

### Highlights of the Week

**Coffee finished firm in Karnataka physical market due to rising local traders' demand during this** week ended as on 19th June 2015. Current arrival of Monsoon is likely to benefit the flowering stage of Arabica coffee trees now. In long run, higher crop estimates for 2015/16 will keep pressure on the coffee prices.

**As per DGCIS latest report, India received total coffee exports revenue around Rs. 567.91** crore which is in USD 89.01 million in May 2015 higher by 18.56% in Rs. and 10.20% in USD respectively against Rs. 479.00 crore and USD 80.77 million respectively in previous year during the same month. It stood at Rs. 1054.57 crore and the value in USD at 166.56 million since April-2014 to May 2015 up by 7.72 in Rs. and 1.80 when the value is counting in USD against the last year revenue i.e. Rs.978.99 crore and in USD 163.61 million in corresponding period of time.

**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 expect 5 to 6% fall in Indian coffee exports during 2015-16 season.

**According to USDA recent released data, India may produce total 5.2 million 60 kg bags in** marketing year (2015/16) which is higher than the 2014/15 production estimate due to higher Arabica and Robusta crop production in expectation of favorable blossom showers in 2015/16. Arabica production is likely to bear slightly higher fruits against previous year because aging plantation continues to be replaced and replanted. Total sharing of India in coffee production and exports of the world is about 4%. The Arabica plants are self-pollinating and are typically grown at higher elevation under rain-fed conditions.

**The members of Cooxupe, the largest coffee cooperative in Brazil have picked total 7.8% of** new Arabica crop and is further expected to harvest with a good pace in upcoming week. As per latest crop forecast of Conab, one of the government crop supply agency, Brazil may harvest total coffee at 44.28 million 60 kg bags in 2015/16 season which is lower than 45.34 million bags in 2014/15 followed by 32.91 million bags of Arabica crop i.e. higher than 32.31 million bags of 2014. This rise is attributed predominantly to a significant increase of 34% in the coastal region of Zona da Mata due to better precipitation, and more modest growth in Paraná which had been affected by low temperatures the previous year. On the Other hand, Robusta crop size is forecasted at 11.34 million bags, marginally lower than 13 million bags of 2014 harvesting crop size.

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.

### Exports and Imports of India

As per the Coffee Board of India, provisional Indian green coffee exports is registered significantly down by 10.64% to 130100 metric tons from 1st January 2015 to 17th June 2015 as compared to 145597 metric tons of previous year exports during the same period of time. India re-exports maximum Instant type of coffee which is recorded down by 45.09 at 11000 metric tons in this year during 1st January 2015 to 17th June 2015 from preceding year instant coffee volume i.e. 20035 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 38.16 % to 22521, 20.49% to 7755 metric tons respectively against last year exports volume i.e. 36421 metric tons, 9754 metric tons respectively in the same period of time due to lower demand as Arabica crops in 2014 suffered with diseases.

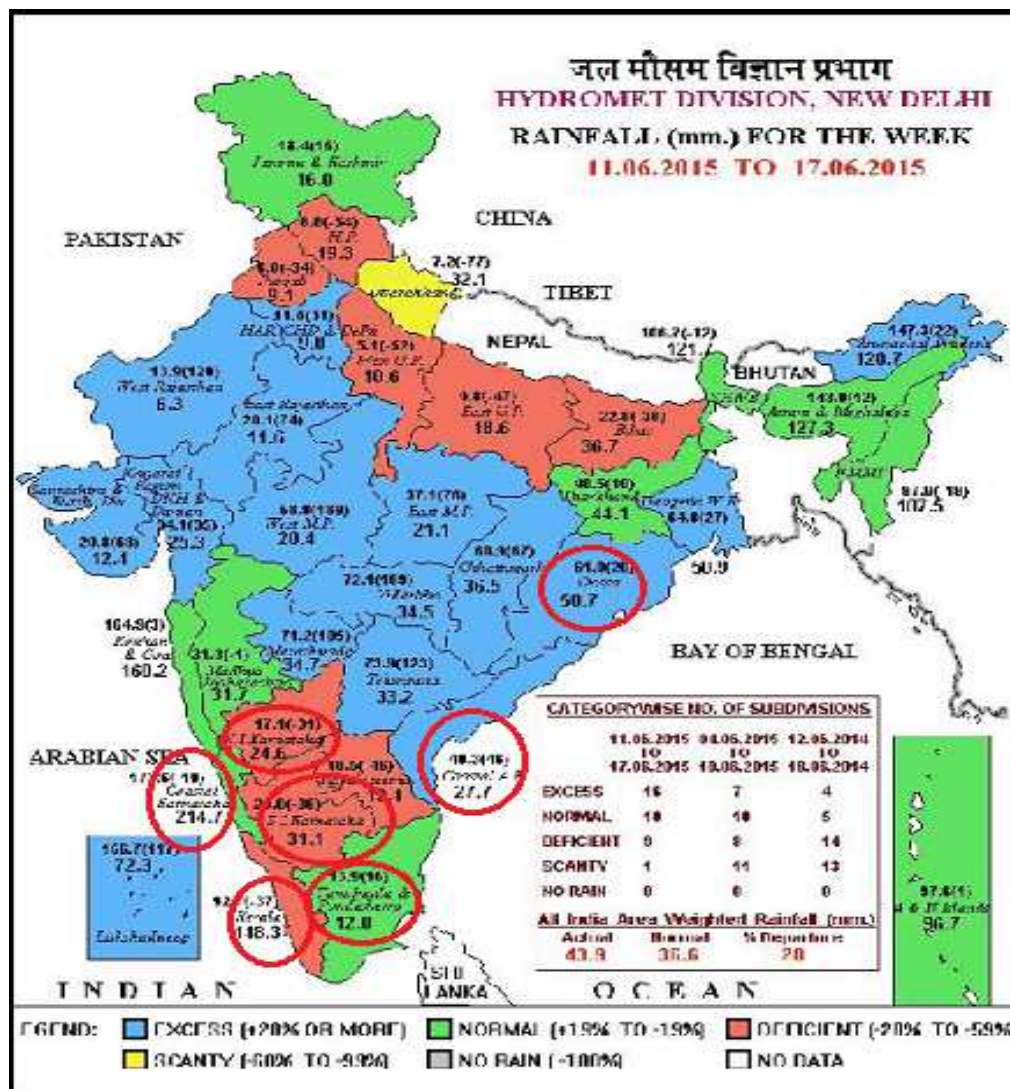
Below table shows Indian Coffee exports volume details:-

<b>Export update: From 01<sup>st</sup> January 2015 to 17th June 2015 (in metric tonnes)</b>									
<b>S. No.</b>	<b>INDIAN COFFEE</b>	<b>Ar. Pmt</b>	<b>Ar. Chy</b>	<b>Rob. Pmt</b>	<b>Rob. Chy</b>	<b>Roasted seeds</b>	<b>R &amp; G</b>	<b>Instant</b>	<b>Total</b>
1	Provisional exports (Indian coffee)	22521	7755	19595	69071	15	143	11000	130100
2	Provisional exports corresponding period last year	36421	9754	12906	66314	36	130	20035	145597
3	Provisional re-exports	0	0	0	0	119	96	34318	34532
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	26226	26226
5	Total provisional exports (1+3)	<b>22521</b>	<b>7755</b>	<b>19595</b>	<b>69071</b>	<b>134</b>	<b>239</b>	<b>45317</b>	<b>164632</b>
6	Total provisional exports corresponding period last year (2+4)	<b>36421</b>	<b>9754</b>	<b>12906</b>	<b>66314</b>	<b>36</b>	<b>130</b>	<b>46260</b>	<b>171823</b>

Source: The Coffee Board of India

### Weather Updates

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

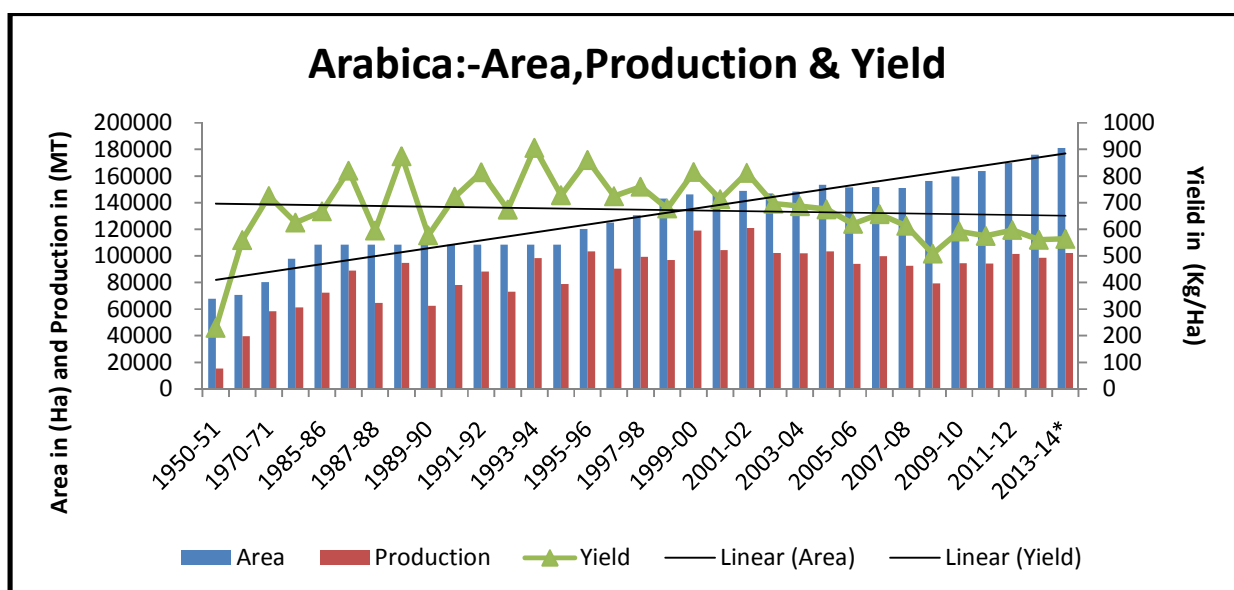


- The Southwest Monsoon was vigorous over Coastal Karnataka on 12th; over Arunachal Pradesh, Assam & Meghalaya, Vidarbha and Telangana on 13th; over Odisha, Coastal Andhra Pradesh and Kerala on 14th; over Arunachal Pradesh, Gangetic West Bengal, Odisha on 15th June 2015.
- Rainfall was excess/normal in 24 and deficient/scanty in 12 out of 36 meteorological subdivisions. (All India Actual: 80.7 mm, Normal: 72.8 mm and Departure: +11).
- The offshore trough lies at mean sea level from south Gujarat to north Kerala coast. The low pressure area lies over west central Bay of Bengal off south Odisha-north Andhra Pradesh coast. Associated upper air cyclonic circulation tilting southwestwards with height extends up to 7.6 km above mean sea level.

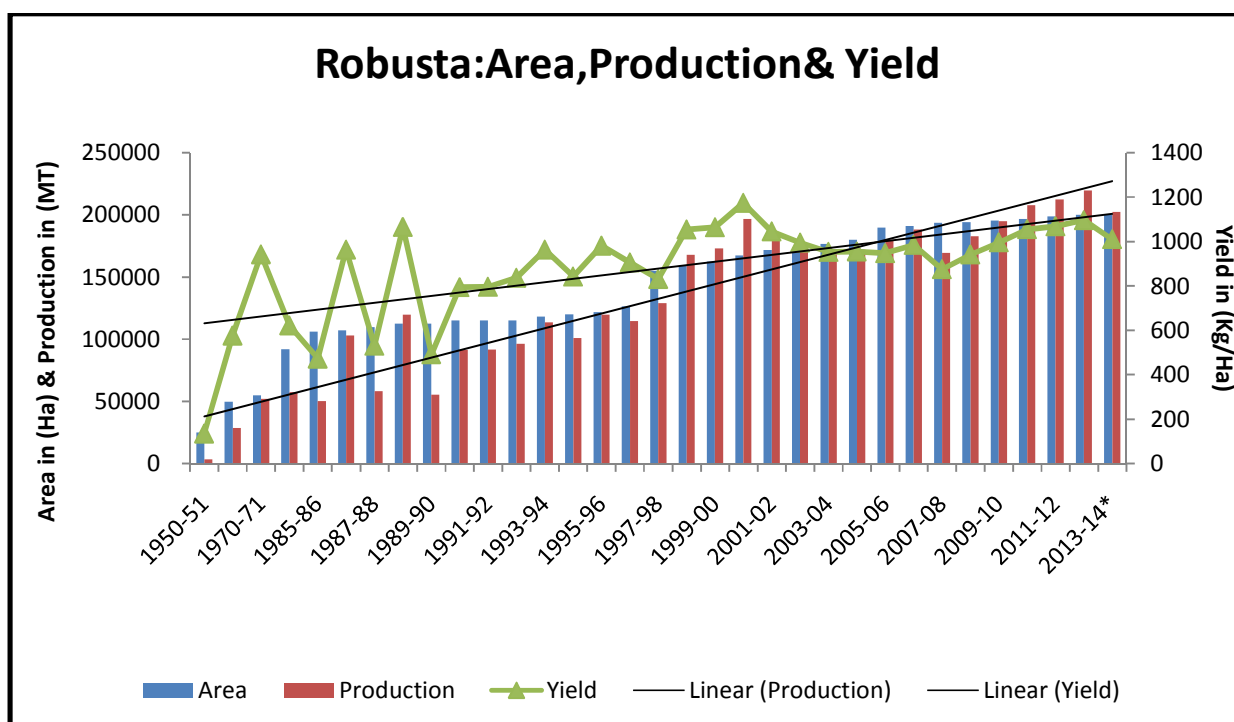
### Domestic Crops Condition and Production

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 show Post blossom estimates of the Coffee Of Board Of India:-



Source: The Coffee Board Of India

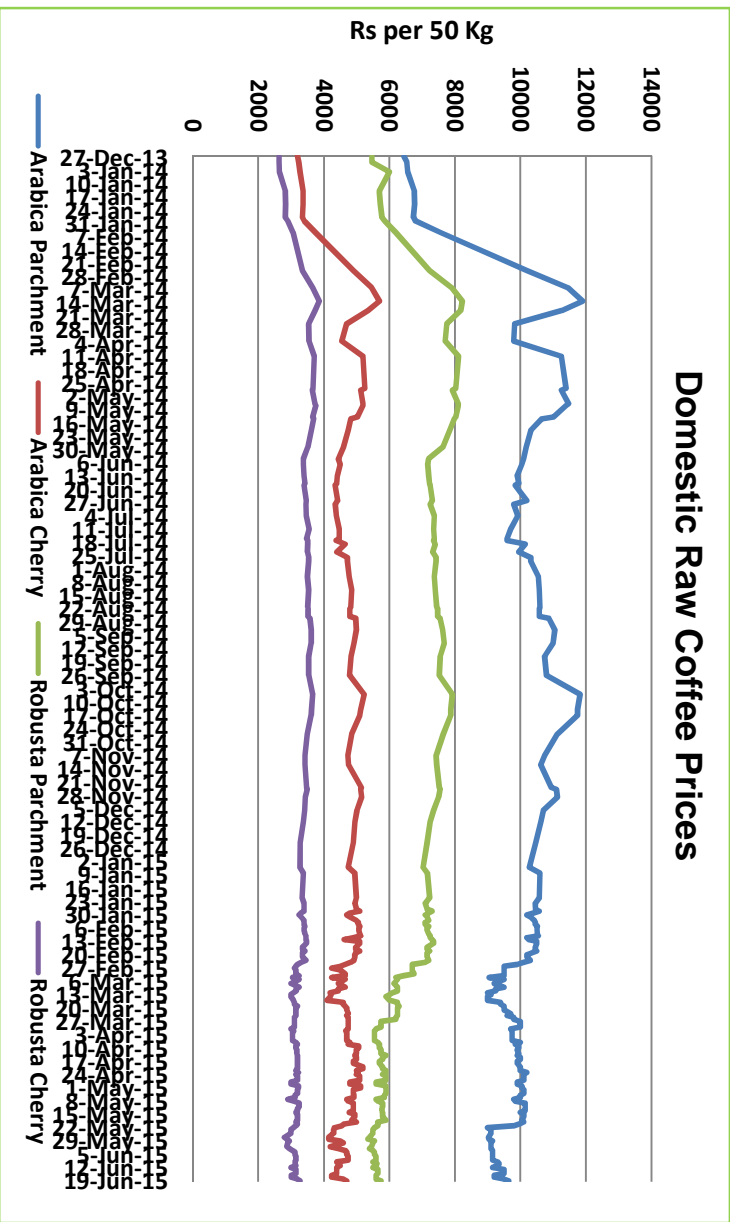


Source: The Coffee Board Of India

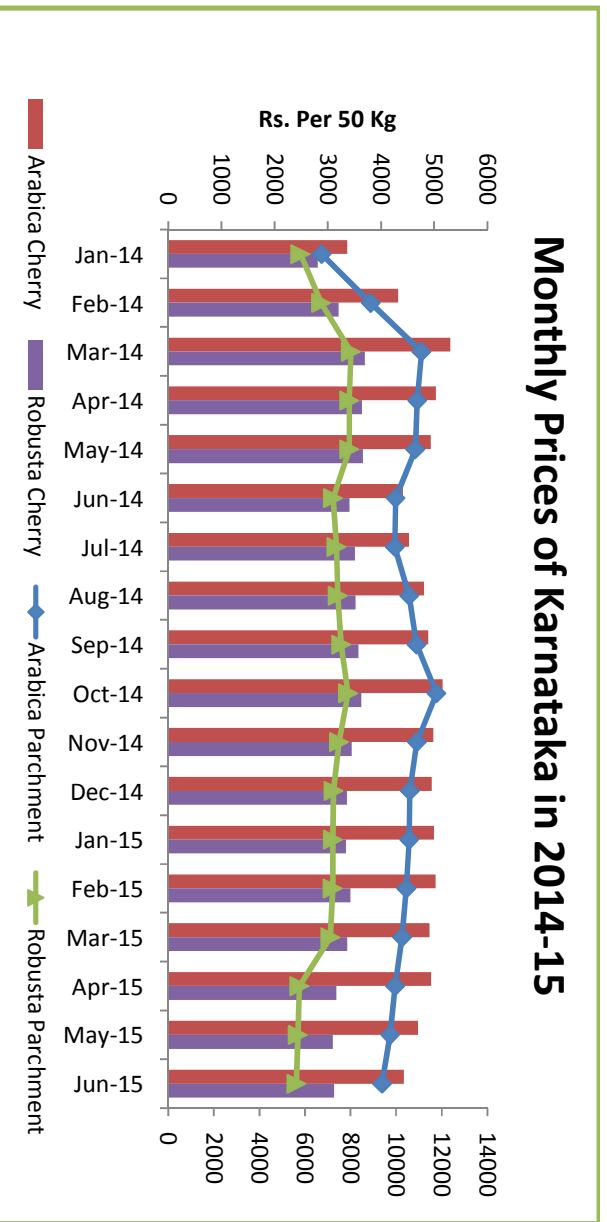


## Coffee Prices of Auction Market & State-wise Market

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



Source: Agriwatch



Source: Agriwatch

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

Variety	19.6.2015	12.6.2015	Change
Arabica Parchment	9650	9150	500
Arabica Cherry	4700	4400	300
Robusta Parchment	5750	5500	250
Robusta Cherry	3275	3000	275

\* Values in Rs per 50 Kg

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

Grade	11.6.2015	4.6.2015	Change	11.6.2015	4.6.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	288	--	--	--	--
AA	--	--	--	222	--	--
PB	237.50	245	-7.50	188.50	--	--
A	--	--	--	220	--	--
AB	--	--	--	--	--	--
B	--	202	--	--	--	--
C	176.50	175	1.50	--	--	--
BBB	145.00	--	--	119.50	--	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	147.00	--	--	--	--	--
A	--	--	--	--	--	--
PB	--	138.50	--	121	121	Unch
AA	148	--	--	--	--	--
AB	142	141	1.00	123	122	1.00
B	--	--	--	--	--	--
C	129	--	--	120	117	3.00
BBB	129.00	144.00	-15.00	114.00	113.00	1.00

Values in Rs. per kg

**Technical Analysis of Domestic Arabica Parchment Coffee at Karnataka Market**



**Weekly Technical Outlook:-**

- Technical chart depicts continued uptrend in the market on buyers interest.
- RSI is moving up in neutral region same at 46.03 in this week hints further upside momentum in next week.
- However, simple moving average supports towards falling zone of the market.
- Fibonacci retracement on down wave shows first resistance level at 9765.02 @ 38.2% in upcoming days.
- We may see further bullish trend in the market in upcoming days.

**Expected Price Range During Coming Week**

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	9495-9760

Units in Rs./50 kg.

**Expected Support and Resistance**

S2	S1	PCP	R1	R2
9020.62	9494.87	9650	9765.02	9765.02

Units in Rs./50 kg.

**International Market Updates:**

**Weekly Future Review:-** ICE Arabica coffee future prices of July contract remain down by 4.30% to 127.70 USC cents per lb from 133.45 USC cents per lb on lackluster demand. Weakness in Brazilian real currency against US dollar can spur producer and speculative selling in upcoming days. As per recent report, ICE Certified Arabica coffee stocks held in ICE-nominated warehouses increased by 1525 bags to 2128740 bags as on June 18,2015.

Below charts shows ICE Certified Arabica coffee stocks details of the World:-

COUNTRIES	ANTWERP	BARCELONA	HAMBURG/BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Brazil	1007	0	1920	1960	0	0	13960	18847
Burundi	73923	0	70020	0	0	0	1594	145537
Colombia	25414	0	41860	13132	34170	275	221946	336797
Coasta Rica	300	0	0	0	0	0	0	300
El Salvador	8307	0	775	0	0	0	12890	21972
Guatemala	17569	0	450	25	0	0	6273	24317
Honduras	398150	250	28900	29269	22734	3000	87582	569635
India	34168	0	2563	0	0	0	0	36731
Mexico	228055	0	5411	36282	0	250	95116	365114
Nicaragua	100398	0	0	0	0	0	2325	102723
Peru	206877	0	59292	7193	0	25	86015	359402
Rwanda	64389	0	17596	0	0	0	296	82281
Tanzania	1210	0	1437	0	0	0	578	3225
Uganda	27390	295	33324	0	0	0	850	61859
Total in Bags	1187157	545	263548	87861	56904	3550	529425	2128740

Source: Reuters

**Honduras:-** As per USDA, coffee production of Honduras is expected at 5.9 million 60 kg bags for 2015/16 in marketing year. The country produces 61% of its coffee in the mountains between 3900 and 5200 feet above sea level, 23% in areas from 2900 to 3900 feet above sea level and 16% in areas 1600 to 2900 feet above sea level.

**Tanzania:-** As per the Central Bank of Tanzania, total coffee exports declined by 15.8% to 4500 tonnes in April 2015 as crop damaged by poor weather condition.

**El Salvador:-** As per the National Coffee Council CSC El Salvador exported total 89,432 60 kg bags of coffee bean with an increase of 10.8% in May 2015 against 80687 60 kg bags in previous year May month on account of a recovery at coffee plantations hit by the tree-killing fungus roya.

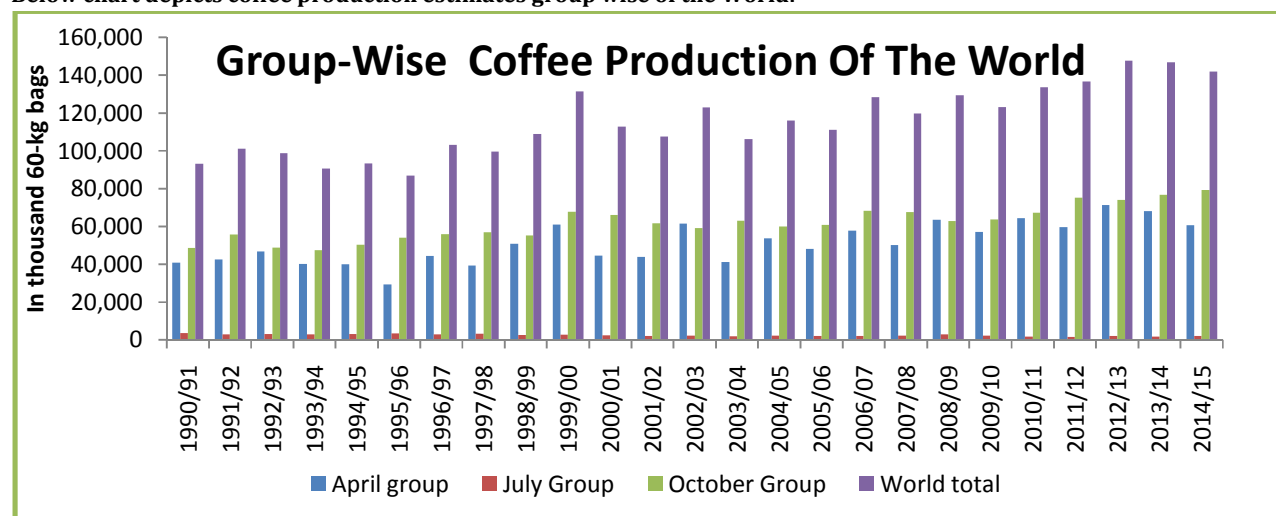
### Global Production Of The Coffee

Below table shows Coffee Production final estimates of ICO:-

Coffee Production Details Of The World								
		Crop year	2009	2010	2011	2012	2013	2014
<b>WORLD TOTAL</b>	-	-	<b>123042</b>	<b>133651</b>	<b>136583</b>	<b>147562</b>	<b>146745</b>	<b>141850</b>
Brazil	(A/R)	Apr/Mar	39470	48095	43484	50826	49152	45342
Vietnam	(R/A)	Oct/Sep	17825	20000	26500	25000	27500	27500
Colombia	(A)	Oct/Sep	8098	8523	7652	9927	12124	12500
Indonesia	(R/A)	Apr/Mar	11380	9129	7288	13048	11667	9000
Ethiopia	(A)	Oct/Sep	6931	7500	6798	6233	6527	6625
India	(R/A)	Oct/Sep	4806	4728	4921	4977	5075	5517
Honduras	(A)	Oct/Sep	3603	4331	5903	4537	4568	5400
Mexico	(A)	Oct/Sep	4109	4001	4563	4327	3916	3900
Uganda	(R/A)	Oct/Sep	2860	3223	3075	3878	3602	3800
Guatemala	(A/R)	Oct/Sep	3835	3950	3840	3743	3159	3500
Peru	(A)	Apr/Mar	3286	4069	5373	4453	4338	3400
Côte d'Ivoire	(R)	Oct/Sep	1795	982	1966	2072	1973	2175
Nicaragua	(A)	Oct/Sep	1871	1634	2193	1890	2017	2000
Costa Rica	(A)	Oct/Sep	1304	1392	1462	1571	1444	1508
Tanzania	(A/R)	Jul/Jun	675	846	544	1109	809	1030
Kenya	(A)	Oct/Sep	630	641	757	875	838	850
Papua New Guinea	(A/R)	Apr/Mar	1038	870	1414	717	828	850
El Salvador	(A)	Oct/Sep	1065	1814	1152	1235	537	680
Venezuela	(A)	Oct/Sep	1214	1202	902	952	805	660
Ecuador	(A/R)	Apr/Mar	813	854	825	828	666	650
Madagascar	(R)	Apr/Mar	457	530	602	537	645	530

Source: ICO (Final Estimate)

Below chart depicts coffee production estimates group wise of the World:



Source: ICO

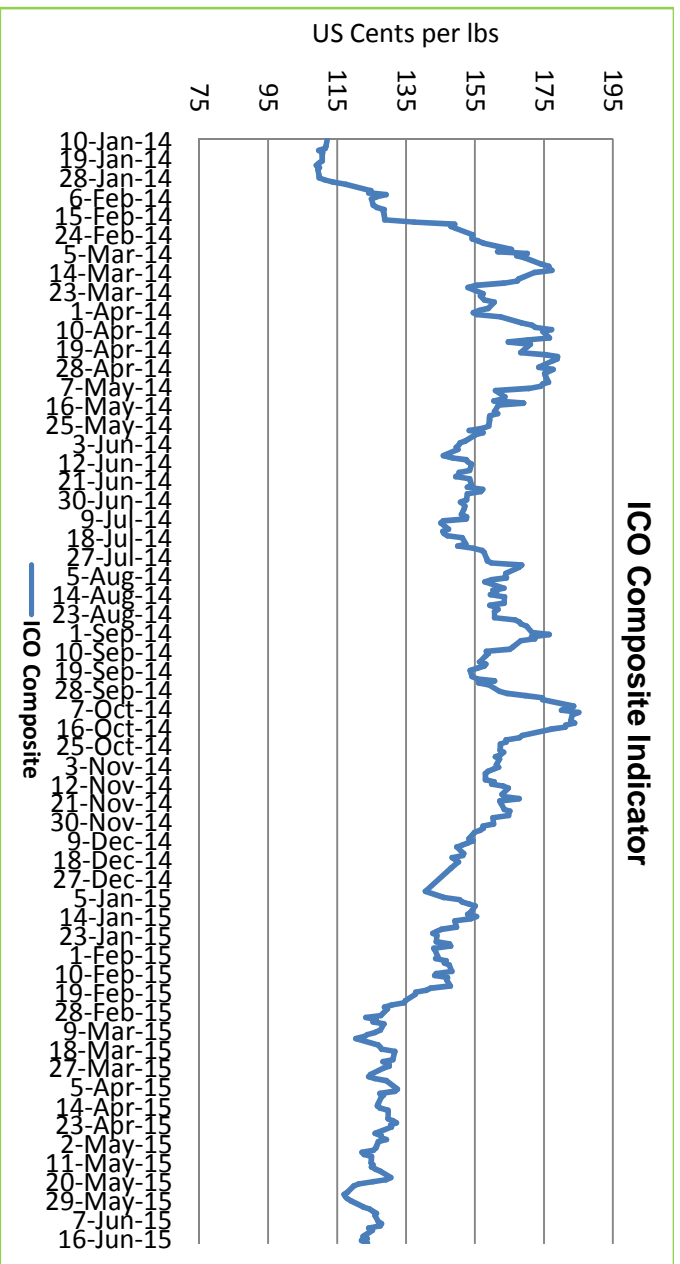


**International Coffee Price Trend**

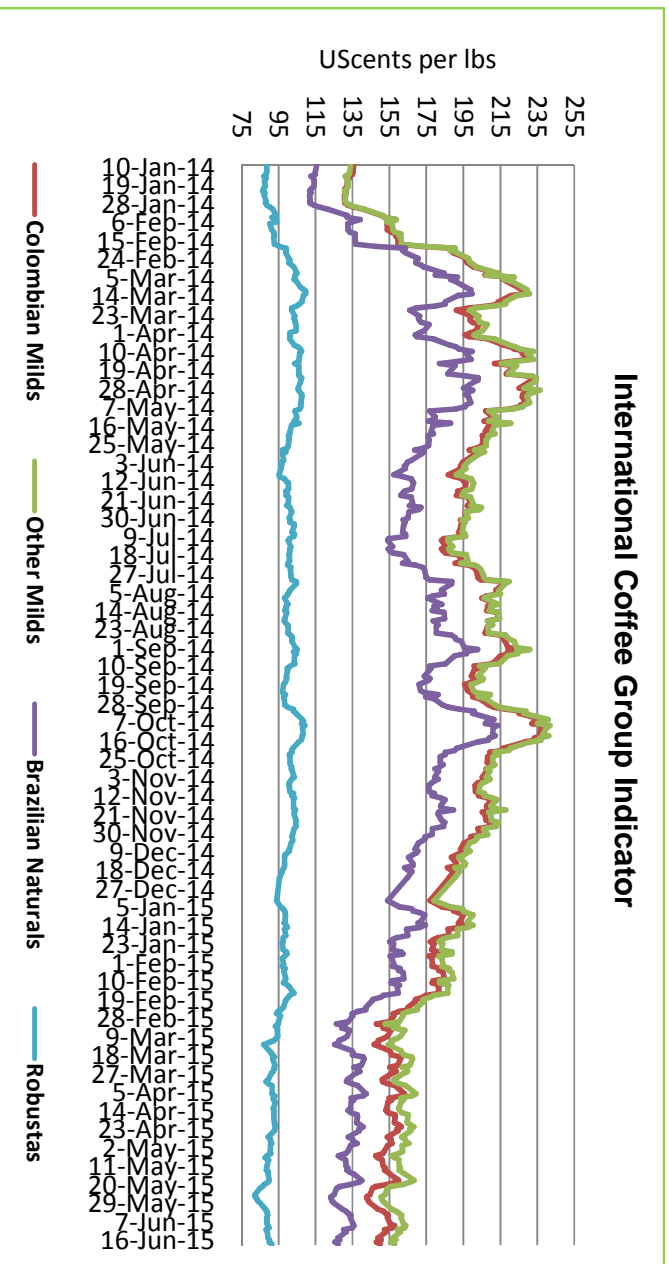
	As on	Week Ago	Month Ago	Year Ago
<b>International Coffee Prices</b>	<b>19.6.2015</b>	<b>12.6.2015</b>	<b>19.5.2015</b>	<b>19.6.2014</b>
<b>ICO Composite Indicator</b>	123.83	124.16	129.14	149.48
<b>Colombian Milds</b>				
US	150.04	152.32	158.18	193.00
Europe	--	--	--	189.31
Group Indicator	--	--	--	191.30
<b>Other Milds</b>				
US	157.97	159.36	165.80	195.50
Europe	--	--	--	193.33
Group Indicator	--	--	--	194.16
<b>Brazilian Naturals</b>				
US	127.33	130.25	138.48	151.00
Europe	--	--	--	164.74
Group Indicator	--	--	--	161.16
<b>Robusta</b>				
US	91.51	88.40	89.42	105.25
Europe	--	--	--	98.01
Group Indicator	--	--	--	99.17

**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(18-Jun-2015)	Week ago (11-June-15)	Month Ago (18-May-15)	Weekly Change (%)
15-Jul	128.70	132.00	143.15	0.73
15-Sep	131.95	134.45	145.65	0.72
15-Dec	135.70	138.05	149.10	0.71

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(18-Jun-2015)	Week ago (11-June-15)	Month Ago (18-May-15)	Weekly Change (%)
15-May	1888	--	1728	--
15-Jul	1780	--	1769	--
15-Sep	1791	--	1795	--

USD/T

**International Coffee Prices**

	18.6.2015	11.6.2015	18.5.2015	18.6.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	37550	37550	36600	40050
Vietnam FOB (2-5 pct)* (Saigon port)	1805	1817	1780	1978
Indonesian FOB (4-80 defects)** (Lampung Port)	1860	1860	2000	1970

\*FOB Values are in USD/T

**Weekly Auction Prices Of Kenya**

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

Units in \$ per 50 kg bags

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



**Weekly Technical Outlook:-**

- Candlestick chart shows down closing of the market.
- Falling 14 days EMI hints further down trend in the market.
- Falling volume indicates bearish phase of the market.
- RSI is also down at 38.97 compared to last week movement at 41.70 indicating weak tone in the next week.
- Fibonacci retracement level on downward wave shows second resistance level at 147.83@38.2.

**Expected Price Range During Coming Week**

<b><u>Expected Trend</u></b>	<b><u>Expected Trading Band</u></b>
<b><u>Range-bound to Bearish Momentum</u></b>	<b>130-147</b>

US cents/lb

**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
120.25	129.54	127.7	137.10	147.83

US cents/lb

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

**Weekly Technical Outlook:-**

- Candlestick chart shows good gain in the market on buyers activities..
- Relatively, 14-days EMI is moving down at 1758 from 1738 of last week, indicating further gain in the market.
- RSI is up at 55.27 in neutral region against 43.69 of last week hints a further upward momentum of the market in upcoming week.

**Expected Price Range During Coming Week**

<b><u>Expected Trend</u></b>	<b><u>Expected Trading Band</u></b>
<b><u>Range-bound to Bearish Momentum</u></b>	<b>1750-1940</b>

**USD/T**
**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
<b>1654</b>	<b>1710</b>	<b>1886</b>	<b>1945</b>	<b>1993</b>

**USD/T**
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