b>Ending Stocks</b>	2,906	2,238	9,068	10,746	5,757	4,289

Source: USDA



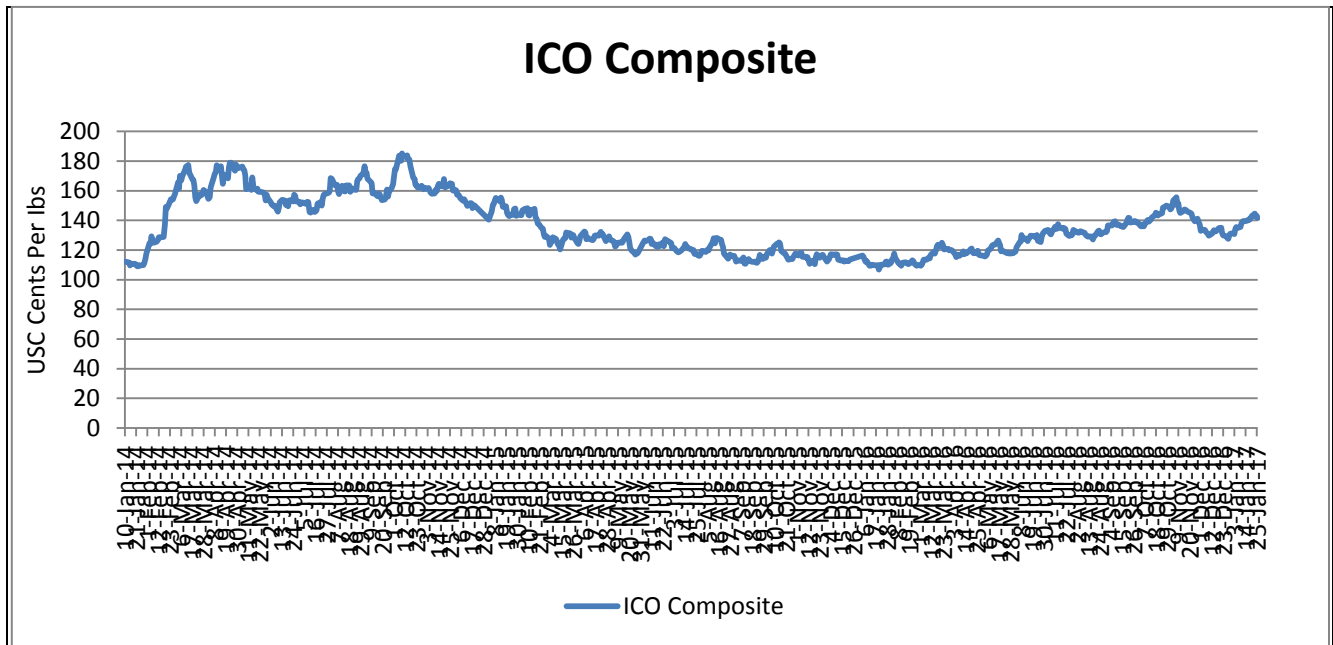
Source: USDA

International Coffee Price Trend:-
**Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) \* Values**

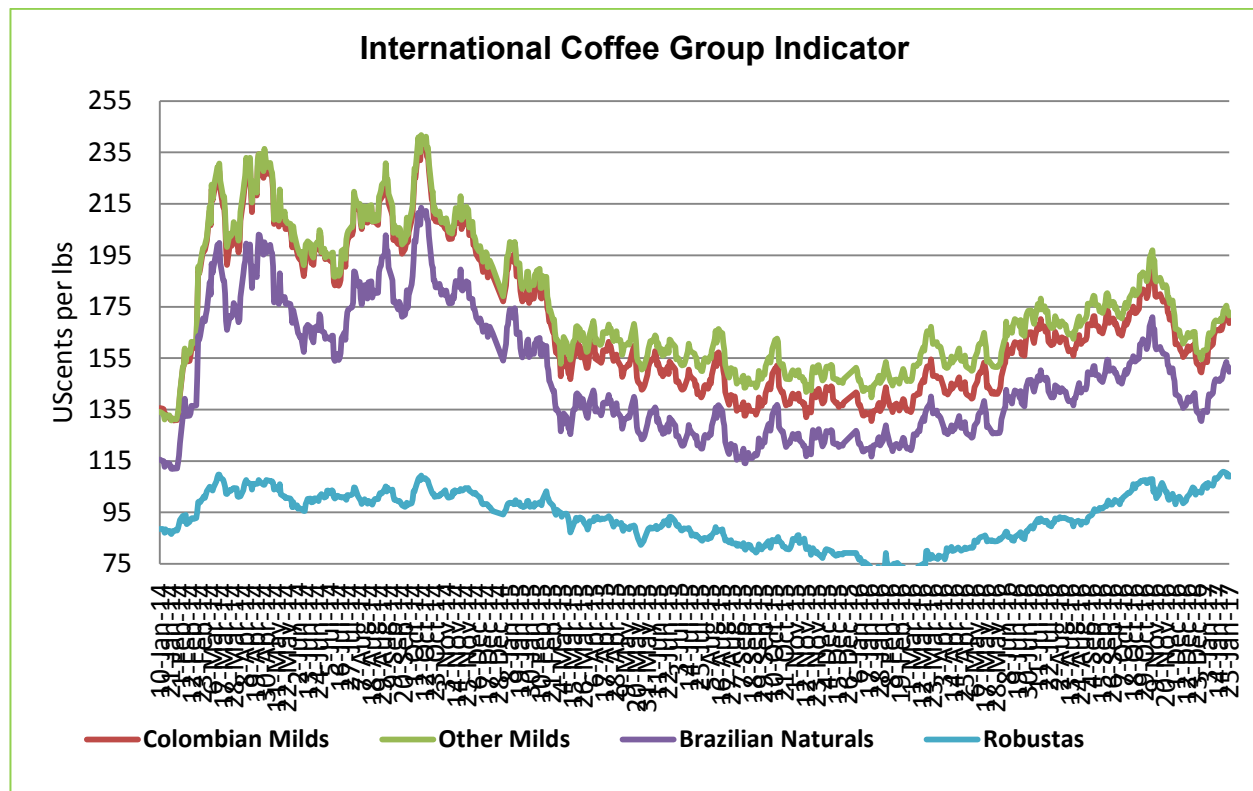
	As on	Week Ago	Month Ago	Year Ago
<b>International Coffee Prices</b>	<b>26.01.2017</b>	<b>19.01.2017</b>	<b>26.12.2016</b>	<b>26.01.2016</b>
<b>ICO Composite Indicator</b>	141.49	141.28	129.32	110.38
<b>Colombian Milds</b>				
US	168.50	167.75	152.25	134.75
qEurope	168.73	166.50	152.84	135.61
Group Indicator	168.60	167.17	151.90	135.15
<b>Other Milds</b>				
US	170.44	169.44	155.44	146.69
Europe	172.45	171.90	158.37	145.14
Group Indicator	171.62	170.89	157.02	145.77
<b>Brazilian Naturals</b>				
US	140.50	138.75	122.25	106.75
Europe	152.85	150.85	137.26	126.86
Group Indicator	149.64	147.70	133.09	121.63
<b>Robusta</b>				
US	112.25	113.83	105.75	80
Europe	108.12	110.03	102.39	71.04
Group Indicator	108.82	110.68	102.96	72.56

**US cents/lb**



**International ICO Indicator & Market Specific Prices (US cents/lb)**


Source: Agriwatch & ICO



**International Future Market Prices :-**

ICE Arabica Coffee Futures Prices				
Contract Months	Today(26-Jan-2017)	Week Ago(19-Jan-2017)	Month Ago(26-Dec-2016)	Weekly Change (%)
17-Mar	151.45	150.75	138.40	0.46
17-May	153.95	155.60	140.70	0.52
17-Jul	156.30	157.90	142.65	0.55

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(26-Jan-2017)	Week Ago(19-Jan-2017)	Month Ago(26-Dec-2016)	Weekly Change (%)
17-Jan	2222	2271	2103	-2.51
17-Mar	2210	2261	2089	-2.25
17-May	2223	2261	2095	-1.68

USD/T

**International Coffee Prices**

	24.01.2017	17.01.2017	24.12.2016	24.01.2016
Vietnam (Robusta Beans Spot) (Dong/Kg)	47250	46400	-	-
Vietnam FOB (2-5 pct)* (Saigon port)	2160.50	2152.50	-	-
Indonesian FOB (4-80 defects)** (Lampung Port)	2200	2165	-	-

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

**Weekly Auction Prices Of Kenya**

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (24/01/2017)	Average Prices In	Prices This Auction In (17/01/2017)
Arabica AA	155-162	377.62	150-540
Arabica AB	104-491	309.39	159-423
Arabica C	87-335	246.87	101-278
Arabica PB	112-328	257.69	142-312
Arabica T	41-192	122.09	48-195
Arabica TT	142-296	221.45	164-267

**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 upside at 148.48 against 145.70 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 55.68 compared to 53.26 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
140.95	146.22	148.80	160.36	166.47

**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 2136 against last week records i.e.2093, indicating further strong tone in the market.
- On the other hand, RSI is also higher at 55.68 in neutral region against 65.38 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
2100	2170	2271	2320	2350

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