Highlights of the Week

Steady to weak tone featured in Karnataka market on less demand by roasters during this week ended as on 1st June 2015. On the other hand, World crop for season 2015/16 is estimated at 200 million bags than the consumption of 154.4 million bags, is also weighing on international as well as domestic price trend. Indian coffee exports declined as main buyers like European countries are not much active. Now, farmers are growing mainly black pepper in the belt of Arabica plantations because prices of black pepper have risen last year from Rs. 400 per kg to Rs. 700 per kg in this year. Moreover, other crops like oak, areca nut, orange and cardamom are the income source of coffee states planters.

The coffee in India for the season 2014-15 was picked during December-2014 & Feb-2015 and simultaneously exported and consumed internally, since the market price for Arabica fetched a good price most coffee were sold earlier and around 15% of Arabica and Robusta put together would be available with the growers and exporters in stock. The coffee for the season 2015-16 of Arabica and Robusta have flowered during February for Robusta and April-May for Arabica since early rains during Feb-15 and March-15 helped it. The picking for Arabica will start in December-2015 and Robusta during Jan -2016. Traders expects 5 to 6% fall in Indian coffee exports during 2015-16 season.

In the world scenario Brazil the biggest producer of Arabica starts picking from June end onwards towards July. Earlier predictions of low crop production due to drought in 2014-15 was estimated between 34-40 million bags of 60 kgs is presently being estimated between 50-52 million bags, since that report was published by Volcafe. On the other hand, sources Terra Forte, Brazil may harvest total 47.28 million 60-kg bags with the harvest of Robusta i.e. 32.05 and Arabica crop at 15.23 million bags.
The New York market has fallen 25-30 cents reducing prices. Vietnam and Indonesia the biggest producers of Robusta are expecting huge crops this season as picking starts in October-2015. The buyers around the world are sourcing their Robusta and Arabica coffee beans from Brazil now since the real (currency) is weaker against dollar. Indonesian differentials are cheaper than Vietnam, hence their coffees are also sourced by roasters.

According to ICO currently released data, global coffee exports is registered down by 8.9% to 9.43 million bags in April 2015 against 10.35 million bags in last year in the same period of time followed by Robusta coffee exports down by 16.2% to 3.53 million bags and Arabica coffee exports is down by 3.8% to 5.90 million bags. Total global coffee exports for the seven months of the 2014/15 season is placed down by 3.8% at 62.76 million bags against 2013/14. On the other hand, total Arabica exports in the twelve month (Apr-2014-Apr-2015) is declined at 67.31 million bags from 68.92 million bags in preceding year during the corresponding period of time followed by total exports of Robusta i.e. 44.15 million bags against 44.39 million bags.

Exports and Imports of India

As per the Coffee Board of India, provisional Indian green coffee exports is registered down by 14.51% to 114201 metric tonnes from 1st January 2015 to 29th May 2015 as compared to 133589 metric tonnes of previous year exports during the same period of time. India re-exports maximum Instant type of coffee which is recorded down by 57.06 at 8017 metric tonnes in this year during 1st January 2015 to 29th May 2015 from preceding year instant coffee volume i.e. 18673 metric tonnes. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 39.45 % to20284, 23.46% to 6983 metric tonnes respectively against last year exports volume i.e. 33500 metric tonnes, 9124 metric tonnes respectively in the same period of time due to lower demand because Arabica crops in 2014 suffered with diseases as a result the quality of beans are not as good as expected.

Below table shows Indian Coffee exports volume details:-

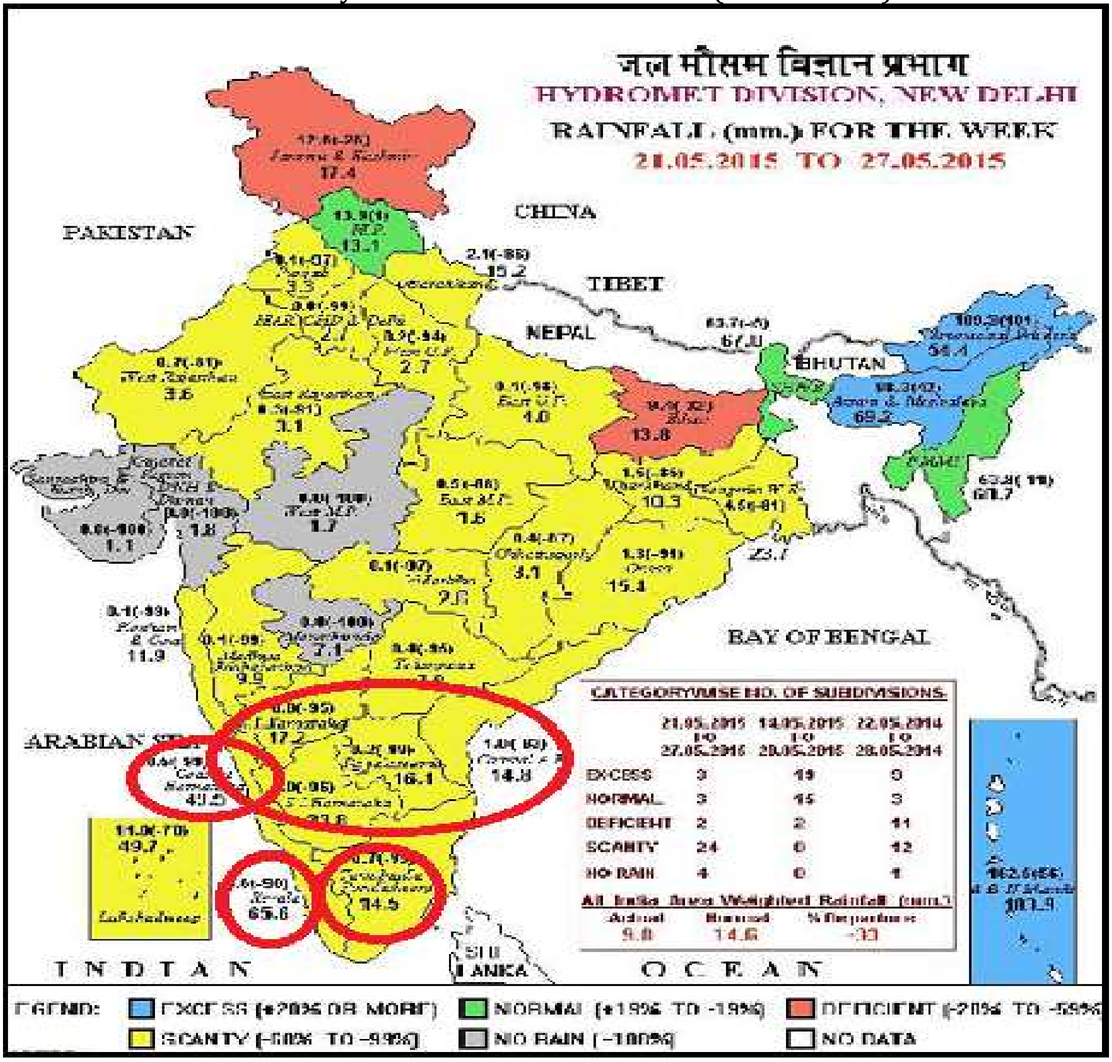
Export update: From 01st January 2015 to 29th May 2015 (in metric tonnes)

	INDIAN COFFEE	**Ar.Pmt**	**Ar.Chy**	**Rob.Pmt**	**Rob.Chy**	**Roasted seeds**	**R & G**	**Instant**	**Total**
1	Provisional exports (Indian coffee)	20284	6983	16959	61815	12	131	8017	114201
2	Provisional exports corresponding period last year	33500	9124	11370	60763	36	123	18673	133589
3	Provisional re-exports	0	0	0	0	48	84	32844	32976
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	21406	21406
5	Total provisional exports (1+3)	**20284**	**6983**	**16959**	**61815**	**60**	**215**	**40861**	**147177**
6	Total provisional exports corresponding period last year (2+4)	**33500**	**9124**	**11370**	**60763**	**36**	**123**	**40079**	**154995**

Source: The Coffee Board of India

Weather Updates

Below table shows weekly rainfall scenario of India:- (Source-IMD) :-



- Heat wave to severe heat wave conditions prevailed at many places of Coffee growing belts like Interior Odisha on 23, 24, 26; Coastal Andhra Pradesh on 24 & 26; at a few places over Odisha on 22 & 25; Coastal Andhra Pradesh on 23, 25 & 27 which may damage already ready fruits of standing coffee crops and raise the concern of diseases.

- During the week, Southwest monsoon has further advanced into remaining parts of Andaman Sea, some more parts of southeast Bay of Bengal and some parts of southwest & east central Bay of Bengal on 21 May.

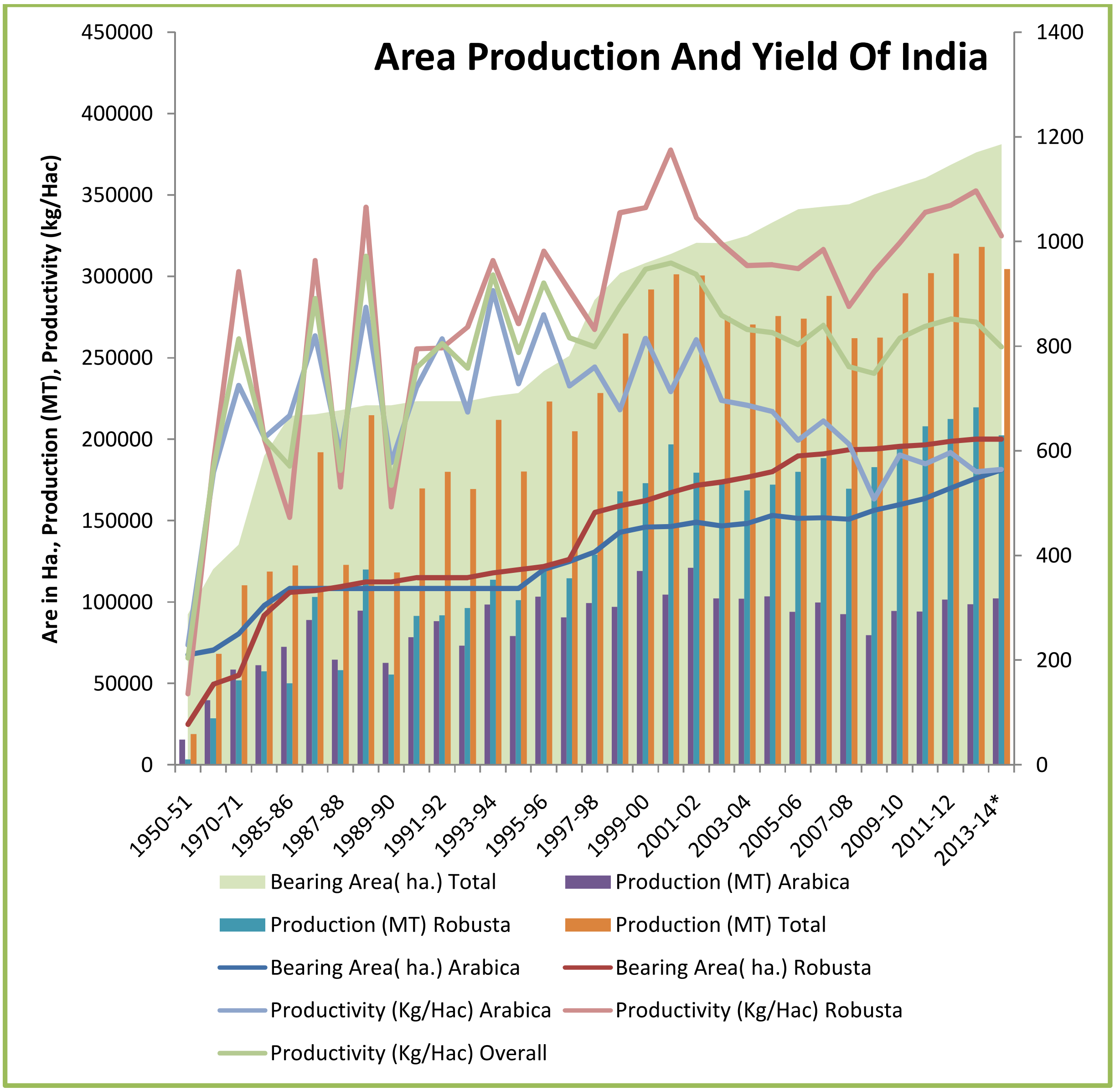
- Rainfall was excess/normal in 6, deficient/scanty in 26 and no rain in 4 out of 36 meteorological sub-divisions.

Actual Rainfall:-(9.8 mm)	Normal:- (14.6 mm)	Departure:- (-33)

Domestic Crops Condition and Production

As per the Coffee Board Of India, coffee area in India is significantly higher side in 2013/14 against last 65 years records mainly supported by Arabica bearing area which stood up by 2.83% to 181129 ha. against 176131 ha. in 2012/13 on the back of rising coffee demand. In India, farmers cover higher Robusta coffee area on the back of good demand and low cultivation cost rather than Arabica crop.

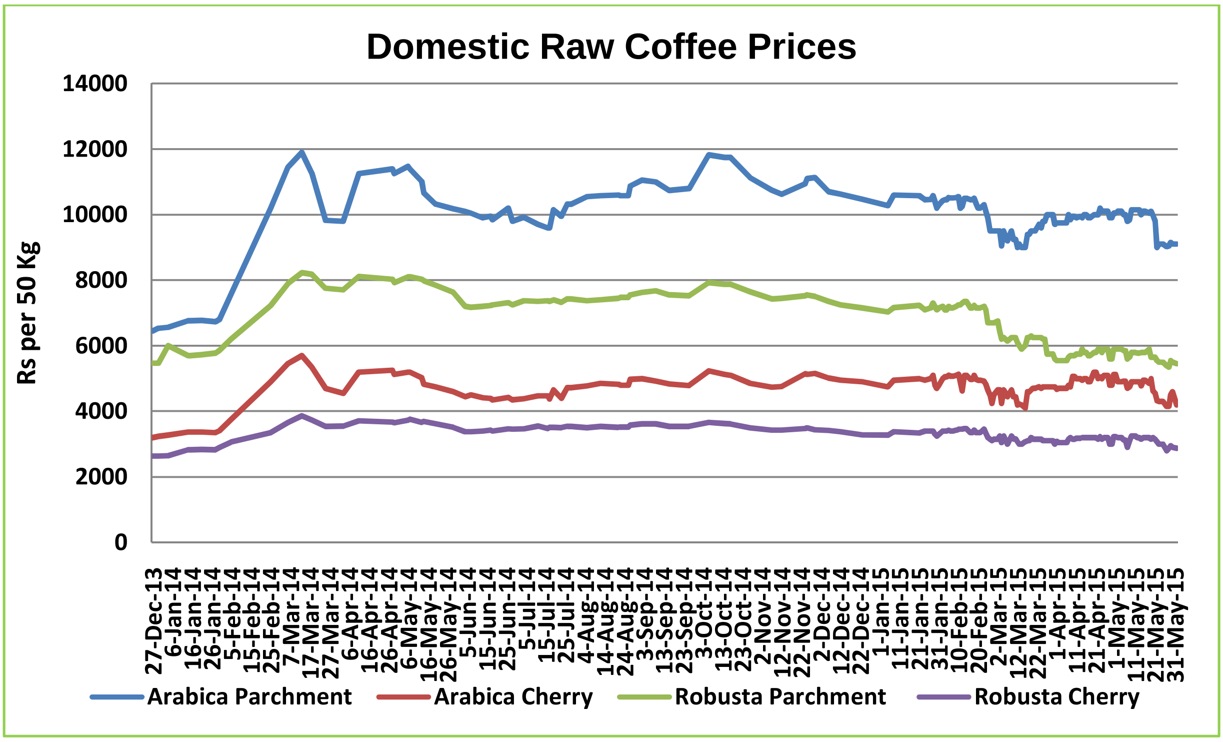
Below table shows updated Planted Area of Coffee in India:-



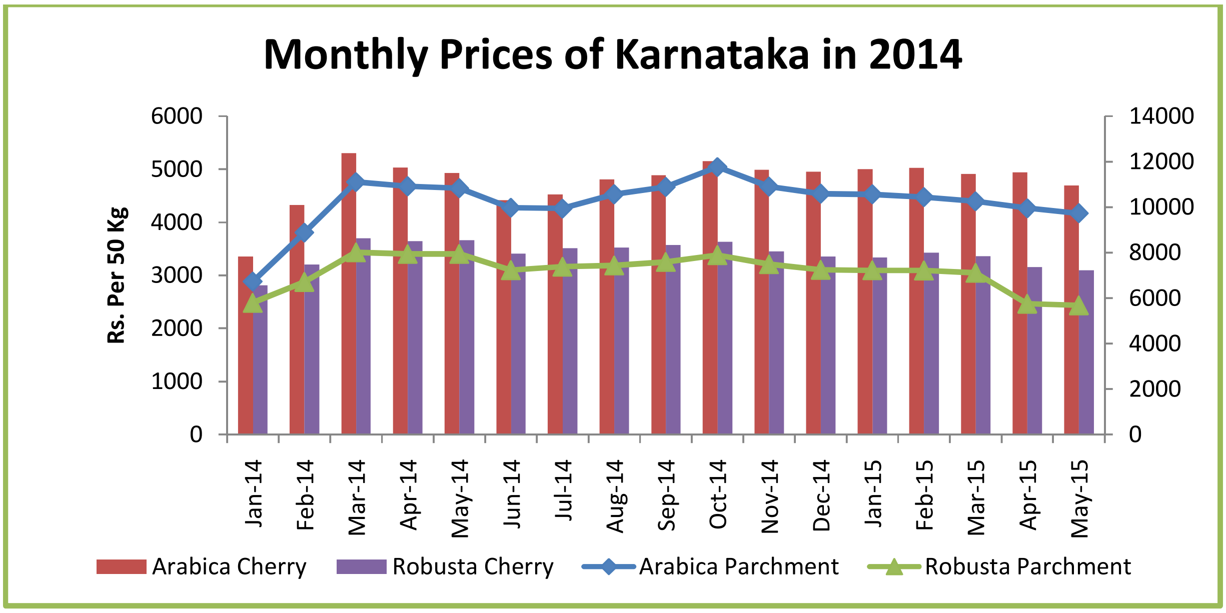
Source: The Coffee Board Of India

Coffee Prices of Auction Market & State-wise Market

Below mentioned charts depicts domestic raw coffee prices and monthly prices in 2014/15:-



Source: Agriwatch



Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):

Variety	01.6.2015	25.5.2015	Change
Arabica Parchment	9100	9100	Unch
Arabica Cherry	4200	4300	-100
Robusta Parchment	5450	5500	-50
Robusta Cherry	2875	3000	-125

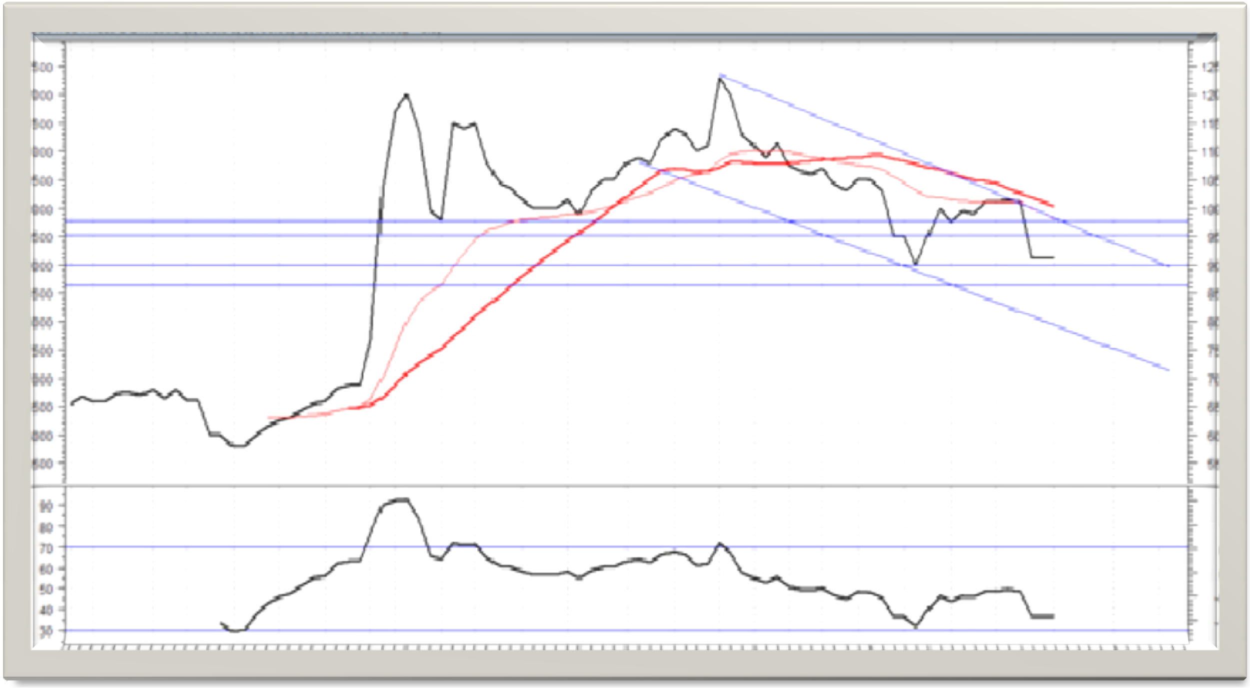
*** Values in Rs per 50 Kg**

ICTA Auction Prices (Bangalore)(New Season(2014-2015) Crop

Grade	28.5.2015 Arabica Plantation	21.5.2015 Arabica Plantation	Change	28.5.2015 Arabica Cherry	21.5.2015 Arabica Cherry	Change
MNEB	283	289	-6	--	--	-
AA	--	288	-	--	--	-
PB	241.5	248.5	-7	190	--	-
A	--	285	-	--	--	-
AB	--	--	-	176	--	-
B	196	211	-15	--	--	-
C	--	193	-	--	--	-
BBB	152	157	-5	125.26	--	-
Grade	**Robusta Parchment**	**Robusta Parchment**		**Robusta Cherry**	**Robusta Cherry**	
RKR	--	--	-	--	--	-
A	--	--	-	--	--	-
PB	140	--	-	114	122	-8
AA	--	--	-	--	--	-
AB	--	--	-	116.5	123	-6.5
B	--	--	-	--	--	-
C	--	--	-	110	120	-10

Values in Rs. per kg

Technical Analysis of Domestic Arabica Parchment Coffee at Karnataka Market



Weekly Technical Outlook:-

- Technical chart depict steady momentum in the market.
- RSI is moving in neutral region at 36.55 in this week against 36.55 hints further sideways to bearish trend of the market.
- Relatively, simple moving average supports towards falling zone of the market in week ahead.
- We may see further falling trend of the market in upcoming days.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound to Bearish Momentum	**8990-9490**

Units in Rs./50 kg.

Expected Support and Resistance

S2	S1	PCP	R1	R2
8628.82	8981.41	9100	9510.36	9765.02

Units in Rs./50 kg.

International Market Updates:

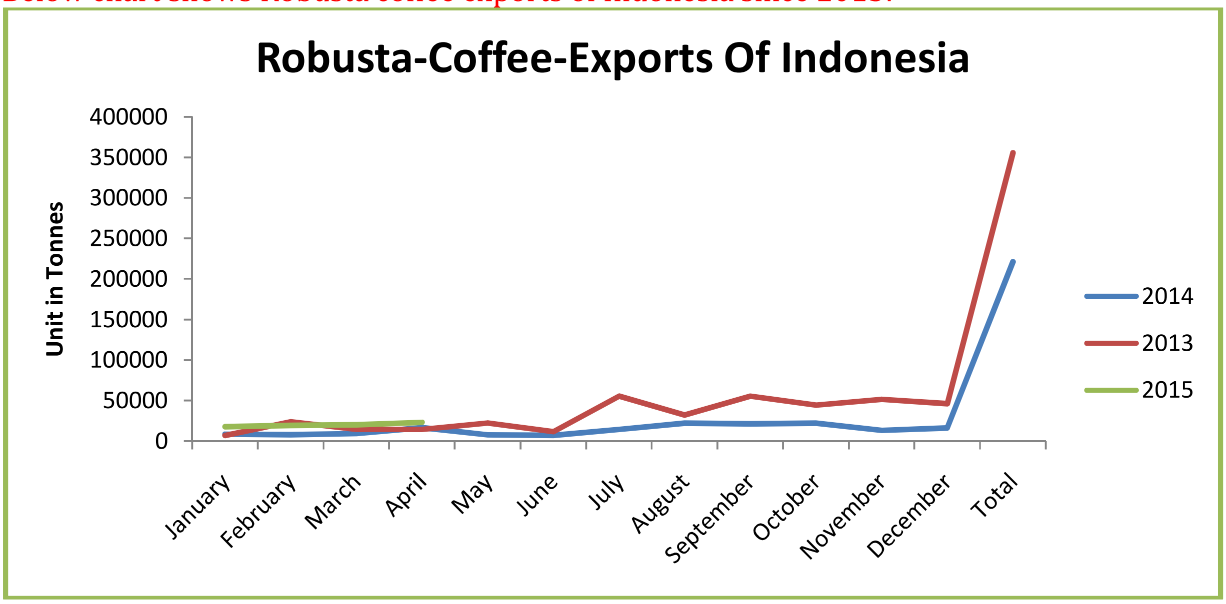
Weekly Future Review:- ICE Arabica coffee future prices of July contract surged by 1% to 125.15 USC cents per Ib from 129.8 USC cents per Ib on rising demand. Speculators increased their net short position of ICE coffee by 14725 contracts to 21,626 in this week as on 26th May 2015. CME reduces Nymex coffee (KT) initial margins for speculators by 15% to $ 4675 per contract from $ 5500. As per recent report of RTRS, ICE certified stocks declined by 16978 to 1186277 bags as of May 29,2015 against 2139361 bags.

Vietnam:- Mostly coffee producers in Vietnam are growing Pepper in the coffee area due to eight time higher spice prices than coffee prices. Pepper prices in Vietnam went up 16% to 184,000 dong ($ 8.45) per kilograms since the start of 2014 . Pepper cultivation in Daklak, the country's largest coffee-growing province, has doubled to 16,000 hectares (39,500 acres) since 2012 as per sources.

As per recent released data U.S. attaché, Vietnam's overall coffee output is expected to increase by 1.8% to 28.67 million bags in the next 2015/2016 crop year from the last season record however lower the record 29.83 million bags in the 2013/2014 season.

Indonesia:- As per government trader data, Robusta coffee bean exports in Sumatra, one the main growing area of Indonesia went up by 14.69 % to 22992.64 tonnes in April 2015 against 20046 tonnes in April 2014 on good demand. On ther hand, Indonesia coffee production is likely to decline around 50,000 tonnes this year due to an EL Nino weather pattern that may cause to dry spells across key growing areas.

Below chart shows Robusta coffee exports of Indonesia since 2013:-

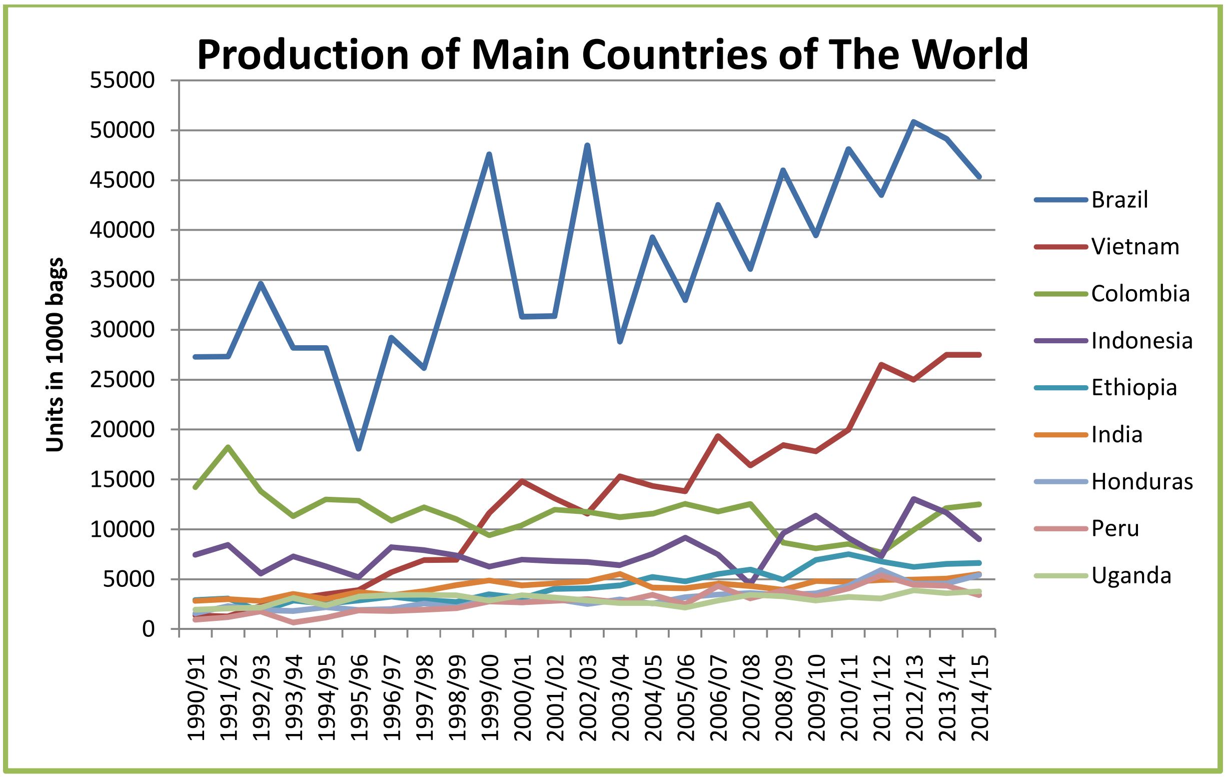


Source: Reuters

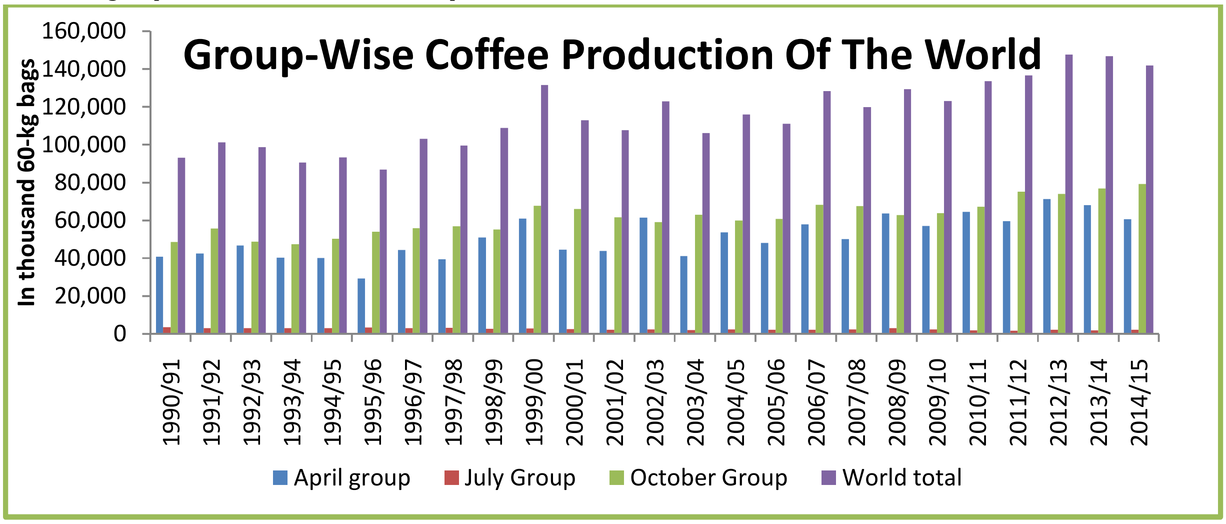
Global Production Of The Coffee

As per ICO, world coffee production is estimated down by 3.33% to 141 million bags for 2014/15 followed by Brazil coffee production which stood down by 7.75% to 45.34 million bags against 49.15 million bags in 2013/14 due to severe drought condition. Relatively coffee production of Indonesia is also estimated down by 22.85% to .90 million bags in 2014/15 from 11.66 million bags in 2013/14. While, total coffee production of Peru is placed down by 21.62% to 0.34 million bags against .43 million bags.

Below are the **coffee** output estimates:(Source: ICO)



Below are group-wise estimates of coffee output:-



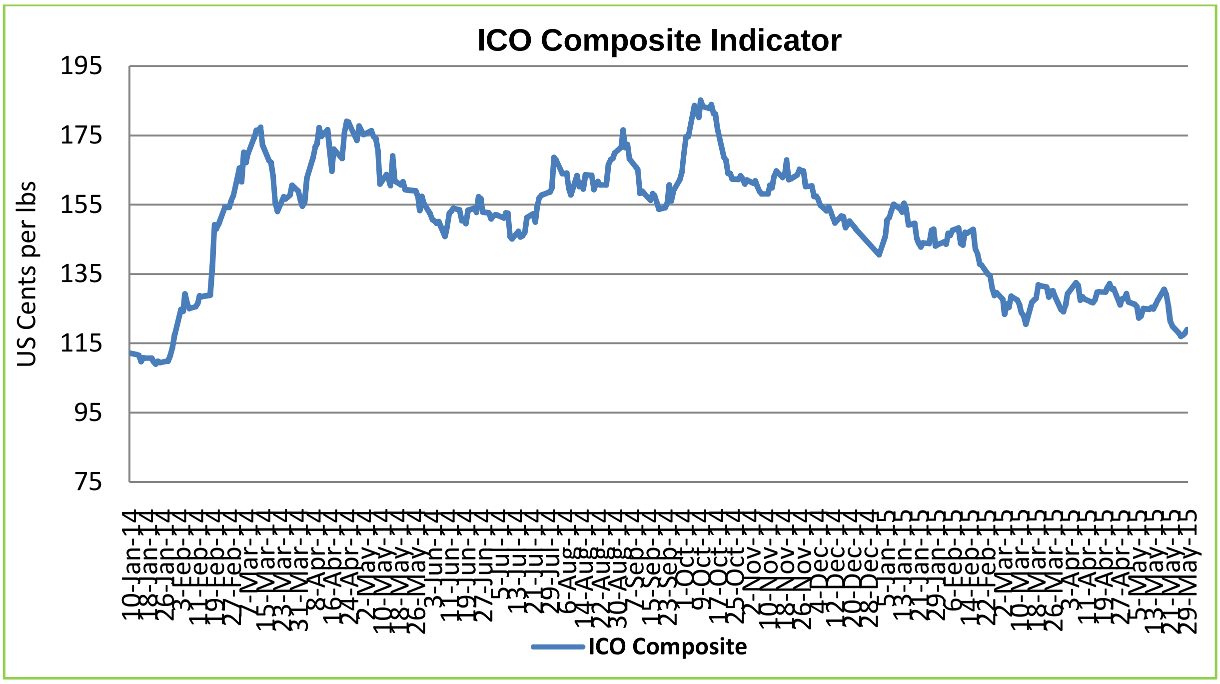
Source:ICO

International Coffee Price Trend

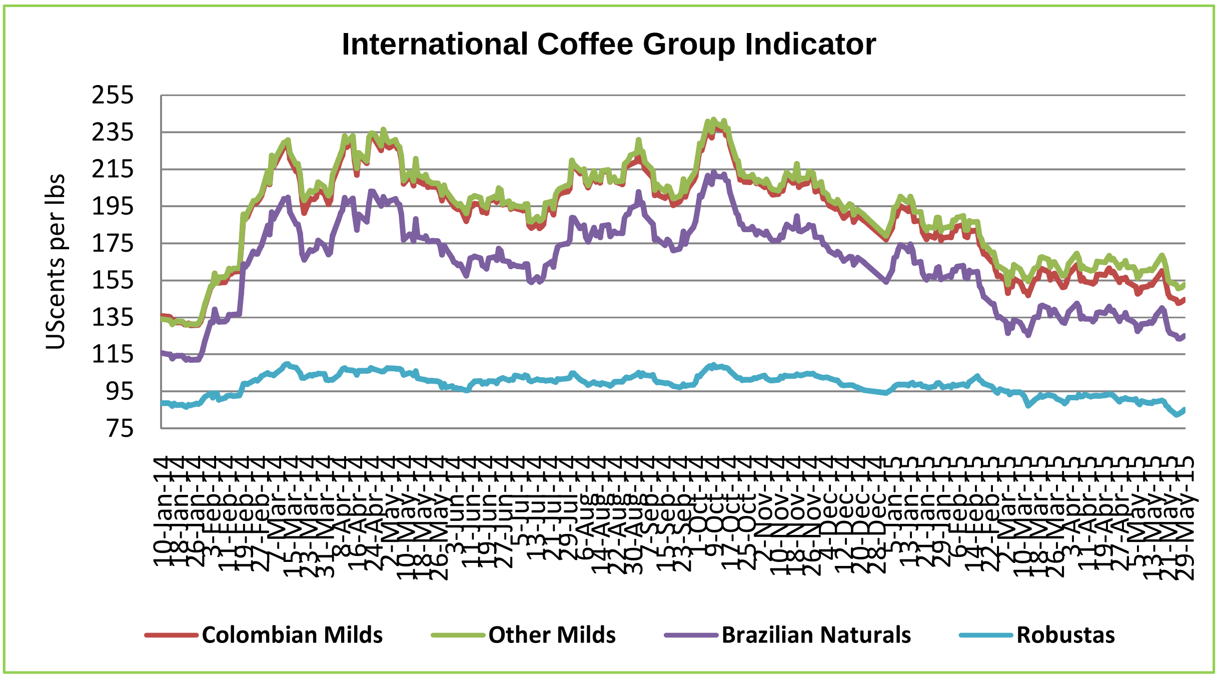
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	**29.5.2015**	**21.5.2015**	**29.4.2015**	**29.5.2014**
ICO Composite Indicator	118.94	121.35	127.88	157.33
Colombian Milds				
US	144.4	147.78	154.00	205.75
Europe	--	--	157.53	200.9
Group Indicator	--	--	155.63	203.52
Other Milds				
US	152.53	155.33	164.94	208.25
Europe	--	--	163.06	205.19
Group Indicator	--	--	163.78	206.35
Brazilian Naturals				
US	124.97	128.12	130.00	163
Europe	--	--	137.07	177.44
Group Indicator	--	--	135.23	173.69
Robusta				
US	85	86.34	97.83	103.83
Europe	--	--	89.31	98.1
Group Indicator	--	--	90.67	99.02

Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values in US cents/lb

International Coffee Indicators Chart:-



Source: ICO



Source: ICO

International- Future Market Prices:-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(30-May-2015)	Week ago (22-May-15)	Month Ago (30-Apr-15)	Weekly Change (%)
15-Jul	126.15	126.95	137.45	-0.63
15-Sep	128.6	129.8	140.15	-0.92
15-Dec	132.3	133.65	144.05	-1.01

USC/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(30-May-2015)	Week ago (22-May-15)	Month Ago (30-Apr-15)	Weekly Change (%)
15-May	1584	1589	1752	-0.31
15-Jul	1632	1626	1792	0.37
15-Sep	1653	1651	1818	0.12

USD/T

International Coffee Prices

	29.5.2015	21.5.2015	29.4.2015	29.5.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	34950	37100	20300	39500
Vietnam FOB (2-5 pct)* (Saigon port)	1715	1843	2030	1972
Indonesian FOB (4-80 defects)** (Lampung Port)	1825	1865	2030	2030

*FOB Values are in USD/T

Weekly Auction Prices Of Kenya

Units in $ per 50 kg bags

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (12/05/2015)	Average Prices In	Prices Last Auction In (05/05/2015)
Arabica AA	143-266	230.91	86-313
Arabica AB	133-233	200.05	78-250
Arabica C	97-195	160.73	57-221
Arabica PB	110-222	182.57	86-225
Arabica T	49-148	101.62	22-154
Arabica TT	85-206	175.77	20-215

Technical Analysis of Coffee Future (Dec'14Contract) at ICE Future

Weekly Technical Outlook:-

- Candlestick chart depicts a slight decline in the market.
- Falling 14 days EMI hints further down trend of the market.
- Falling volume and prices indicate bearish phase of the market.
- RSI is quoted down at 36.24 compared to last week movement at 36.58 indicating towards a downtrend in the next week.
- We expects remain steady to weak momentum in upcoming days.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound to Bearish Momentum	**120-135**

US cents/Ib

Expected Support and Resistance

S2	S1	PCP	R1	R2
111.66	118.89	126.15	138.75	145.07

US cents/Ib

Technical Analysis of Coffee Future (Nov'14Contract) at LIFFE

Weekly Technical Outlook:-

- Candlestick chart illustrates weak tone in the market.
- Relatively, 14-days EMI is moving down at 1748 from 1767 of last week indicating further a fall in the market.
- RSI is also down at 30.38 close to break the neutral region against 30.62 of last week hints further falling trend of the market in upcoming week.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound to Bearish Momentum	1500-1735

USD/T

Expected Support and Resistance

S2	S1	PCP	R1	R2
1611	1652	1701	1791	1838

USD/T