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Executive Summary

Domestic Coffee Market Summary

Coffee beans prices of all verities went down in the coffee physical market during this week ended as on 17th Feb 2017. However, domestic demand is improving supported by higher international market. Arrival is less in the market. Weather is good in coffee belts. Arabica fruits picking is completed, now while Robusta are still on in certain areas. Some areas in Coorg had good rainfall last week and Robusta flowerings are underway. Beans of Arabica is in quality good, but grade percentage of bigger grades are less, Robusta outturn is poor. Around 50% of Robusta beans are picked. Exporters are not getting good differentials for Robusta grades, hence less contracts of Indian coffee. Markets seems to be bullish only, sighting the overall shortage in crop, good monsoon in Brazil, Vietnam and Indonesia expected, which may increase crop of next year and hope to bring down the pricing.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2017 to 15th February 2017 is registered lower by 2.19% at 27741 metric tons compared to 28365 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 15th February 2017 this year, recorded higher by 50.23% at 3457 metric tons from preceding year volume of 2301 metric tons. Total provisional exports of Arabica Cherry, Robusta Parchment and Robusta Cherry is placed higher by 29.76% to 2111 metric tonnes and 38.49% at 15426 metric tons and 3.76% to 15426 respectively from 1st January to 15th February 2017 against exports volume of 1627 metric ton,1465 metric tonnes and 16030 metric tons respectively in the corresponding period of last year. However, Arabica parchment is registered lower at 4663 metric tonnes with a decline of 32.52%.

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

International Coffee Market Summary
Overall, the market remains under selling pressure due to some forecasts for beneficial rains in all of northern Brazil for the next week. Arabica areas have seen better precipitation and good production is expected, but Espírito Santo has been so dry that the government is thinking of allowing Robusta imports to cover domestic demand needs. The coming rains will benefit the next crop, but the drought stress will be a problem for producers for a couple of years. It will not do anything to help the current crop that has been harvested. Demand has turned quiet in the last few days with offers from Central America on the table for all qualities. Brazilian differentials are strong and Colombia differentials are also strong. Central America is reporting mixed results, with Honduras strong but other countries losing some production due to rains at harvest time.

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.

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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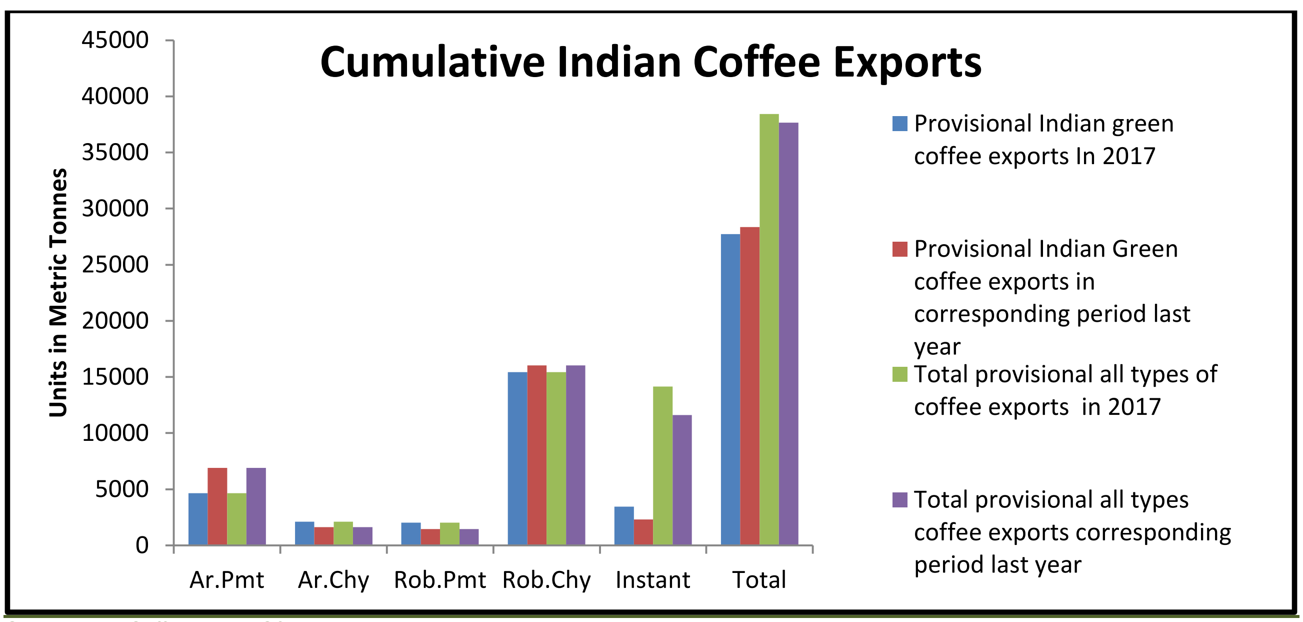
Domestic Coffee Exports of India -:

Below table shows coffee exports details of India:-

	Export update: From 01st January 2017 to 15th 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)	4663	2111	2029	15426	6	49	3457	27741
2	Provisional green coffee exports corresponding period last year	6911	1627	1465	16030	6	25	2301	28365
3	Provisional re-exports	0	14	0	0	0	0	10683	10697
4	Provisional re-exports corresponding period last year	0	0	0	0	0	5	9295	9300
5	Total provisional exports (1+3)	**4663**	**2124**	**2029**	**15426**	**6**	**49**	**14140**	**38437**
6	Total provisional exports corresponding period last year (2+4)	**6911**	**1627**	**1465**	**16030**	**6**	**30**	**11596**	**37665**

Source: The Coffee Board Of India



Source: The Coffee Board Of India

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Indian Coffee Crop Details:-

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

State/District	Post Monsoon Estimate 2016-17			Final Estimate 2015-16		
	Arabica	Robusta	Total	Arabica	Robusta	Total
Karnataka						
Chikmagalur	36,400	35,000	**71,400**	40,600	41,400	**82,000**
Kodagu	17,400	106,750	**124,150**	19,150	118,150	**137,300**
Hassan	17,800	12,950	**30,750**	18,900	13,320	**32,220**
Sub total	**71,600**	**154,700**	**226,300**	**78,650**	**172,870**	**251,520**
Kerala						
Wayanad0	0	52,500	**52,500,**	0	57,850	**57,850**
Travancore	990	7,050	**8,040**	1,000	7,480	**8,480**
Nelliampathies	1,150	1,600	**2,750**	1,200	1,700	**2,900**
Sub total	**2,140**	**61,150**	**63,290**	**2,200**	**67,030**	**69,230**
Tamil Nadu						
Pulneys	6,135	365	**6,500**	6,785	340	**7,125**
Nilgiris	1,200	3,565	**4,765**	1,325	3,575	**4,900**
Shevroys (Salem)	3,425	70	**3,495**	3,400	70	**3,470**
Anamalais (Coimbatore)	1,300	500	**1,800**	1,300	500	**1,800**
Sub total	**12,060**	**4,500**	**16,560**	**12,810**	**4,485**	**17,295**
Non Traditional Areas						
Andhra Pradesh	9,650	50	**9,700**	9,150	50	**9,200**
Orissa	650	0	**650**	600	0	**600**
Sub Total	10,300	**50**	**10,350**	**9,750**	**50**	**9,800**
North Eastern Region	100	100	**200**	90	65	**155**
Grand Total (India)	**96,200**	**220,500**	**316,700**	**103,500**	**244,500**	**348,000**

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

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Domestic Raw Coffee Prices (Karnataka):-

Variety	17.02.2017	10.02.2017	Change
Arabica Parchment	9100	9200	-100
Arabica Cherry	4100	4200	-100
Robusta Parchment	6900	7125	-225
Robusta Cherry	3600	3775	-175

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

ICTA Auction Prices (Bangalore)(New Season(2016-2017) Crop

Grade	09.02.2017 Arabica Plantation	02.02.2017 Arabica Plantation	Change	09.02.2017 Arabica Cherry	02.02.2017 Arabica Cherry	Change
MNEB	---	---	---	---	---	---
AA	250	260	-3.84	---	---	---
PB	230.50	237	-2.74	---	---	---
A	233	240.50	-3.11	---	---	---
AB	---	---	---	---	---	---
B	209	223	-6.27	160	---	---
C	---	202.26	---	---	---	---
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	---	---	---	---	---	---

Values in Rs. per kg

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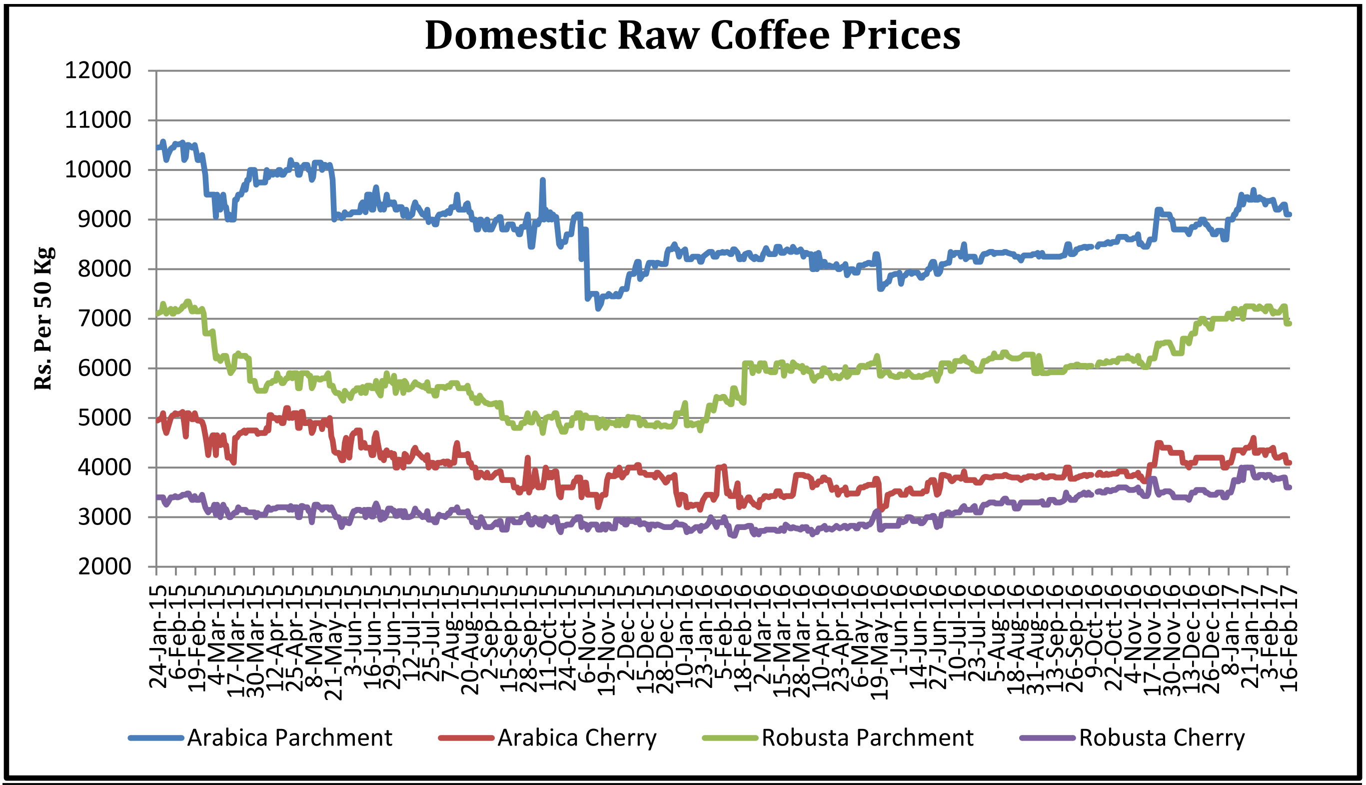
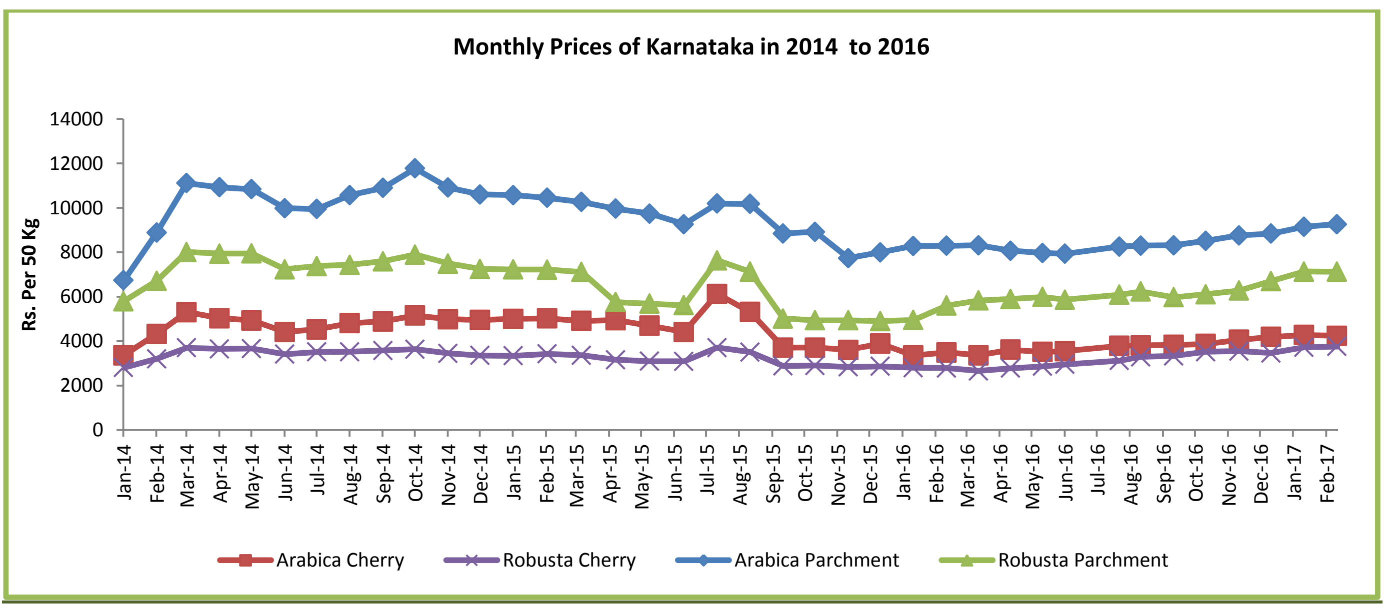
Coffee Prices Of Auction Market & State Wise Market



Source: Agriwatch



Source: Agriwatch

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International Market Updates

ICE coffee future prices increased slightly by 0.75% to 146.30 cents/lb in this week, as on 16th of February 2017 against 145.20 cents/lb due to improved demand. On the other hand, ICE certified Arabica stocks decreased by 919 bags to 1,316,148 bags as on 16th Feb 2017 against previous day record i.e. 1,317,067 bags. As per the Green Coffee Association, U.S. Green coffee stocks increased by 66627 million bags to 6.3 million 60 kg bags by the end of January 2017.

Below table depicts U.S. Green coffee stocks details by the end of January 2017:-

Ports	Total Exchange& Non-Exchange	Change From Last Date
New York	1,844,137	54,617
New Orleans	670,340	-45,763
Jacksonville	411,000	24,000
Miami	102,326	-1,135
Houston	636,075	8,149
Laredo	31,518	-5,327
San Francisco	716,198	-19,964
N2orfolk	480,255	15,291
Philadelphia	16,873	-4,525
Seattle/Tacoma	344,385	-1,359
Los Angeles/ Long Beach	193,183	3,942
Baltimore	603,717	1,924
South Carolina	272,760	36,777
Total USA	6,322,767	66,627

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.

Kenya:- As per the Nairobi Coffee exchange, the maximum price of Kenya's benchmark grade AA coffee went up at this week's auction compared with the previous sale. Kenya produces high-quality coffee that is in high demand from roasters in other countries to blend with their beans. Kenya is likely to get poor rainfall in the main March to May rainy season on account of drought.

Colombia:- Coffee shipment is likely to go down by 60% on account of truckers strike in the upcoming month. After seven months, they last blocked highways. Exporters scrambled to meet contracts during the 45-day truckers strike last year, as green coffee rotted on roadsides and storage facilities overflowed with stalled shipments.

Global Supply And Demand :- Below table shows Production Details Of Exporting Members:-

Total Production of Exporting Members (Units in '000 bags)					
Countries	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**
April group					
Brazil	48,702	56,925	55,050	51,116	48,423
Ecuador	825	828	666	644	644
Indonesia	7,750	10,726	10,300	9,935	11,525
Madagascar	585	500	584	500	449
Papua New Guinea	1,414	716	835	798	712
Peru	5,373	4,453	4,338	2,883	3,301
July group					
Dominican Republic	491	488	425	397	400
Philippines	596	599	593	603	605
Tanzania	544	1,109	809	728	875
October group					
Colombia	7,652	9,927	12,124	13,333	14,009
Congo, Dem. Rep. of	357	334	347	335	335
Costa Rica	1776	1658	1444	1408	1492
Côte d'Ivoire	1966	2072	2107	1750	1900
El Salvador	1158	1255	525	695	565
Ethiopia	6798	6233	6527	6625	6700
Guatemala	4050	3963	3439	3310	3400
Honduras	5903	4537	4568	5400	5400
India	5233	5303	5075	5450	5833
Kenya	757	875	838	765	760
Mexico	4563	4327	3916	3591	2800
Nicaragua	2193	1991	1941	1898	2100
Uganda	3115	3914	3633	3744	4000
Vietnam	26500	23402	27610	26500	27500

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	**16.02.2017**	**09.02.2017**	**16.01.2017**	**16.02.2016**
ICO Composite Indicator	138.34	137.41	139.81	109.79
Colombian Milds				
US	164.50	164.50	166.25	133
Europe	163.48	162.15	165.32	133.31
Group Indicator	164.03	163.42	165.67	133.14
Other Milds				
US	166.19	165.94	167.69	144.44
Europe	167.99	166.06	170.73	141.86
Group Indicator	167.25	166.01	169.48	142.92
Brazilian Naturals				
US	140.50	140.50	136.25	104
Europe	148.26	147.31	149.93	124.82
Group Indicator	146.25	145.54	146.37	119.40
Robusta				
US	110.75	109.75	110.67	82.25
Europe	106.26	105.26	107.45	73.64
Group Indicator	107.02	106.03	108	75.10

US cents/lb

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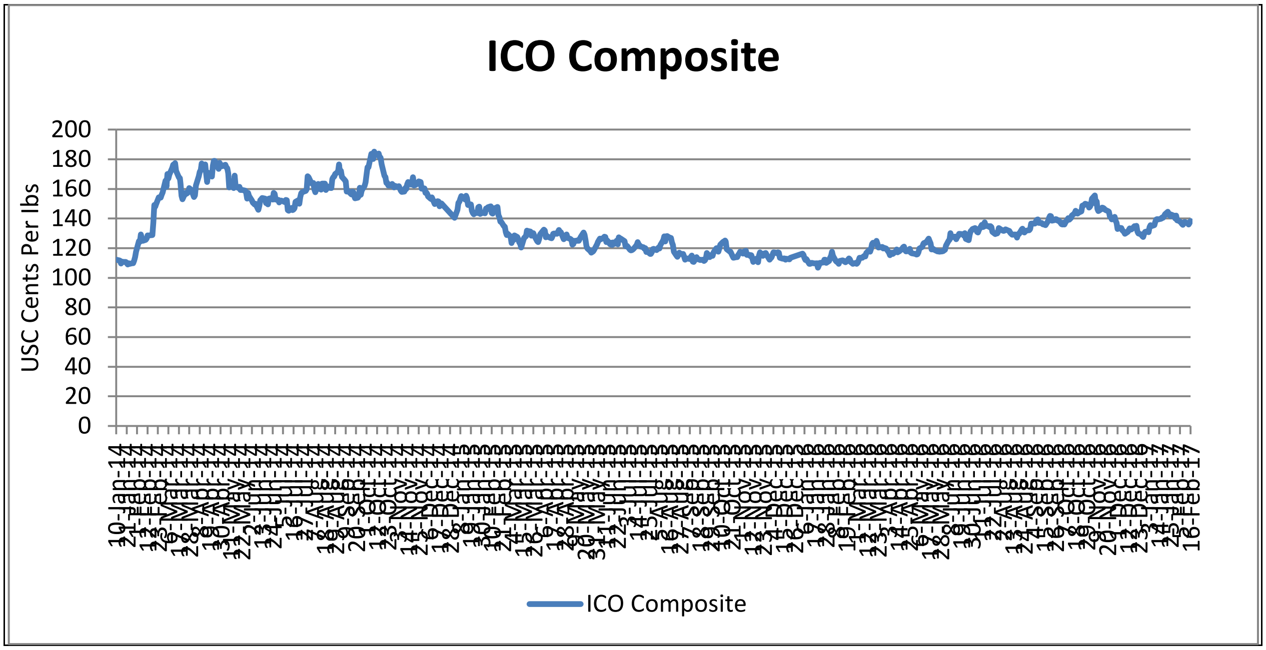
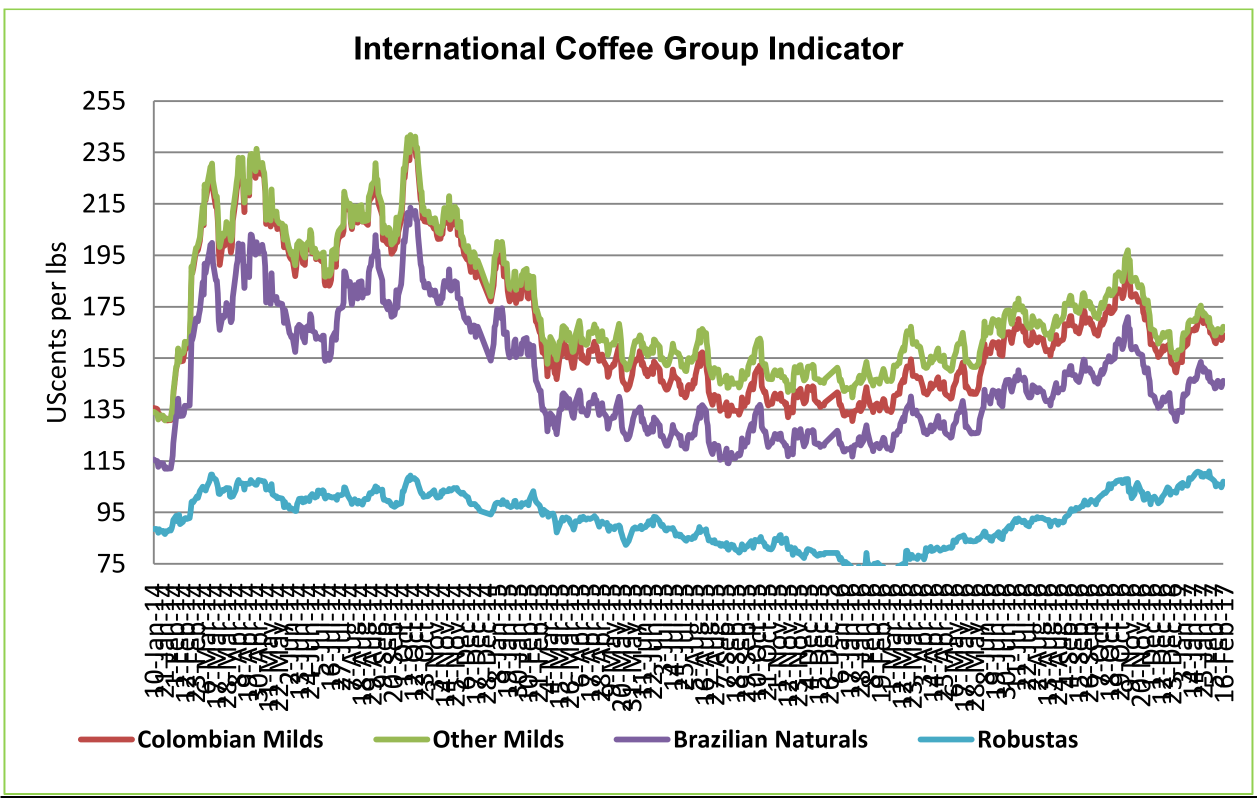
International ICO Indicator & Market Specific Prices (US cents/lb)



Source: Agriwatch & ICO



Source: Reuters

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International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	**Today(16-Feb-2017)**	**Week Ago(09-Feb-2017)**	**Month Ago(16-Jan-2017)**	**Weekly Change (%)**
17-Mar	146.30	145.20	149.30	**0.75**
17-May	148.40	147.60	151.70	**0.54**
17-Jul	150.65	149.80	154	**0.56**

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	**Today(16-Feb-2017)**	**Week Ago(09-Feb-2017)**	**Month Ago(16-Jan-2017)**	**Weekly Change (%)**
17-Mar	2149	2126	2233	**1.08**
17-May	2179	2157	2235	**1.01**
17-Jul	2188	2167	2238	**0.96**

USD/T

International Coffee Prices

	16.02.2017	09.02.2017	16.01.2017	16.01.2016
Vietnam (Robusta Beans Spot) (Dong/Kg)	44750	44750	-	32350
Vietnam FOB (2-5 pct)* (Saigon port)	2088	2068.50	-	2152.50
Indonesian FOB (4-80 defects)** (Lampung Port)	-	-	-	-

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

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	**Prices This Auction In (14/02/2017)**	**Average Prices In**	**Prices This Auction In (07/01/2017)**
Arabica AA	116-751	372.26	165-672
Arabica AB	98-601	303.1	147-452
Arabica C	60-299	255.63	66-300
Arabica PB	125-450	272.63	137-499
Arabica T	40-169	113.31	54-164
Arabica TT	149-281	235.86	100-301

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 slight downside at 146.16 against 147.10 in the market hints upward momentum in the market.
- Lower volume and prices indicates further short covering up phase of the market.
- However, RSI is lower at 51.48 compared to 49.88 of last week record indicating strong tone in the next week.

Strategy: *Market participants are advised to stay away for the short period of time.*

Coffee Future Market(ICE Market)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
129.51	134.96	146.60	156.07	169.52

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Technical Analysis Of Coffee Future Market (Mar'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.
- However, 14-days EMI is moving higher at 2041 against last week records i.e.2093, indicating further strong tone in the market.

- Relatively, RSI is also lower at 56.75 in neutral region against 55.68 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**
1972	2033	2146	2200	2287

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