



Executive Summary

Domestic Coffee Market Summary

Despite Arabica plantation prices, coffee beans prices of all varieties went up in the coffee physical market during this week ended as on 4th Feb 2017. Exporters are slowly active in the market. Arrivals are increasing, coffee coming in more on consignment. 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. 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. 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. Forecasts for better weather in Brazil made the rounds. It will remain mostly hot and dry, but Arabica areas should see better precipitation as the week progresses.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2017 to 31st January 2017 is registered higher by 7.47% at 16707 metric tons compared to 15545 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 31st January 2017 this year, recorded higher by 55.04% at 2290 metric tons from preceding year volume of 1477 metric tons. Total provisional exports of Arabica Cherry, Robusta Parchment and Robusta Cherry is placed higher by 35.12% to 1285 metric tonnes and 47.29% at 1389 metric tons and 19.70% to 9985 respectively from 1st January to 30th January 2017 against exports volume of 951 metric ton, 943 metric tonnes and 8341 metric tons respectively in the corresponding period of last year. However, Arabica parchment is registered lower at 1728 metric tonnes with a decline of 54.74%.

Recommendation:

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

International Coffee Market Summary

Reports of increased demand for inferior coffees from Central America continue, and the market has been more active. The lack of offers from Vietnam and the super high asking prices from there have caused the demand shift. Demand has been seen for better qualities as well. Differentials paid to sellers are not high, but at least there are bids on the table.

There are reports of less offer from Brazil and from Robusta producing countries. In fact, wire reports indicate that the largest soluble Coffee seller in Brazil has withdrawn from the market. There is less production this year in Brazil in part because of the drought in Espírito Santo and in part due to the fact that it is the off year in the biennial production cycle. Brazilian differentials have turned stronger in an effort to encourage sales. Central America is reporting mixed results, with Honduras strong but other countries losing some production due to rains at harvest time.

As per the recent report, Brazil exported total 2.5 million bags in January 2017 with an increase of 0.40% against previous year record i.e. 2.49 million bags.

Below table depicts Brazil's coffee exports details:-

Brazil's Coffee Exports Details (60 kg bags)			
Commodity	Jan-2017	Jan-2016	% change Last year
Coffee	2.50	2.49	0.401606426

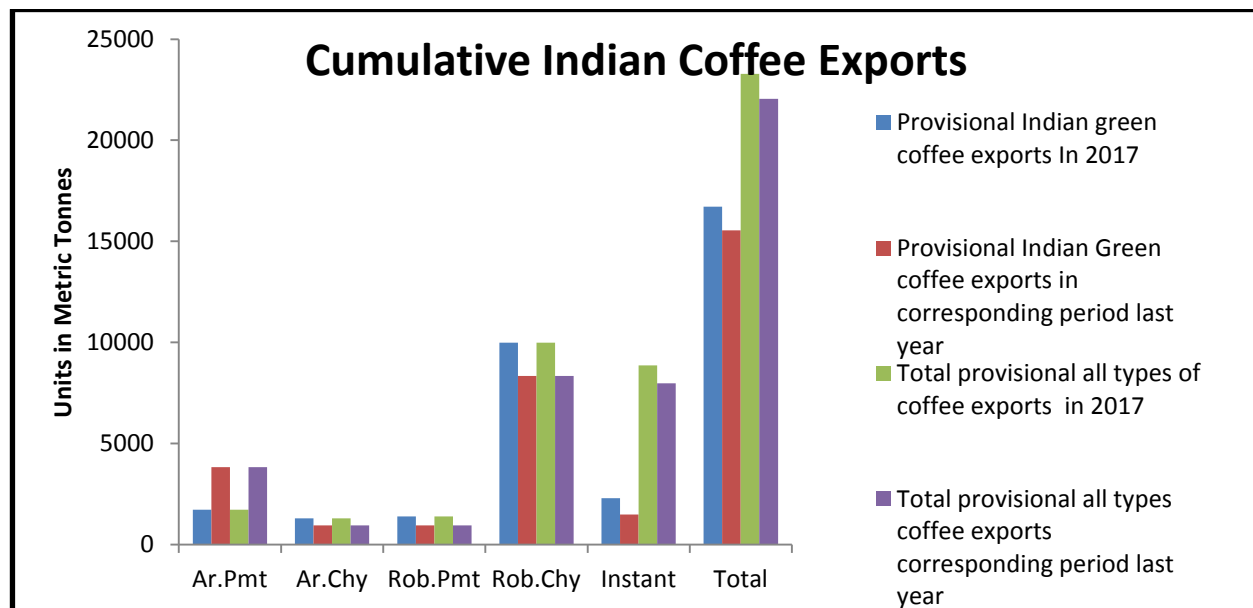
Source: Reuters

Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

Export update: From 01 st 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)	1728	1285	1389	9985	3	28	2290	16707
2	Provisional green coffee exports corresponding period last year	3818	951	943	8341	1	16	1477	15545
3	Provisional re-exports	0	0	0	0	0	0	6568	6568
4	Provisional re-exports corresponding period last year	0	0	0	0	0	5	6490	6495
5	Total provisional exports (1+3)	1728	1285	1389	9985	3	28	8858	23275
6	Total provisional exports corresponding period last year (2+4)	3818	951	943	8341	1	20	7967	22040

Source: The Coffee Board Of India



Source: The Coffee Board Of India

**Exports:-**

Below table depicts Import Volume Coffee By Type since 2007-08 to 2016-17 :-

Import volume coffee by type (Quantity in MT)											
HS_CO DE	Type	2007- 08	2008- 09	2009- 10	2010- 11	2011- 12	2012- 13	2013- 14	2014- 15	2015- 16	2016- 17*
090111	Coffee decaffeinated neither roasted nor	26476. 39	28838. 99	40681. 93	44804. 88	45706. 48	70776. 67	58641. 12	73517. 64	64087. 55	36298. 65
090112	Not coffee roasted but decaffeinated	---	---	---	---	---	1.10	---	---	153.60	115.20
090121	Roasted not decaffeinated coffee	43.13	46.85	58.57	75.05	43.19	61.26	99.77	74.99	96.91	44.26
090122	Roasted decaffeinated coffee	6.65	0.34	0.03	---	0.19	1.89	86.38	37.44	1.91	1.04
090190	Other coffee	14.00	11.99	10.36	6.75	32.04	7.57	8.55	199.25	5.09	0.09
210111	Extracts essences or concentrates or with a basis of coffee	257.82	259.99	133.24	193.50	273.80	352.87	1105.0 6	1055.2 3	1267.7 1	886.59
210112	Essences or concentrates or with a basis of coffee	18.54	1.99	0.89	0.75	0.28	1.06	2.31	5.27	5.24	0.11
	Grand Total	26816. 53	29160. 15	40885. 02	45080. 93	46055. 98	71202. 42	59943. 19	74889. 82	65618. 01	37345. 94

Import value of coffee by type ('lakhs)											
HS_CO DE	Type	2007- 08	2008- 09	2009- 10	2010- 11	2011- 12	2012- 13	2013- 14	2014- 15	2015- 16	2016- 17*
090111	Coffee decaffeinated neither roasted nor	16891. 36	25302. 80	28834. 06	28138. 46	45160. 38	76918. 21	67307. 00	86842. 06	72828. 82	36971. 70
090112	Not coffee roasted but decaffeinated	---	---	---	---	---	1.18	---	---	206.34	164.75
090121	Roasted not decaffeinated coffee	94.20	217.15	297.75	412.19	277.12	461.22	768.88	499.21	610.99	268.74
090122	Roasted decaffeinated coffee	12.32	5.67	0.29	---	4.15	13.76	146.34	76.48	13.95	4.53
090190	Other coffee	34.73	43.98	54.30	32.12	154.86	55.58	36.79	745.56	42.60	2.08
210111	Extracts of coffee essences & concentrates Preparation with a basis of	515.75	985.05	547.75	916.9	1355.1 4	2122.3 7	4642.6 2	4883.7	6480.5 7	4090.1 3
210112	Essences or concentrates or with a basis of coffee	104.29	14.74	1.76	4.07	1.97	14.27	11.75	27.16	16.88	0.68
	Grand Total	17652. 65	26569. 39	29735. 91	29503. 74	46953. 62	79586. 59	72913. 6	93074. 17	80200. 15	41502. 61

Source: DGCI&S, Kolkata, MoC&I, GOI

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

Variety	27.01.2017	19.01.2017	Change
Arabica Parchment	9375	9400	-25
Arabica Cherry	4350	4300	50
Robusta Parchment	7250	7200	50
Robusta Cherry	3850	3800	50

* Values in Rs. per 50 Kg

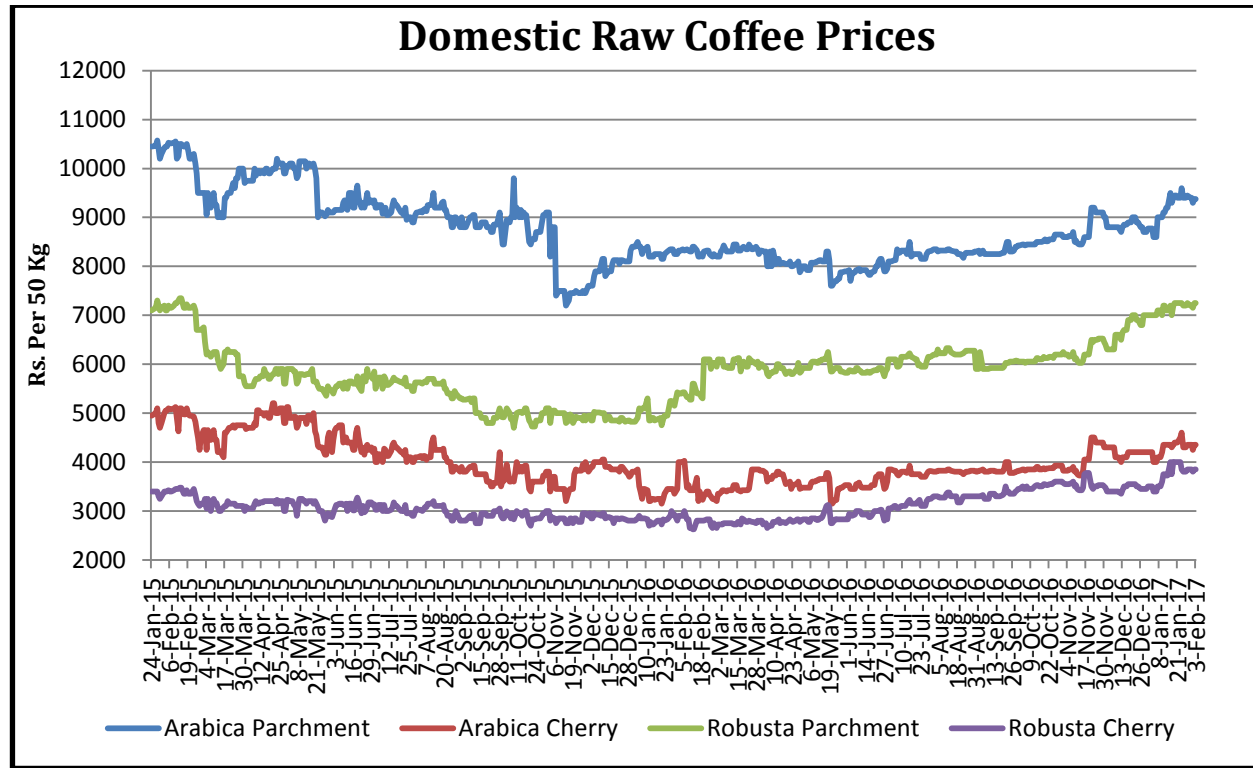
ICTA Auction Prices (Bangalore)(New Season(2015-2016) Crop

Grade	25.01.2017	19.01.2017	Change	25.01.2017	19.01.2017	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	---	---	---	---
AA	260.20	---	---	---	---	---
PB	241.10	---	---	---	190	---
A	243.06	---	---	---	---	---
AB	---	---	---	---	---	---
B	224	195	---	---	---	---
C	201.50	188	---	137	---	---
BBB	---	146	---	---	133	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	---	---	---	---
A	---	---	---	---	162	---
PB	---	---	---	---	---	---
AA	---	---	---	---	163	---
AB	---	---	---	---	---	---
B	---	---	---	---	---	---
C	---	151	---	---	---	---
BBB	---	135	---	135	---	---

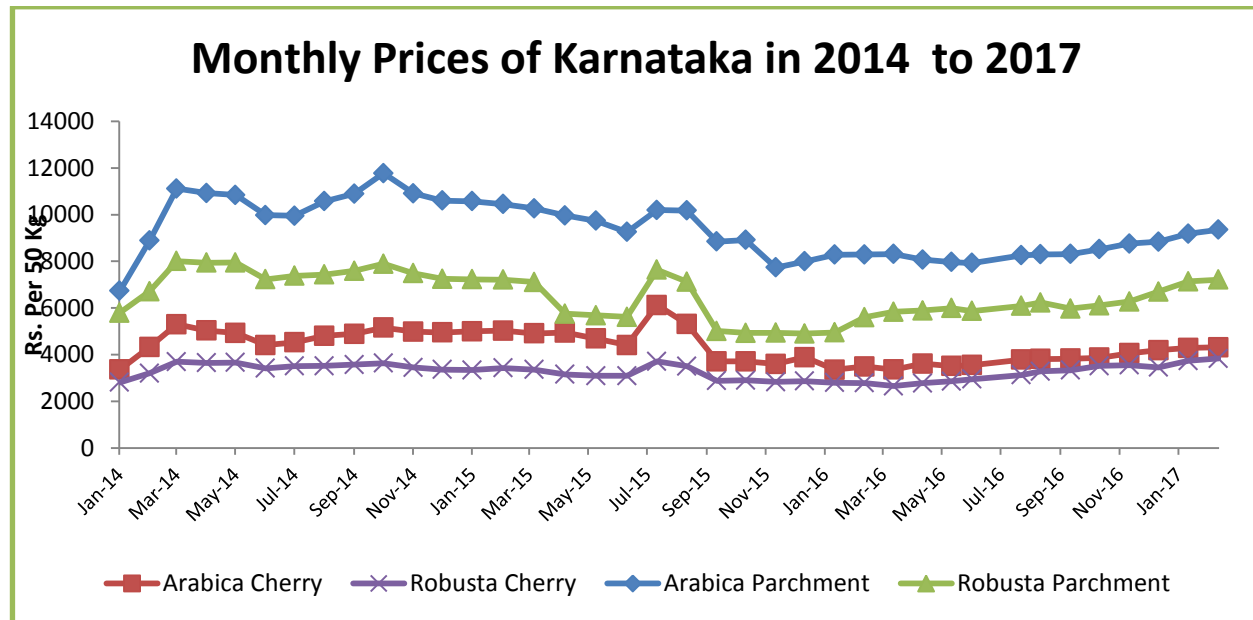
Values in Rs. per kg



Coffee Prices Of Auction Market & State Wise Market



Source: Agriwatch



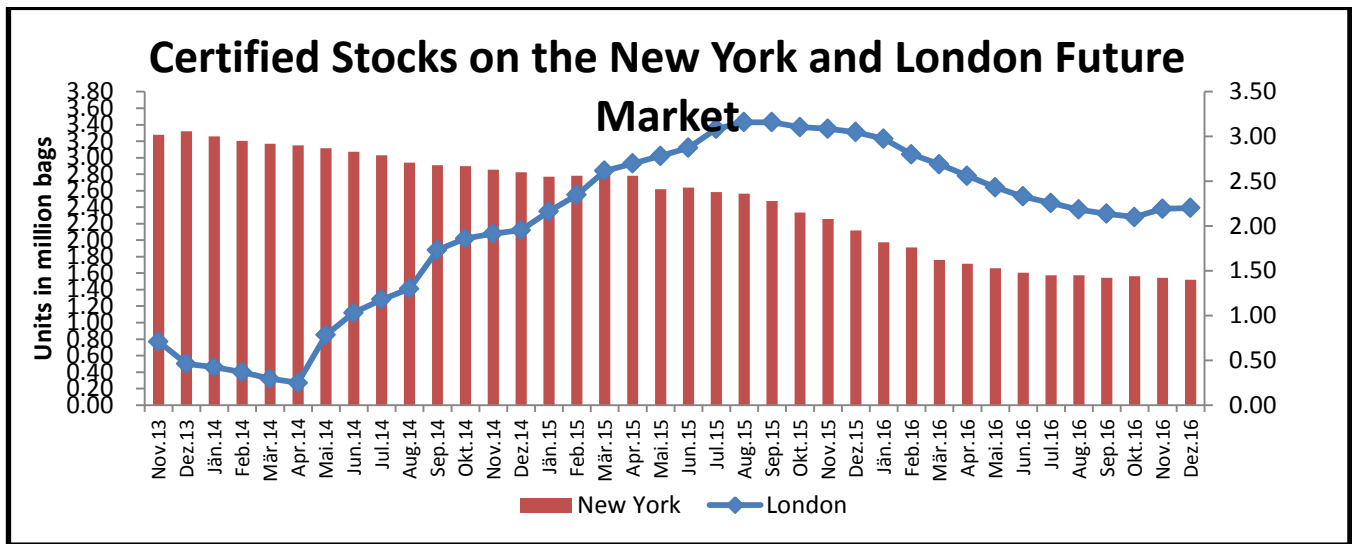
Source: Agriwatch

International Market Updates

ICE coffee future prices decreased by 3.63% to 145.95 cents/lb in this week, as on 2nd of February 2017 against 151.45 cents/lb of the last week due to holiday in the market. On the other hand, ICE certified Arabica stocks increased by 3002 bags to 1298550 bags as on 2nd Feb 2017 against previous day record i.e. 1295548 bags.

According to recent released data by ICO, Certified stocks on New York future market and London future market stood at 1.4 million bags and 2.39 million bags respectively in December 2016 against 1.42 million bags and 2.38 million bags respectively in November 2016.

Below table shows Certified Stocks details on the New York and London Future Market:-



Source: Reuters

Honduras:- As per the recent report, Honduras shipped 41.6% coffee beans to 821,669 60 kg bags in January 2017 from the same month last year record. Shipments in the October-January period of the 2016-17 cycle were 1,410,667 bags, up 40.6 percent from the same period a year earlier. 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.

Vietnam:- As per sources, Vietnam shipped total 110,000-140,000 tonnes (1.8 million -2.3 million 60 kg bags) of coffee in January 2017 which is remain stable due to a long Lunar New Year holiday. The government had estimated earlier that Vietnam exported 140,000 tonnes of coffee in January, down 20.7 percent from a year ago. Vietnam's Lunar New Year, the country's biggest annual festival, lasted from Jan. 26 to Feb. 1, 2017.

World:- As per ICO report, global coffee shipment in 2016/17 season is estimated at 151.6 million bags unchanged on 2015/16 followed by higher Arabica crop size which stood at 93.5 million bags with an increase of 4.4% against previous season record as Output from Brazil, the largest producer, is expected to recover strongly following two years of drought, with total production in 2016/17 currently estimated at 55 million bags. In Colombia, production in the first quarter of 2016/17 (October to December) is already 5.4% higher than last year on 4.4 million bags. Total production in Mexico and Central America is placed higher by 2.6% to 17.4 million bags as Mexico is seen starting to recover from its outbreak of coffee leaf rust (up by 10.7% to 3.1 million bags), with increases also expected in Honduras (up 2.9% to a record 5.9 million bags), Guatemala (+2.3% to 3.5 million) and El Salvador (+12.9% to 623,000 bags). Nicaragua is estimated slightly lower on 2.1 million bags (down 1.7%) and Costa Rica on 1.5 million (down 9%). However, the crop size for Robusta is expected to go down due to lower crops size in Vietnam, Indonesia.

Global Supply And Demand :-Below table shows Coffee Balance Sheet Of the World:-

World Supply/Demand Balance					
Crop Year Commencing	2013	2014	2015	2016*	% Change 2015-16
Production	152130	148724	151438	151624	0.10
Arabica	91186	89367	89555	93545	4.40
Robusta	60944	59348	61883	58169	-6
Africa	16243	15987	16229	16353	0.80
Asia & Oceania	46461	45666	48967	43110	-12
Mexico & Central America	16598	17116	17291	17740	2.6
South America	72828	69954	68951	74420	7.9
Consumption	149032	151822	155712	155100	-0.4
Exporting Countries	46109	47245	48262	48332	0.2
Importing Countries	102923	104577	107449	106763	-0.6
Africa	10595	10739	10745	10774	0.3
Asia & Oceania	30714	32602	33665	33669	0
Mexico & Central America	5158	5240	5311	5237	-1.4
Europe	50169	50907	51802	51544	-0.5
North America	27714	27372	28875	28535	-1.2
South America	24682	24962	25313	253411	0.1
Balance	3098	-3098	-4274	-3476	-18.7

Source: ICO, * Estimated

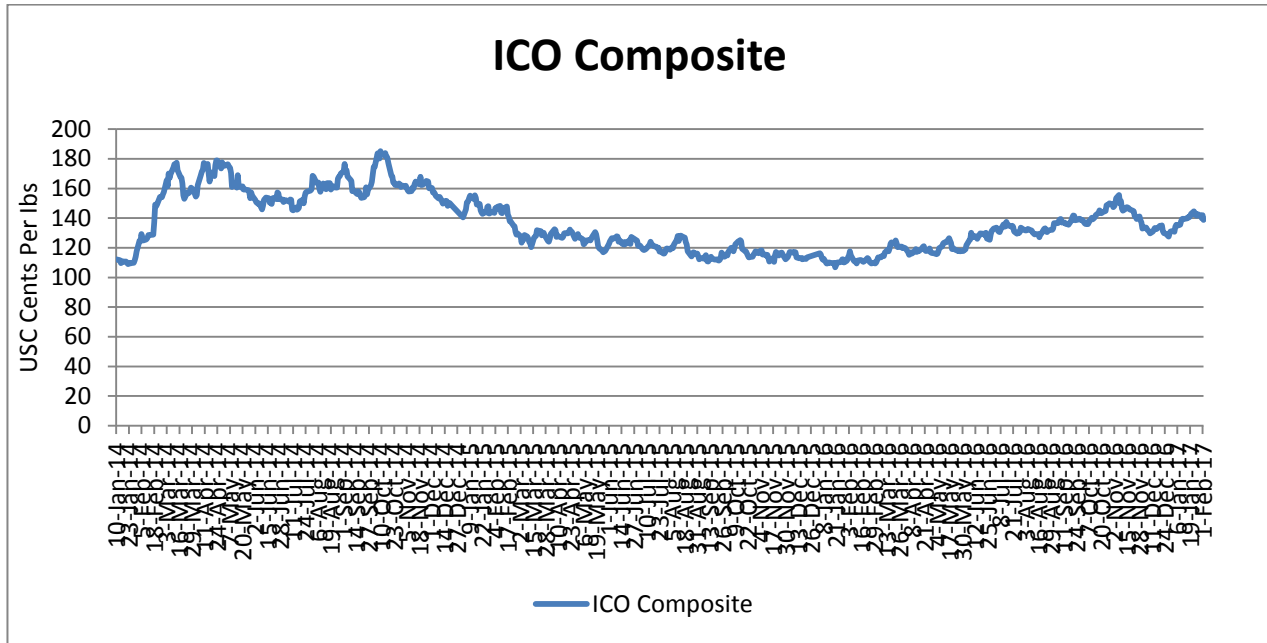
International Coffee Price Trend:-**Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values**

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	02.02.2017	26.01.2017	02.01.2017	02.02.2016
ICO Composite Indicator	138.82	141.49	131.36	113.61
Colombian Milds				
US	165.50	168.50	153.50	140.00
qEurope	164.03	168.73	154.49	139.55
Group Indicator	164.82	168.60	153.55	139.79
Other Milds				
US	167.19	170.44	157.94	151.94
Europe	166.90	172.45	159.46	149.06
Group Indicator	167.02	171.62	158.09	150.24
Brazilian Naturals				
US	139.50	140.50	123.50	112
Europe	148.14	152.85	138.81	130.46
Group Indicator	145.90	149.64	134.59	125.66
Robusta				
US	111.75	112.25	107.25	80.25
Europe	107.86	108.12	105.55	72.70
Group Indicator	108.52	108.82	106.13	73.98

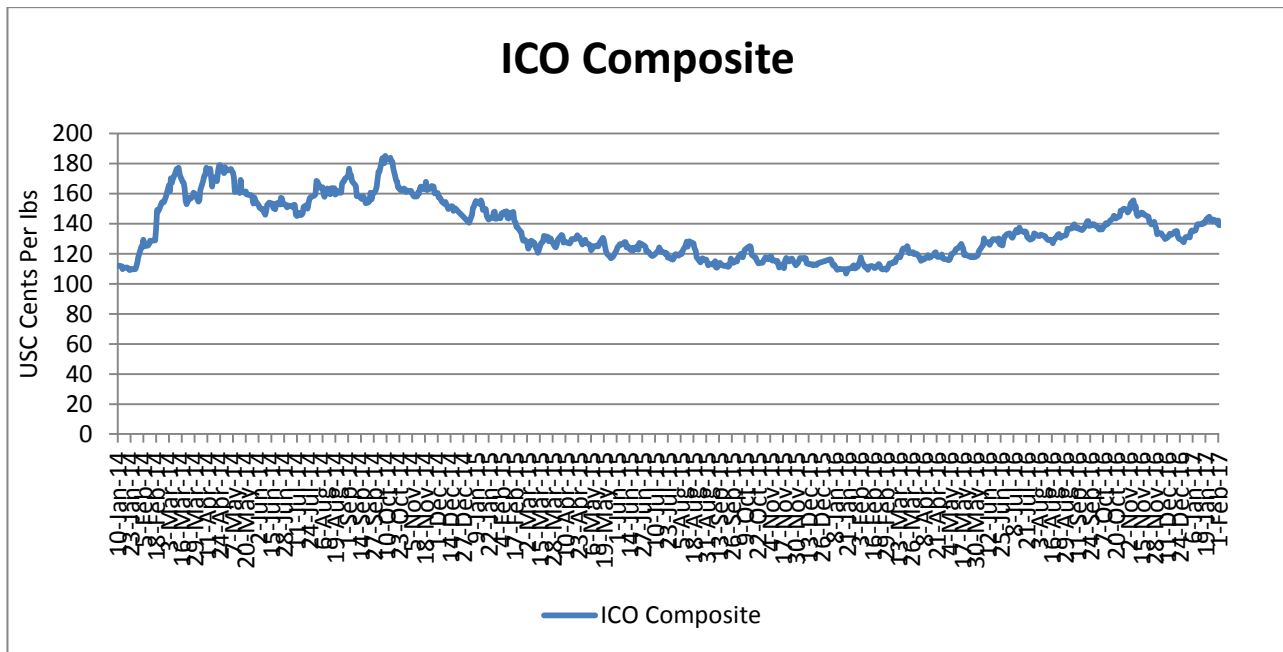
US cents/lb



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



Source: Agriwatch & ICO



**International Future Market Prices :-**

ICE Arabica Coffee Futures Prices				
Contract Months	Today(2-Feb-2017)	Week Ago(26-Jan-2017)	Month Ago(2-Jan-2017)	Weekly Change (%)
17-Mar	145.95	151.45	137.40	-3.63
17-May	148.50	153.95	139.70	-3.54
17-Jul	150.80	156.30	142	-3.51

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(2-Feb-2017)	Week Ago(26-Jan-2017)	Month Ago(2-Jan-2017)	Weekly Change (%)
17-Mar	2201	2210	2124	-0.40
17-May	2211	2223	2131	-0.53
17-Jul	2216	2230	2139	-0.62

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 lower trend in the market.
- However, 14 days EMA stood upside at 145.95 against 148.48 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 53.52 compared to 55.68 of last week record indicating weak 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
125.15	138.25	145.95	160.36	166.47

Technical Analysis Of Coffee Future Market (Mar'2017 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 2093 against last week records i.e.2136, indicating further weak tone in the market.
- On the other hand, RSI is also higher at 50.53 in neutral region against 55.68 of last week hinting a further downward momentum of the market in upcoming week.

Strategy: Market participants are advised to go short in the short period.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
2080	2100	2201	2320	2350

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