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Executive Summary

Domestic Coffee Market Summary

Despite Arabica plantation prices, coffee beans prices of all verities went down in the coffee physical market during this week ended as on 4th Feb 2017. Traders are in wait and watch condition 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.

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

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2017 to 8th February 2017 is registered lower by 3.08% at 22241 metric tons compared to 22949 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 8th February 2017 this year, recorded higher by 39.94% at 2887 metric tons from preceding year volume of 2063 metric tons. Total provisional exports of Arabica Cherry, Robusta Parchment and Robusta Cherry is placed higher by 23.80% to 1633 metric tonnes and 42.30% at 1719 metric tons and 1.53% to 12992 respectively from 1st January to 8th February 2017 against exports volume of 1319 metric ton, 1208 metric tonnes and 12796 metric tons respectively in the corresponding period of last year. However, Arabica parchment is registered lower at 2964 metric tonnes with a decline of 46.51%.

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

International Coffee Market Summary
As per Marex Spectron, coffee production of the world is likely to decline at 152.6 million bags for 2017/18 against 153.5 million in 2016/17. On the other hand, demand for 2017/18 is placed higher at 155.60 million bags from 153.70 million bags. Global coffee deficit is forecasted at 3 million bags for 2017/18 season due to lower crop production estimates in Brazil. It keeps Brazil's coffee crop size at 50.5 million which is down from 55.5 million bags in previous season.

According to coffee exporters association Cecafe, green coffee shipment of Brazil is likely to decline between 27 and 28 million bags in 2017 against 29 million bags in 2016 on account of below than average output of Robusta beans. Total coffee exports is likely to reach at 32 million bags in 2017 lower than previous year record i.e. 34 million bags. In January, green coffee exports stood at 2.38 million 60 kg bags down from 2.53 million bags in previous year record and 2.74 million bags in December 2016.

As per Brazil's Cooxupé, Brazilian coffee crop size for the season 2017 is placed between 43 million and 47 million bags, down sharply from last year's 51.37 million bags as trees in southern Minas Gerais appearing. A Reuters poll forecasted Brazil's 2017-18 crop at 50 million bags, with estimates ranging from 48 million to 57 million bags.

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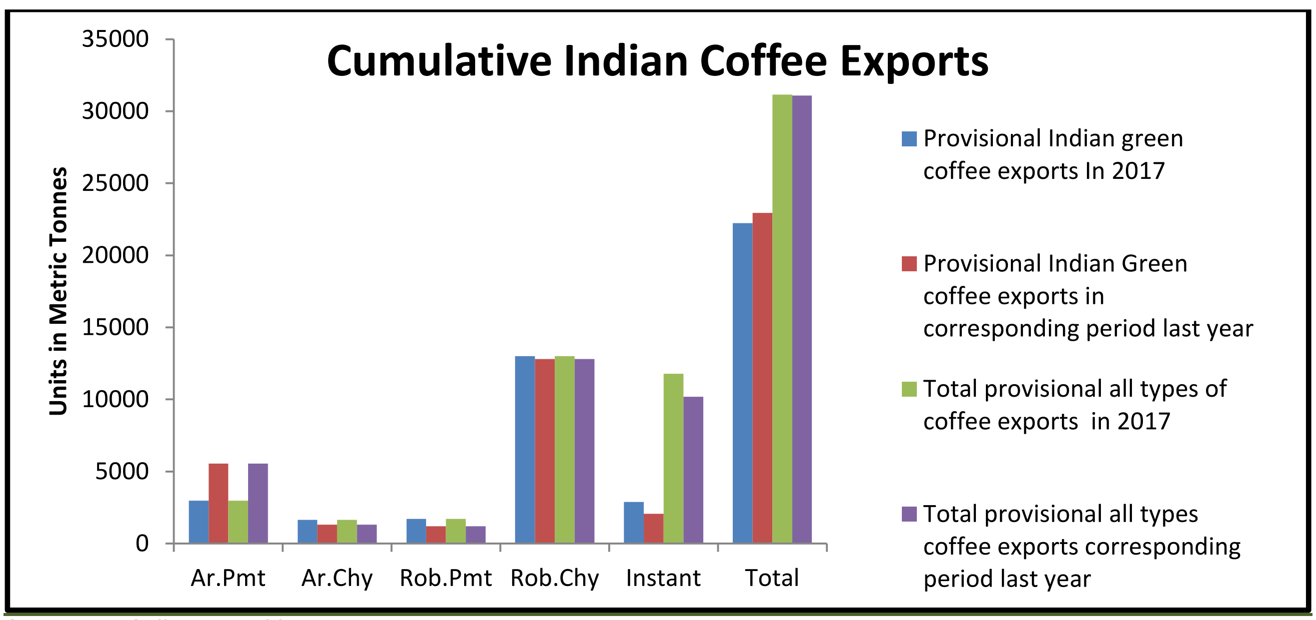
Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

	Export update: From 01st January 2017 to 8th 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)	2964	1633	1719	12992	4	41	2887	22241
2	Provisional green coffee exports corresponding period last year	5542	1319	1208	12796	5	17	2063	22949
3	Provisional re-exports	0	14	0	0	0	0	8901	8915
4	Provisional re-exports corresponding period last year	0	0	0	0	0	5	8127	8132
5	Total provisional exports (1+3)	**2964**	**1647**	**1719**	**12992**	**4**	**41**	**11788**	**31155**
6	Total provisional exports corresponding period last year (2+4)	**5542**	**1319**	**1208**	**12796**	**5**	**21**	**10190**	**31081**

Source: The Coffee Board Of India



Source: The Coffee Board Of India

Indian Coffee Crop Details:-

Below table depicts Indian Coffee Crop By Type since 2007-08 to 2016-17 :-

Indian Coffee Crop						
Coffee, Green	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Oct 2014**		**Oct 2015**		**Oct 2016**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	412	423	410	410	-	408
Area Harvested	372	386	370	370	-	365
Bearing Trees	553	556	541	541	-	532
Non-Bearing Trees	79	82	91	91	-	100
Total Tree Population	632	638	632	632	-	632
Beginning Stocks	2,026	2,026	2,691	2,586	-	2,677
Arabica Production	1,630	1,633	1,490	1,490	-	1,417
Robusta Production	3,810	3,817	3,810	3,810	-	3,753
Other Production	-	-	-	-	-	-
Total Production	5,440	5,450	5,300	5,300	-	5,170
Bean Imports	1,080	1,157	1,000	1,000	-	1,008
Roast & Ground Imports	3	2	3	3	-	2
Soluble Imports	42	45	38	38	-	40
Total Imports	1,125	1,204	1,041	1,041	-	1,050
Total Supply	8,591	8,680	9,032	8,927	-	8,897
Bean Exports	3,200	3,358	3,500	3,500	-	3,577
Rst-Grnd Exp.	4	11	3	5	-	7
Soluble Exports	1,496	1,525	1,497	1,495	-	1,466
Total Exports	4,700	4,894	5,000	5,000	-	5,050
Rst,Ground Dom. Consum	770	770	650	650	-	667
Soluble Dom. Cons.	430	430	600	600	-	600
Domestic Consumption	1,200	1,200	1,250	1,250	-	1,267
Ending Stocks	2,691	2,586	2,782	2,677	-	2,580
Total Distribution	8,591	8,680	9,032	8,927	-	8,897

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

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Domestic Raw Coffee Prices (Karnataka):-

Variety	10.02.2017	03.02.2017	Change
Arabica Parchment	9200	9375	**-1.86**
Arabica Cherry	4200	4350	**-3.44**
Robusta Parchment	7125	7250	**-1.72**
Robusta Cherry	3775	3850	**-1.94**

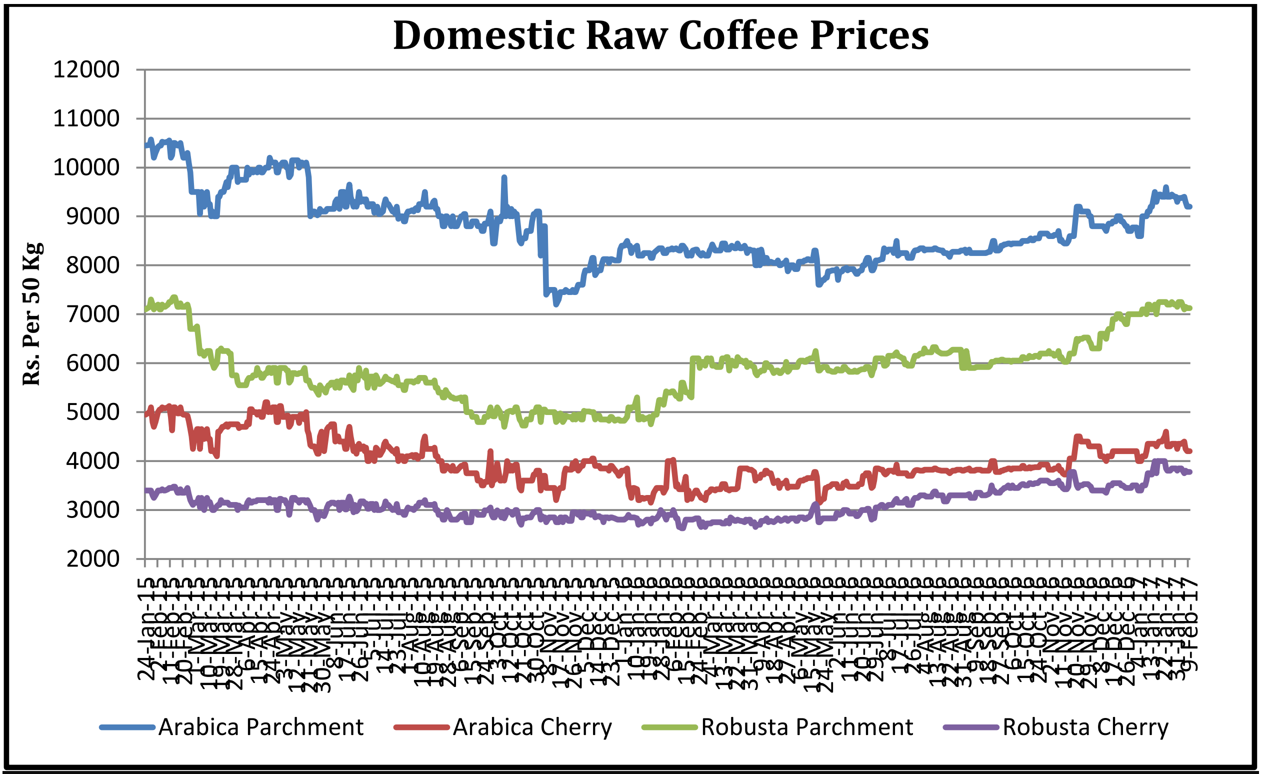
*** Values in Rs. per 50 Kg**

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

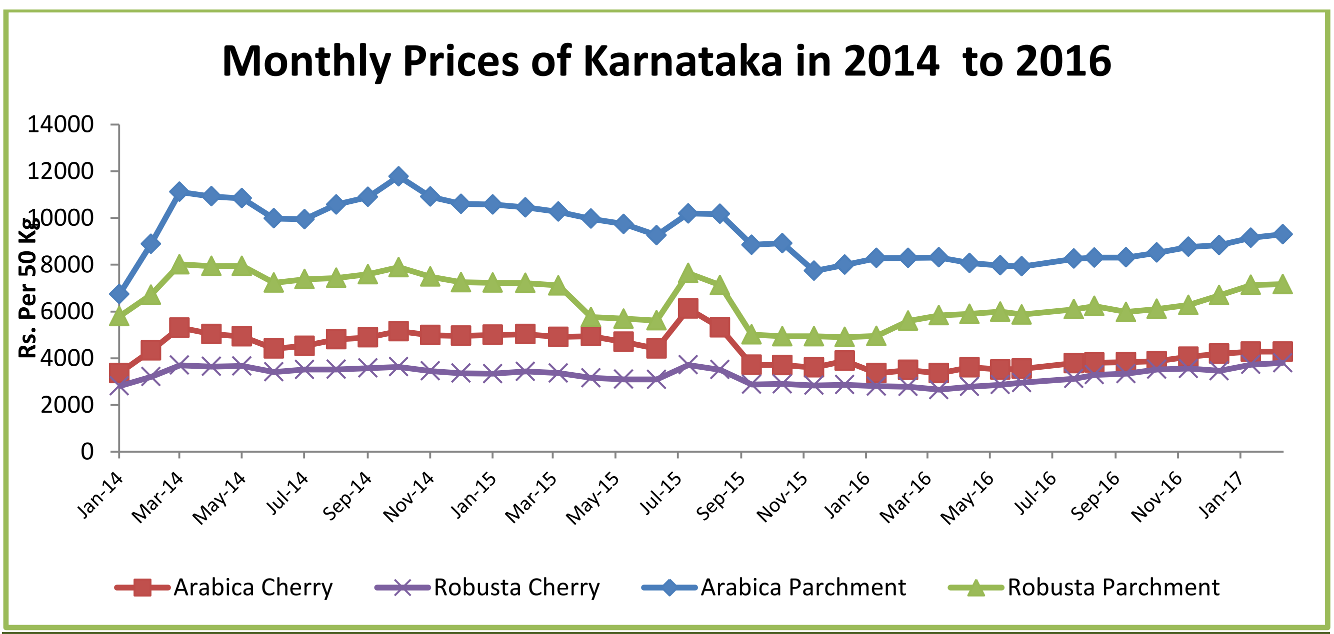
Grade	02.02.2017	25.01.2017	Change	02.02.2017	25.01.2017	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	---	---	---	---
AA	260	260.20	-0.2	---	---	---
PB	237	241.10	-4.1	---	---	---
A	240.50	243.06	-2.56	---	---	---
AB	---	---	---	---	---	---
B	223	224	-1	---	---	---
C	202.26	201.50	0.76	---	137	---
BBB	160	---	---	131	---	---
Grade	**Robusta Parchment**	**Robusta Parchment**		**Robusta Cherry**	**Robusta Cherry**	
RKR	---	---	---	---	---	--
A	---	---	---	---	---	---
PB	137	---	---	153	---	---
AA	---	---	---	162	---	---
AB	160	---	---	---	---	---
B	---	---	---	---	---	---
C	143	---		---	---	---
BBB	---	---	---	---	135	---

Values in Rs. per kg

Coffee Prices Of Auction Market & State Wise Market



Source: Agriwatch



Source: Agriwatch

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International Market Updates

ICE coffee future prices decreased slightly by 0.51% to 145.20 cents/lb in this week, as on 9th of February 2017 against 145.95 cents/lb due to sluggish demand. On the other hand, ICE certified Arabica stocks decreased by 1,311,406 bags as on 9th Feb 2017 against previous day record i.e. 1,313,307 bags. As per U.S. weather forecaster, La Niña has faded and neutral conditions are likely to continue in the coming months, though it noted some chance that the El Niño phenomenon may reappear as early as the Northern Hemisphere spring. Relatively The Climate Prediction Center (CPC) forecast that neutral conditions have returned and are favored to continue through at least the Northern Hemisphere spring.

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.

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.

Brazil:- 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

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Global Supply And Demand :-

Below table shows Production, Supply & Demand Sheet Of Vietnam:-

Vietnam's Coffee Production, Supply and Demand (PSD)						
Coffee, Green Market Year Begins Vietnam	2013/2014		2014/2015		2015/2016	
Market Year Begins	Oct 2013		Oct 2014		Oct 2015	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Tree Population	0	0	0	0	0	0
Beginning Stocks	1.946	1.946	2.130	2.130	2.407	5.831
Arabica Production	1.175	1.175	1.050	1.050	1.100	1.100
Robusta Production	28.658	28.658	27.117	26.350	27.500	28.200
Other Production	0	0	0	0	0	0
Total Production	29.833	29.833	28.167	27.400	28.600	29.300
Bean Imports	476	476	450	450	200	200
Roast & Ground Imports	12	12	10	10	10	10
Soluble Imports	160	160	160	130	160	160
Total Imports	648	648	620	590	370	370
Total Supply	32.427	32.427	30.917	30.120	31.377	35.501
Bean Exports	27.269	27.269	25.000	20.333	25.500	26.667
Rst-Grnd Exp.	120	120	130	457	140	550
Soluble Exports	900	900	1.300	1.282	1.400	1.500
Total Exports	28.289	28.289	26.430	22.072	27.040	28.717
Rst,Ground Dom. Consum.	1.788	1.788	1.830	1.917	1.900	2.250
Soluble Dom. Cons.	220	220	250	300	260	350
Domestic Use	2.008	2.008	2.080	2.217	2.160	2.600
Ending Stocks	2.130	2.130	2.407	5.831	2.177	4.184
Total Distribution	32.427	32.427	30.917	30.120	31.377	35.501

1000 HA, MILLION TREES, 1000 60 KG BAGS

Source: USDA

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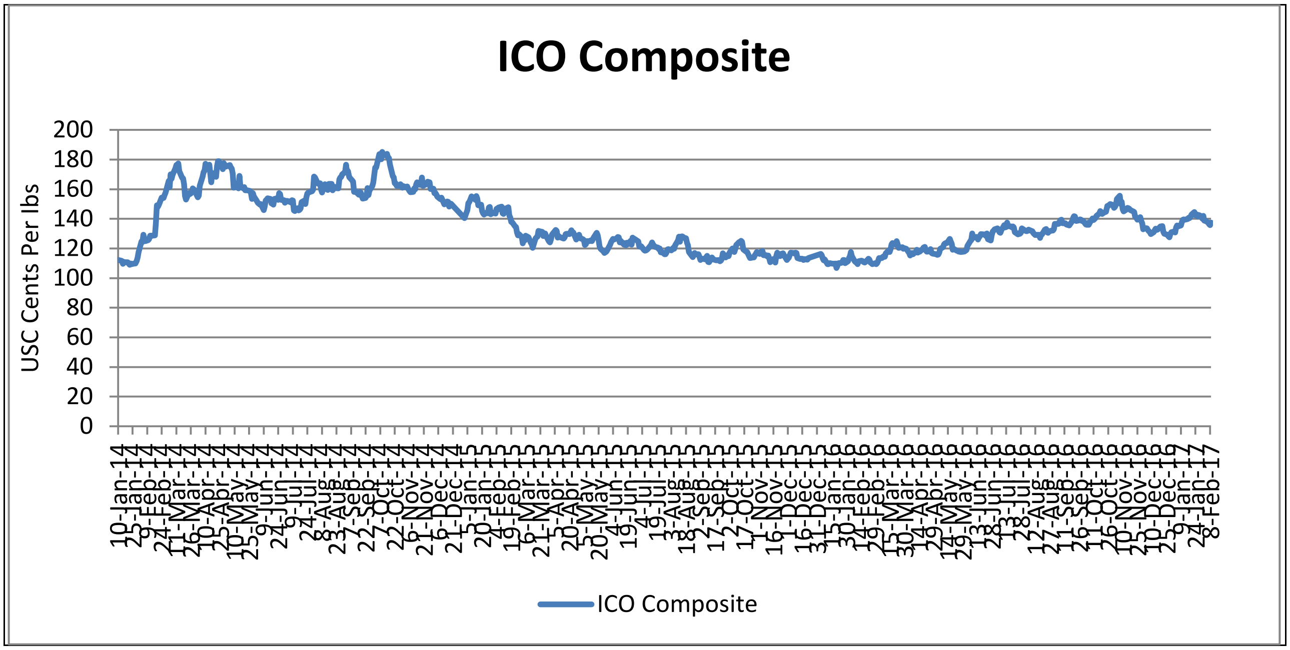
International Coffee Price Trend:-

Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

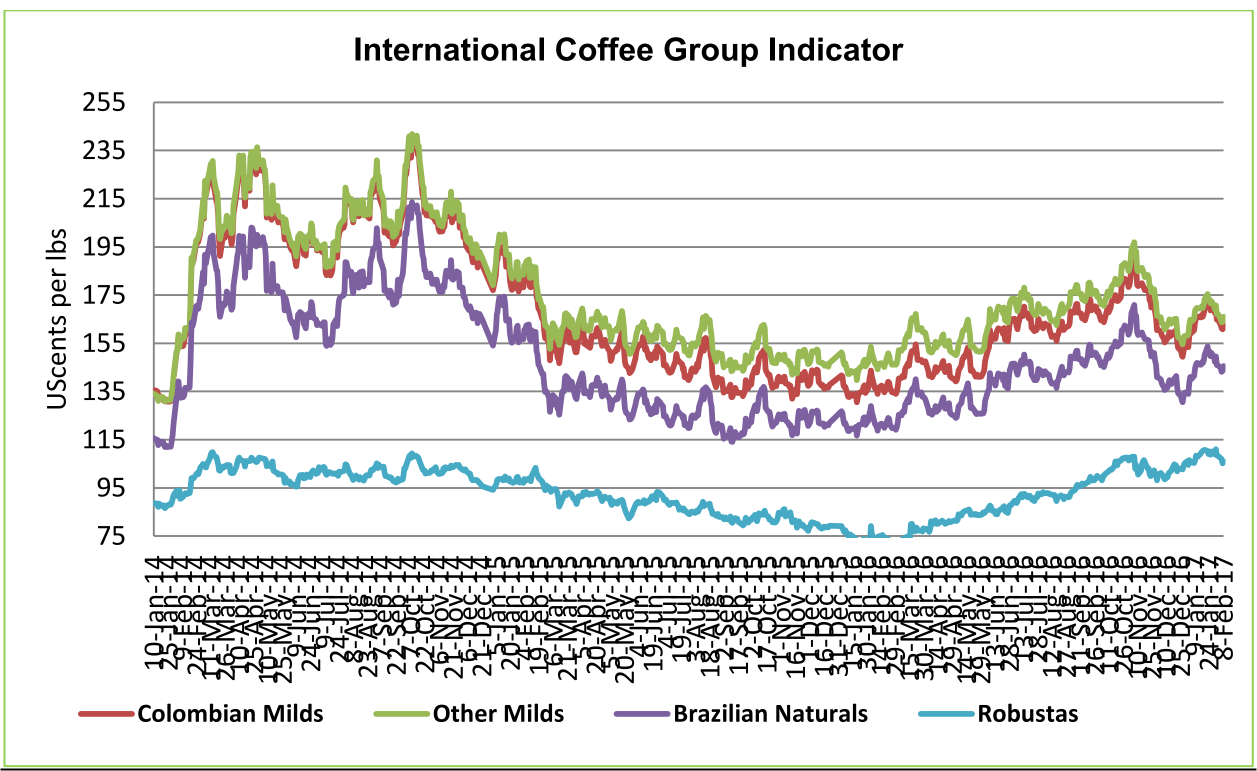
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	**09.02.2017**	**02.02.2017**	**09.01.2017**	**09.02.2016**
ICO Composite Indicator	137.41	138.82	135.43	110.75
Colombian Milds				
US	164.50	165.50	160.25	136.75
qEurope	162.15	164.03	160.47	135.20
Group Indicator	163.42	164.82	160.35	136.04
Other Milds				
US	165.94	167.19	164.19	147.44
Europe	166.06	166.90	165.94	144.79
Group Indicator	166.01	167.02	165.22	145.88
Brazilian Naturals				
US	140.50	139.50	131.25	106.75
Europe	147.31	148.14	144.95	125.91
Group Indicator	145.54	145.90	141.38	120.93
Robusta				
US	109.75	111.75	108.00	81.25
Europe	105.26	107.86	104.79	72.31
Group Indicator	106.03	108.52	105.33	73.83

US cents/lb

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



Source: Agriwatch & ICO



Source: Reuters

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International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	**Today(09-Feb-2017)**	**Week Ago(02-Feb-2017)**	**Month Ago(09-Jan-2017)**	**Weekly Change (%)**
17-Mar	145.20	145.95	144.20	**-0.51**
17-May	147.60	148.50	146.55	**-0.60**
17-Jul	149.80	150.80	148.85	**-0.66**

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	**Today(09-Feb-2017)**	**Week Ago(02-Jan-2017)**	**Month Ago(09-Jan-2017)**	**Weekly Change (%)**
17-Mar	2126	2201	2141	**-3.40**
17-May	2157	2211	2146	**-2.44**
17-Jul	2167	2216	2152	**-2.21**

USD/T

International Coffee Prices

	09.02.2017	**24.01.2017**	**09.01.2017**	**09.01.2016**
Vietnam (Robusta Beans Spot) (Dong/Kg)	44750	47250	-	-
Vietnam FOB (2-5 pct)* (Saigon port)	2068.50	2160.50	-	-
Indonesian FOB (4-80 defects)** (Lampung Port)	-	-	2080	1860

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 downtrend in the market during the week. We expect prices to trade steady to downside in the market.

- Candlestick chart depicts lower trend in the market.
- However,14 days EMI stood upside at 145.20 against 145.95 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 50.50 compared to 53.52 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	145.20	160.36	166.47

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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 2050 against last week records i.e.2093, indicating further weak tone in the market.
- On the other hand, RSI is also lower 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**
2020	2080	2126	2320	2350

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