



Executive Summary

Domestic Coffee Market Summary

Coffee beans prices of all varieties increased in the coffee physical market during this week ended as on 23rd Feb 2017. Domestic demand is improving supported by higher international market. Arrival is less in the market. Some areas in Coorg had good rainfall last week and Robusta flowerings are underway. Beans of Arabica are in quality good, but grade percentage of bigger grades are less, Robusta outturn is poor. Around 80% of Robusta beans are picked. Markets seem 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.

Shipment and Re-export of India from January 1 to this stood at 46,000 tonnes, against 43,436 tonnes in previous year. In value terms, \$119.2 million (~805.3 crore) from \$103.3 million (~699.4 crore). The trend is likely to be same in upcoming days. The Arabica variety is ~9,200-9,500 a bag (50 kg), from ~8,500 in December. It was ~12,000-13,000 a bag in three years before. India is famous mainly for Arabica cultivation however growers have switched over the years to Robusta on account of International demand specially for instant coffee. Robusta is now ~7,000-7,200 a bag, from ~6,200-6,300 in December 2016. Over the past three-odd years, exporters have been through difficult times due to drops in prices and production and a rise in production cost. International prices are likely to increase further. According to the New York-based Intercontinental Exchange, Arabica is \$147.80 a pound, expected to be \$150.35 in March and \$154.10 by July. Robusta on the LIFFE (London) is expected to touch \$2,158 a tonne in March 2017 as compared to \$2,156 now, and to increase to \$2,202 in July. December was \$2,200 a tonne, highest in a year, from \$1,400 a tonne only 12 months earlier.

As per the Coffee Board of India, provisional Indian green coffee exports to 1st January 2017 to 21st February 2017 is registered lower by 3.48% at 33782 metric tons compared to 32530 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 21st February 2017 this year, recorded higher by 56.42% at 4099 metric tons from preceding year volume of 2623 metric tons. Total provisional exports of Arabica Cherry, Robusta Parchment and Robusta Cherry is placed higher by 50.84% to 2756 metric tonnes and 38.29% at 2427 metric tons and 5.73% to 18966 respectively from 1st January to 21st February 2017 against exports volume of 1827 metric ton, 1755 metric tonnes and 17937 metric tons respectively in the corresponding period of last year. However, Arabica parchment is registered lower at 5475 metric tonnes with a decline of 34.41%.

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.

As per the National Cocoa and Coffee Board (NCCB), Cameroon shipped 24,500 tonnes of coffee in the 2015/16 season compared to 23,865 tonnes in the previous season due to a decision by the ministry of agriculture to put 2.9 million coffee plants at the disposal of producers, allowing for the creation of 1,600 extra hectares of Robusta and 700 hectares of Arabica. Local processing increased from 448 tonnes in 2014/15 to 3,786 tonnes last season, in part due to higher domestic consumption.

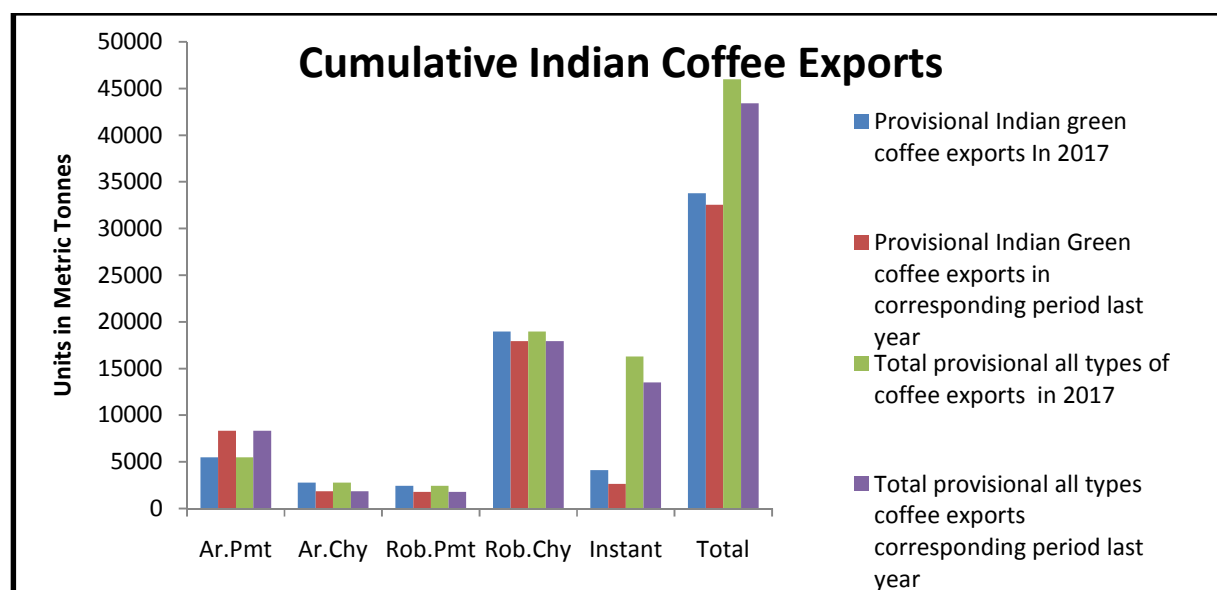


Domestic Coffee Exports of India :-

Below table shows coffee exports details of India:-

Export update: From 01 st January 2017 to 21st February 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)	5475	2756	2427	18966	6	53	4099	33782
2	Provisional green coffee exports corresponding period last year	8348	1827	1755	17937	6	35	2623	32530
3	Provisional re-exports	0	14	0	0	0	0	12206	12219
4	Provisional re-exports corresponding period last year	0	0	0	0	0	5	10901	10906
5	Total provisional exports (1+3)	5475	2770	2427	18966	6	53	16305	46001
6	Total provisional exports corresponding period last year (2+4)	8348	1827	1755	17937	6	40	13524	43436

Source: The Coffee Board Of India



Source: The Coffee Board Of India

**Indian Coffee Crop Details:-**

Below table depicts Production and Exports of Coffee since 1993-94 to 2015-16 :-

Production and Exports: India Vs World *						
	Production		India's	Exports		India's
Year	World	India @	Share(%)	World#	India @	Share (%)
1993-94	90366	3533	3.91	75168	2526	3.36
1994-95	95154	3002	3.15	70716	2488	3.52
1995-96	85250	3717	4.36	67872	3114	4.59
1996-97	101865	3417	3.35	77685	2693	3.47
1997-98	95872	3805	3.97	80414	3495	4.35
1998-99	106163	4417	4.16	80265	3637	4.53
1999-00	115117	4867	4.23	86145	4225	4.90
2000-01	116619	5020	4.30	89559	3730	4.16
2001-02	108451	5010	4.62	90859	3550	3.91
2002-03	123723	4588	3.71	88832	3707	4.17
2003-04	103982	4508	4.34	86371	3804	4.40
2004-05	116062	4592	3.96	91101	3396	3.73
2005-06	111247	4567	4.11	87562	4083	4.66
2006-07	128209	4800	3.74	91745	3569	3.89
2007-08	116455	4367	3.75	96285	3547	3.68
2008/09	128636	4372	3.40	97599	3005	3.08
2009/10	123042	4827	3.92	94631	4647	4.91
2010/11	133651	5033	3.77	103085	5414	5.25
2011/12	140617	5233	3.72	108659	5044	4.64
2012/13	144960	5303	3.66	111315	5018	4.51
2013/14	146506	5075	3.46	114916	4794	4.17
2014/15	142278	5450	3.85	110762	5102	4.61
2015/16**	143306	5800	4.05	NA	4506	NA

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

Domestic Raw Coffee Prices (Karnataka):-

Variety	24.02.2017	17.02.2017	Change
Arabica Parchment	9400	9100	300
Arabica Cherry	4500	4100	400
Robusta Parchment	7100	6900	200
Robusta Cherry	3700	3600	100

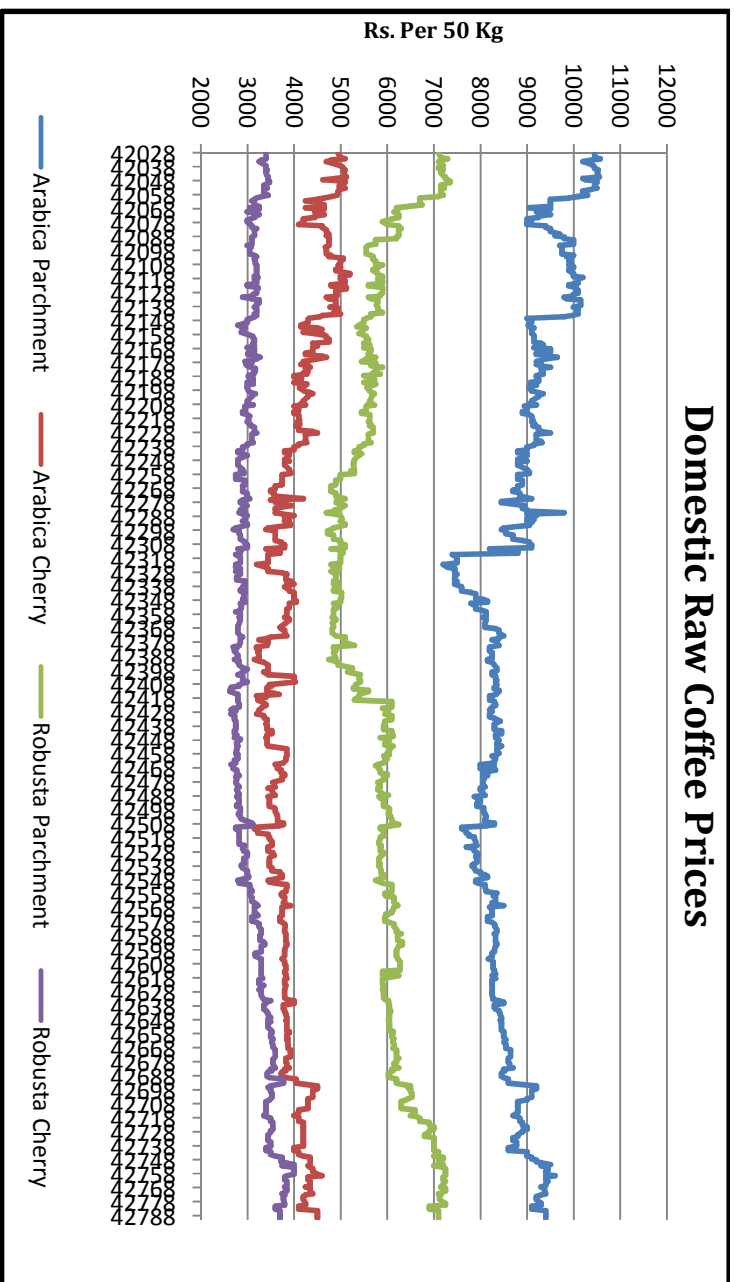
* Values in Rs. per 50 Kg

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

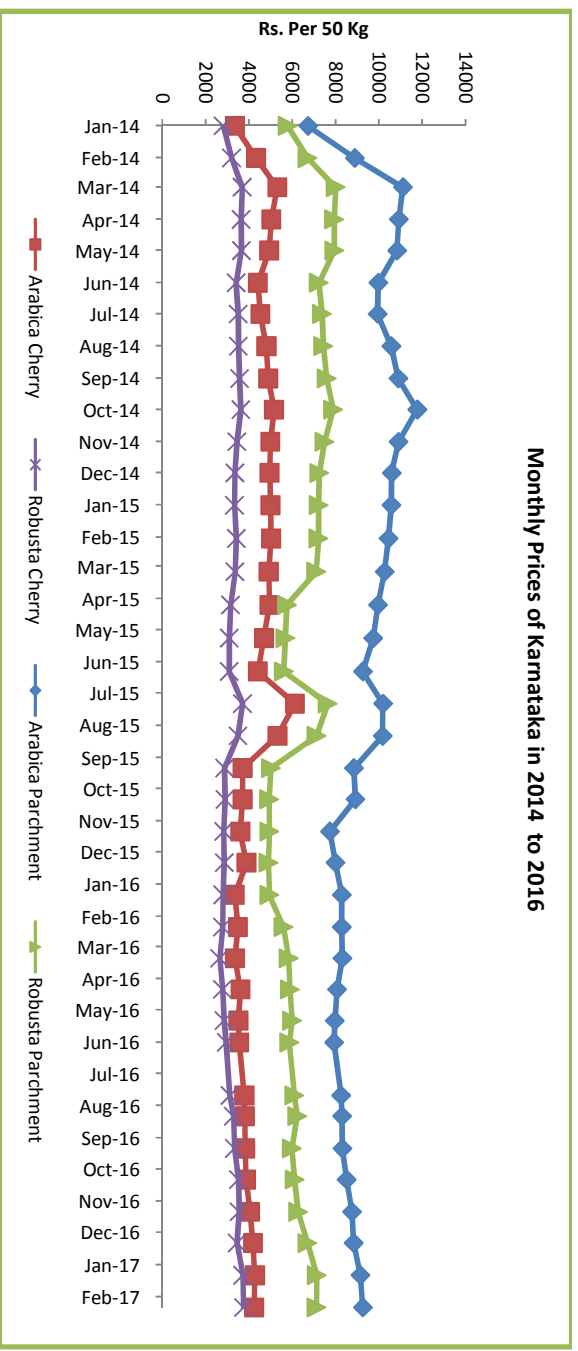
Grade	16.02.2017	09.02.2017	Change	16.02.2017	02.02.2017	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	---	---	---	---	---	---
AA	250	250	-3.84	---	---	---
PB	225	230.50	-2.74	---	---	---
A	232.5	233	-3.11	---	---	---
AB	---	---	---	---	---	---
B	209	209	-6.27	---	160	---
C	180	---	---	137.6	---	---
BBB	138.8	---	---	125	---	---
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	---	---	---	---	---	---
A	---	---	---	---	---	---
PB	---	---	---	146	---	---
AA	---	---	---	---	---	---
AB	---	---	---	---	---	---
B	---	---	---	145.5	---	---
C	---	---	---	137.5	---	---
BBB	---	---	---	125	---	---

Values in Rs. per kg

Coffee Prices Of Auction Market & State Wise Market



Source: Agrivatch

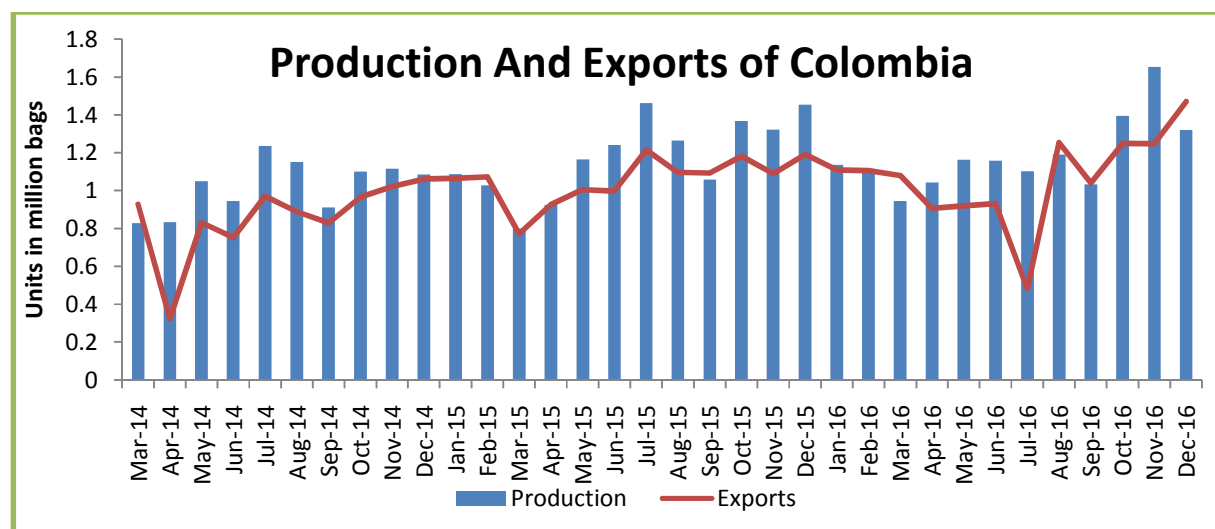


Source: Agrivatch

International Market Updates

ICE coffee future prices increased slightly by 1.05% to 147.85 cents/lb in this week, as on 23rd of February 2017 against 146.30 cents/lb due to improved demand. On the other hand, ICE certified Arabica stocks increased by 1962 bags to 1334826 bags as on 23rd Feb 2017 against previous day record i.e. 1332864 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.

Colombia:- As per the National Coffee Growers Federation, Colombia's coffee output of washed Arabica stood at 14.23 million 60 kg bags in 2016 with an increase of 0.4% against last year record i.e. 14.17 million bags. However, the country produced 9.3% lower coffee beans in December 2016 as compared to last year record in the corresponding period of time after truckers' strike and damage done to many coffee trees by the El Nino drought. While, coffee exports is registered 1.2% higher at 12.86 million bags in 2016 from previous year record i.e. 12.7 million bags. Coffee shipment for December month 2016 is recorded up by 23% to 1.47 million bags. 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.



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.

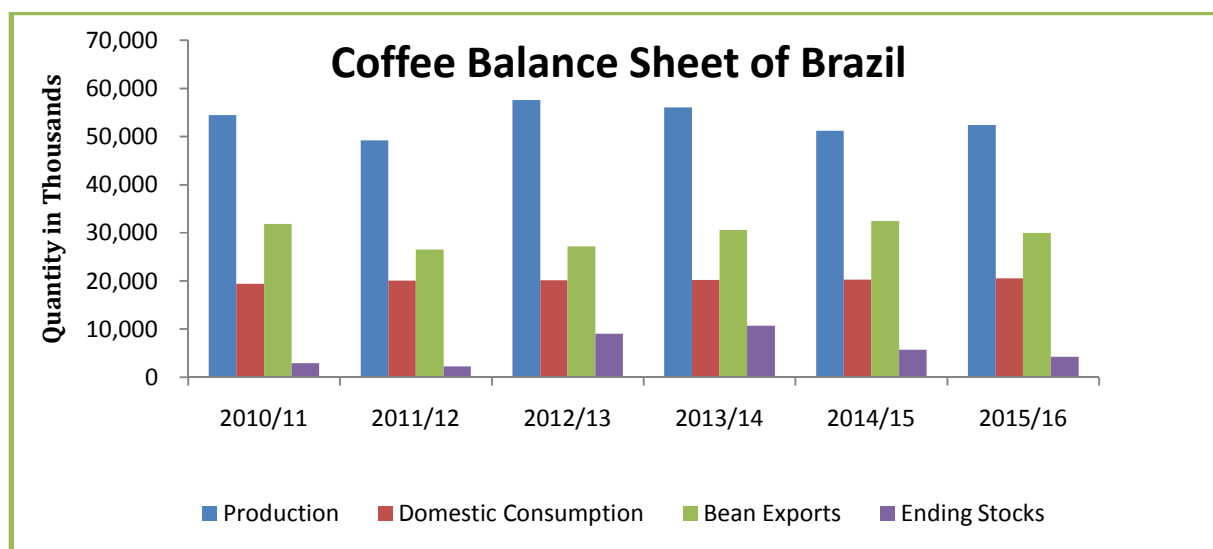
Kenya:- As per the Nairobi Coffee exchange, the maximum price of Kenya's benchmark grade AA coffee went up at this week's auction compared with the previous sale. Kenya produces high-quality coffee that is in high demand from roasters in other countries to blend with their beans. Kenya is likely to get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

Brazil:- Conab, Brazil's crop supply agency expects coffee production of Brazil at 51.39 million 60 kg bags for 2016 which is higher from its earlier forecast i.e. 49.6 million bags. As per Reuter survey group, Brazil is likely to produce higher coffee beans at 54.9 million bags in 2017. Flowering stage of coffee trees was already started in September 2016. However other analysts forecasted coffee crop size for 2017 season on lower side.

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

Coffee Balance Sheet Of The World (Thousand 60-kg bags)						
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 (June)
Production	145,122	156,618	157,778	153,255	153,292	155,697
Domestic Consumption	141,665	141,952	142,796	145,987	149,090	150,806
Ending Stock	28,955	25,946	36,006	36,029	32,116	32,116
Exports	118,050	121,527	126,536	123,745	132,495	129,055
Imports	129,055	116,408	117,243	118,212	121,047	120,265
Ending Stock	25,673	25,673	40,909	40,909	40,909	31,499

Source: USDA



Source: USDA

International Coffee Price Trend:-

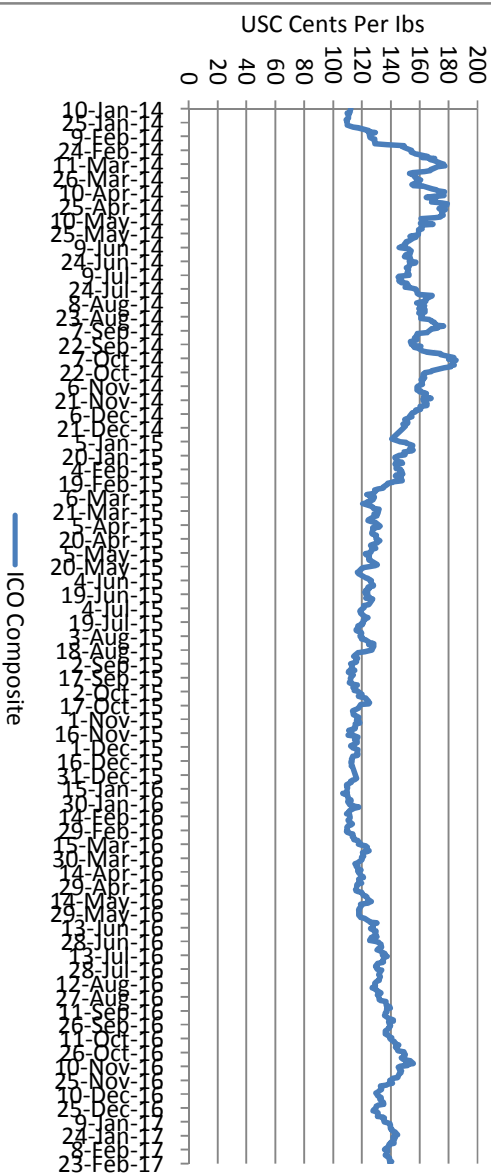
Germany Market – Hamburg and Bremen, France Market – (Le Havre and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	23.02.2017	16.02.2017	23.01.2017	23.02.2016
ICO Composite Indicator	139.29	138.34	144.54	109.97
Colombian Milds				
US	167	164.50	172.50	134
Europe	165.82	163.48	173.06	134.84
Group Indicator	166.46	164.03	172.68	134.39
Other Milds				
US	167.94	166.19	174.16	145.94
Europe	169.66	167.99	176.27	143.16
Group Indicator	168.95	167.25	175.42	144.30
Brazilian Naturals				
US	142	140.50	143.50	106
Europe	150.58	148.26	157.12	126.36
Group Indicator	148.35	146.25	153.58	121.07
Robusta				
US	109.75	110.75	113.33	80.25
Europe	105.44	106.26	109.80	71.54
Group Indicator	106.17	107.02	110.40	73.02

US cents/lb

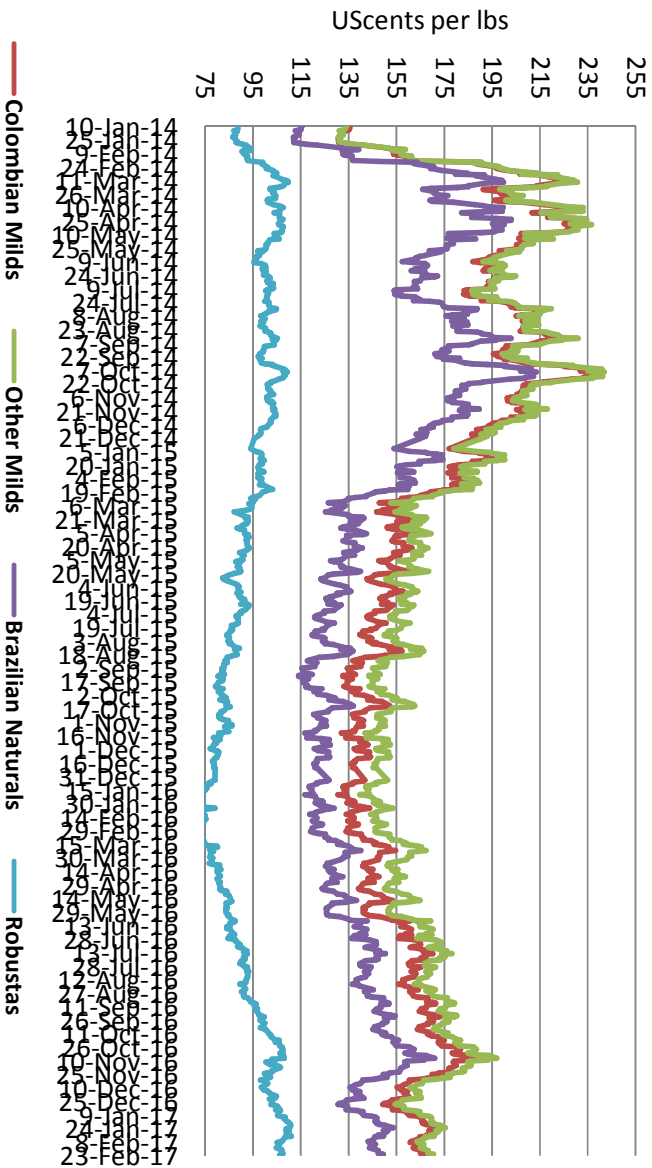
International ICO Indicator & Market Specific Prices (US cents/lb)

ICO Composite



Source: Agriwatch & ICO

International Coffee Group Indicator



Source: Reuters

International Future Market Prices :-

ICE Arabica Coffee Futures Prices



Contract Months	Today(23-Feb-2017)	Week Ago(16-Feb-2017)	Month Ago(23-Jan-2017)	Weekly Change (%)
17-Mar	147.85	146.30	155.40	1.05
17-May	149.95	148.40	157.80	1.04
17-Jul	152.20	150.65	160.10	0.98

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(23-Feb-2017)	Week Ago(16-Feb-2017)	Month Ago(23-Jan-2017)	Weekly Change (%)
17-Mar	2124	2149	2248	-1.16
17-May	2155	2179	2253	-1.10
17-Jul	2177	2188	2260	-0.82

USD/T

International Coffee Prices

	23.02.2017	16.02.2017	23.01.2017	23.02.2016
Vietnam (Robusta Beans Spot) (Dong/Kg)	45900	46250	-	30900
Vietnam FOB (2-5 pct)* (Saigon port)	2091	2088	-	1465
Indonesian FOB (4-80 defects)** (Lampung Port)	2095	-	-	1610

FOB Values are in USD/T*Weekly Auction Prices Of Kenya**

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (21/02/2017)	Average Prices In	Prices This Auction In (14/01/2017)
Arabica AA	201-681	395.03	116-751
Arabica AB	156-515	318.05	98-601
Arabica C	124-310	272.16	60-299
Arabica PB	150-555	306.58	124-450
Arabica T	93-200	161.83	40-169
Arabica TT	155-298	223-87	149-281

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 EMA stood slight upside at 147.10 against 146.10 in the market hints upward momentum in the market.
- Lower volume and higher prices indicates further short covering up phase of the market.
- Relatively, 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 go long for the short period of time.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
129.51	134.96	147.85	156.07	169.52



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.
- However, 14-days EMI is moving lower at 2023 against last week records i.e.2041, indicating further weak 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 short in the short period.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
1972	2033	2124	2200	2287

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