

Highlights of the Week

Coffee prices in Karnataka physical market finished in weak tone during this week ended as on 3rd July 2015 on the back of sluggish demand against higher supplies. Global coffee markets are highly under pressure due to a stronger dollar as the Greek debt crisis worsened. 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 the Coffee Board of India, provisional Indian green coffee exports is registered significantly down by 6.98% to 141859 metric tons from 1st January 2015 to 1st July 2015 as compared to 152504 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 33.76% at 13804 metric tons in this year during 1st January 2015 to 1st July 2015 from preceding year instant coffee volume i.e. 20841 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 38% to 23585, 21.10% to 7910 metric tons respectively against last year exports volume i.e. 38046 metric tons, 10026 metric tons respectively in the same period of time due to lower demand as Arabica crops in 2014 suffered with diseases.

According to the recently released data by the Coffee Board of India, planted area of coffee in Karnataka, Kerala and Tamilnadu is estimated at 2.30 lakh hectares, 0.85 lakh hectares, 3.15 lakh hectares respectively in 2013/14 which is same as compared to 2012/13 coffee planted area. However, planted area in Andhra Pradesh, Odisha and North Eastern Region is placed higher by 5.52 % to 0.61 lakh hectares and 3.32% to 4066 hectares and 4.81% to 6330 respectively in 2013/14 against 0.58 lakh hectares, 3935 hectares and 6039 hectares respectively, in 2012/13. In the current situation, most of the farmers are growing black pepper in the coffee area on its higher prices in 2014.

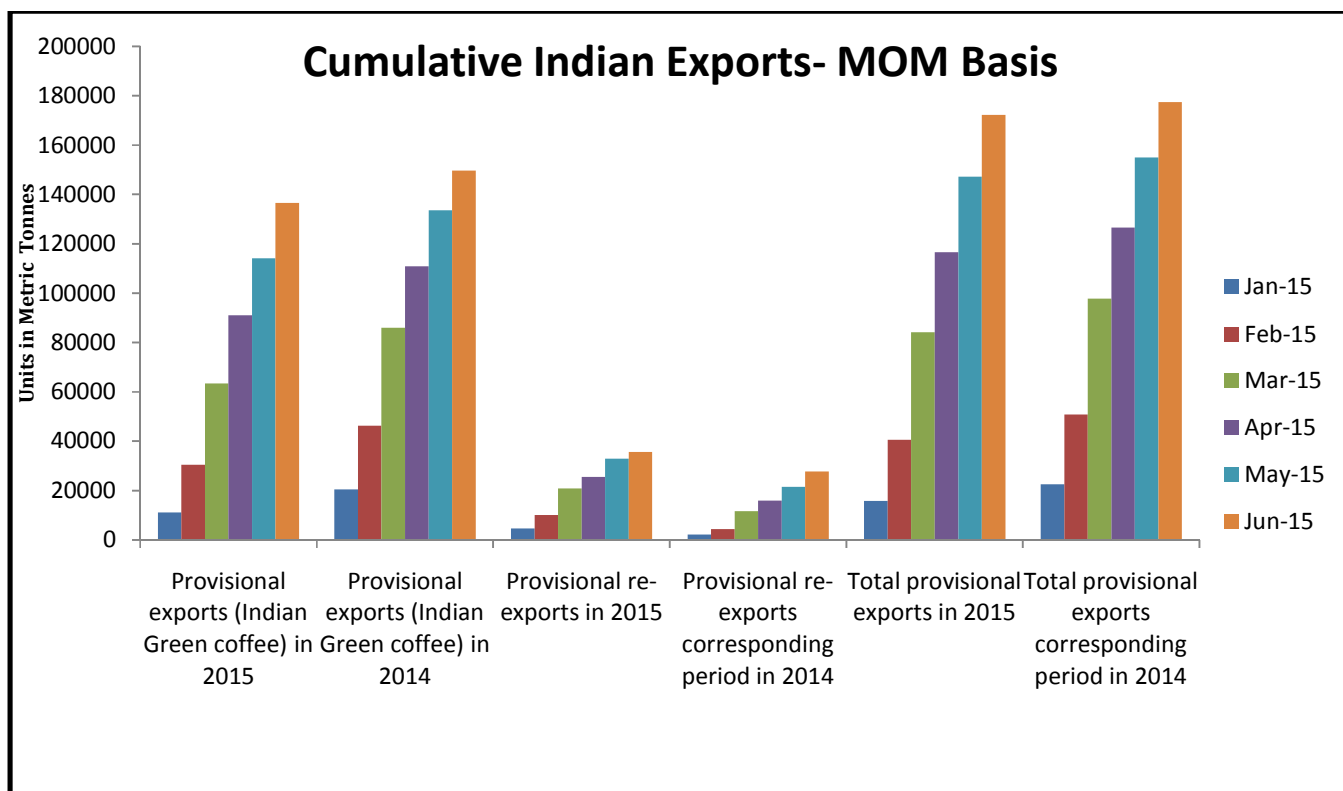
According to recent released data by ICO, total coffee exports of the World declined by 12% to 9.28 million bags in May 2015 against 10.54 million bags in May 2014 followed by 4.4% of decline in Arabica coffee exports volume and 23.4% in Robusta coffee exports volume on the back of lower demand in emerging and potential markets (Algeria, Australia, Russia, South Korea, Turkey, Ukraine). Total exports of the first eight months (Oct 2014 to May 2015) of the 2014/15 season is reported at 72.31 million bags with a decrease of 4.6% from last year record in the corresponding period of time.

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 agencies, 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.

Exports and Imports of India

Below table shows Indian Coffee exports volume details:-

Month	Provisional exports (Indian Green coffee) in 2015	Provisional exports (Indian Green coffee) in 2014	Provisional re-exports in 2015	Provisional re-exports corresponding period in 2014	Total provisional exports in 2015	Total provisional exports corresponding period in 2014
Jan-15	11118	20476	4611	2111	15729	22587
Feb-15	30444	46357	10102	4473	40546	50830
Mar-15	63447	86022	20811	11662	84258	97684
Apr-15	90989	110801	25533	15850	116522	126651
May-15	114201	133589	32976	21406	147177	154995
Jun-15	136567	149596	35639	27759	172206	177355
% change against last year	-26.2432866		78.45138055		-13.74431841	



Source: The Coffee Board Of India

Weather Updates

Current Status of Southwest monsoon 2015 and Forecast:

Weekly Rainfall:- During the week (25th June to 1st July 2015), rainfall was below normal by 14% over the country as a whole. Rainfall activity was less over Central India, South Peninsula, East & northeast India.

Details are given below:

Regions	Actual Rainfall (mm)	Normal Rainfall (mm)	% Departure from LPA
Country as a whole	47	54.4	-14%
Northwest India	52.6	29.4	79%
Central India	34.2	62.3	-45%
South Peninsula	33.4	45.09	-27%
East & northeast India	80.2	96.5	-17%

Source: IMD

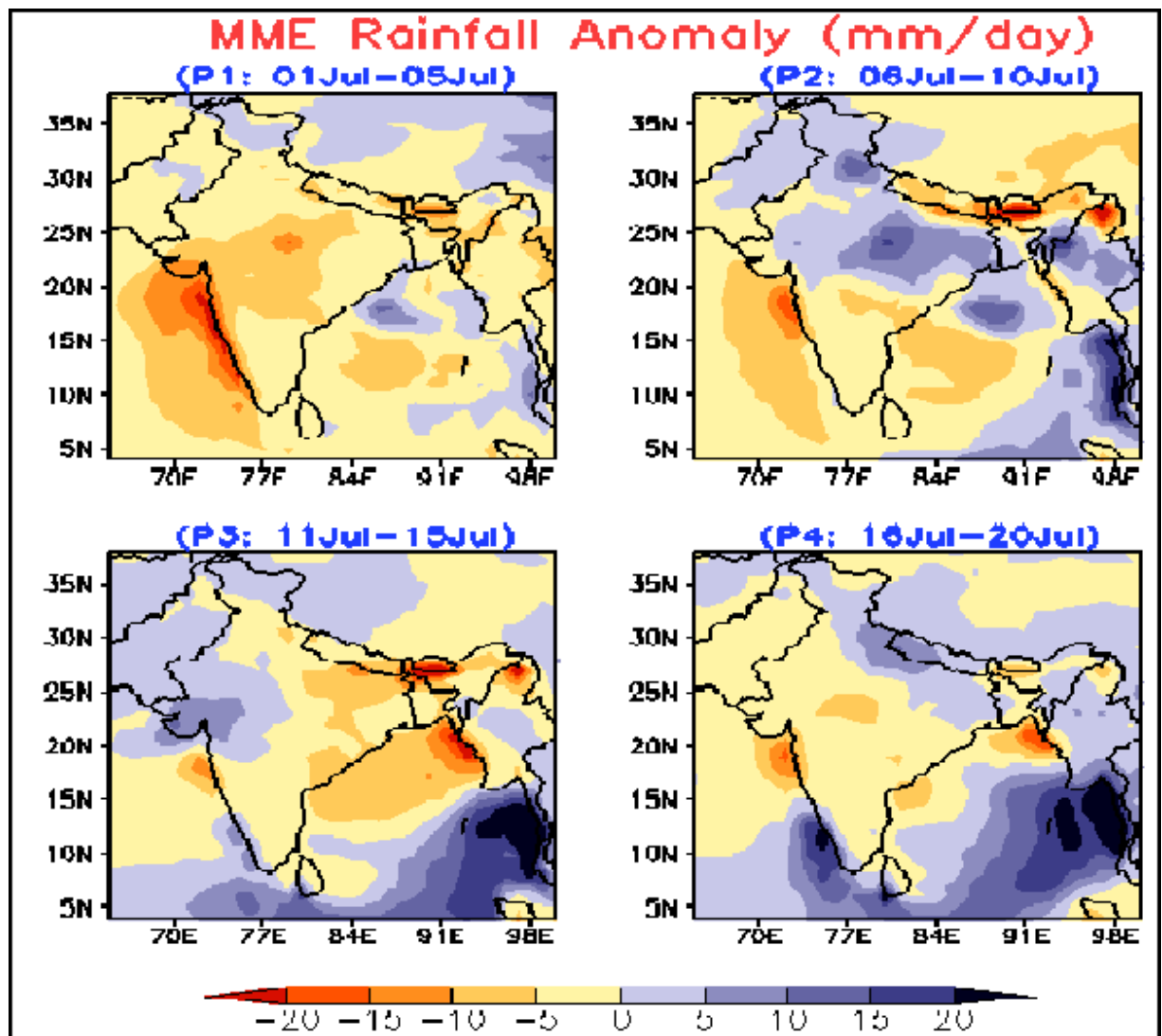
Seasonal Rainfall:- Seasonal Rainfall Scenario (1st June to 1st July 2015) for the country as a whole, cumulative rainfall during this year's monsoon up to 01 July has been 13% above the Long Period Average (LPA). Rainfall activity was excess over central India and northwest India.

Details of the rainfall distribution over the four broad homogeneous regions of India are given below:

Regions	Actual Rainfall (mm)	Normal Rainfall (mm)	% Departure from LPA
Country as a whole	194.6	172.1	13%
Northwest India	95.3	74.2	28%
Central India	207.5	173.4	20%
South Peninsula	191.8	166.1	15%
East & northeast India	362.2	365.4	-1%

Source: IMD

Below map shows Advance of Southwest Monsoon -2015:-



Source: IMD

- Considerable decrease in rainfall activity over northwest, central and parts of Peninsular India during next 15 days.
- Rainfall activity may remain above normal over west India during 11-15 July and over northern plains during 16-20 July.

Last week's off shore trough at mean sea level ran from Gujarat coast to north Kerala coast on 25th & 26th; from south Maharashtra Coast to Kerala coast on 27th & 28th and from Maharashtra coast to Kerala coast on 29th, 30th June & 1st July 2015.

Domestic Crops Condition and Production

According to recent updates of USDA, total availability of India is registered up by 5.32% to 8606 thousand 60-kg bags for 2015-16 season against 8171 thousands 60-kg bags in preceding year supported by higher crop estimates, Opening stocks and total imports which stood at 5200, 2271, 1135 thousand 60-kg bags respectively. Total demand of India is also reported up by 5.93% to 6250 thousands 60-kg bags for 2015-16 from 5900 thousands 60-kg bags in previous year record.

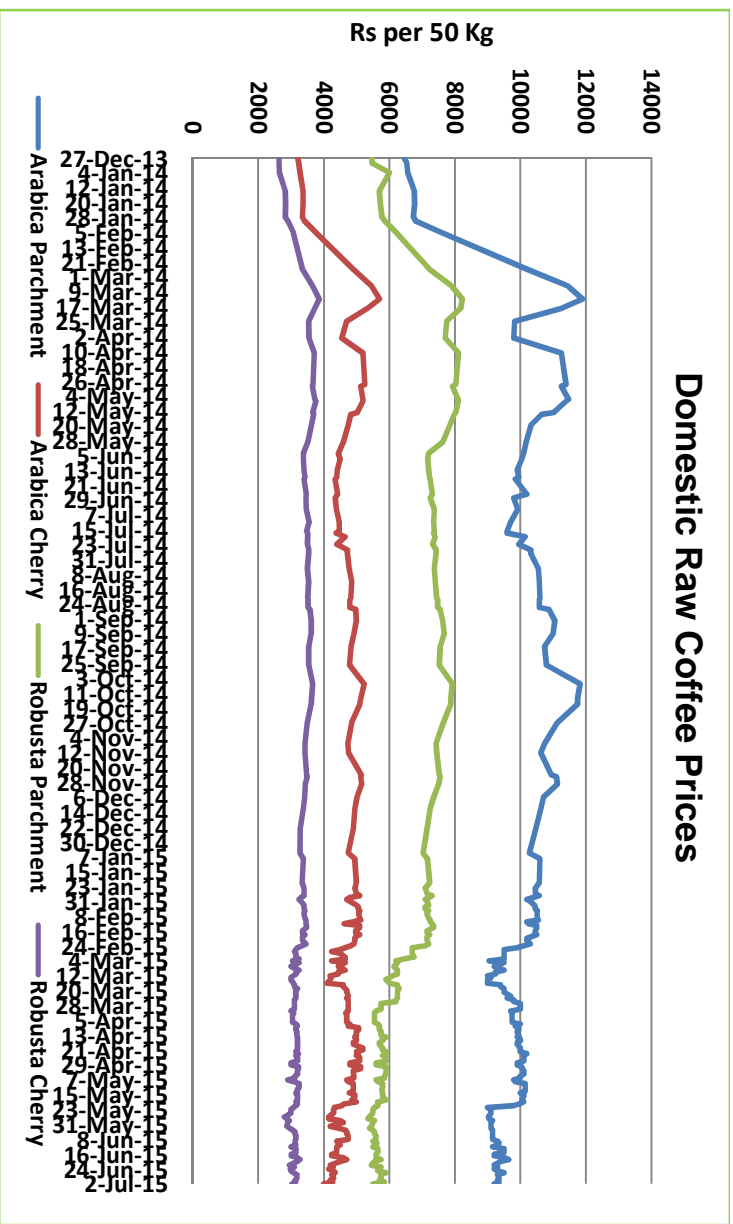
Below table shows coffee balance sheet of India since 2010-11:-

All figures in Thousands-60 kg bags						
Item	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Supply						
Opening Stock	2271	2026	1982	1473	1742	2633
Crop Size	5200	5100	5075	5303	5230	5035
Bean Imports	1090	1000	1104	1130	879	820
Roast & Ground Imports	3	3	3	3	1	0
Soluble Imports	42	42	45	31	12	0
Total Imports	1135	1045	1152	1164	892	820
Availability	8606	8171	8209	7940	7864	8488
Demand						
Soluble Domestic consumption	450	430	430	350	380	205
Roasted,Ground Dom. Consumption	800	770	770	750	788	1026
Total consumption	1250	1200	1200	1100	1168	1231
Bean Exports	3500	3200	3300	3420	3735	4160
Roast & Ground Exports	3	4	16	3	4	5
Soluble Exports	1497	1496	1667	1435	1484	1350
Exports	5000	4700	4983	4858	5223	5515
Total Demand	6250	5900	6183	5958	6391	6746

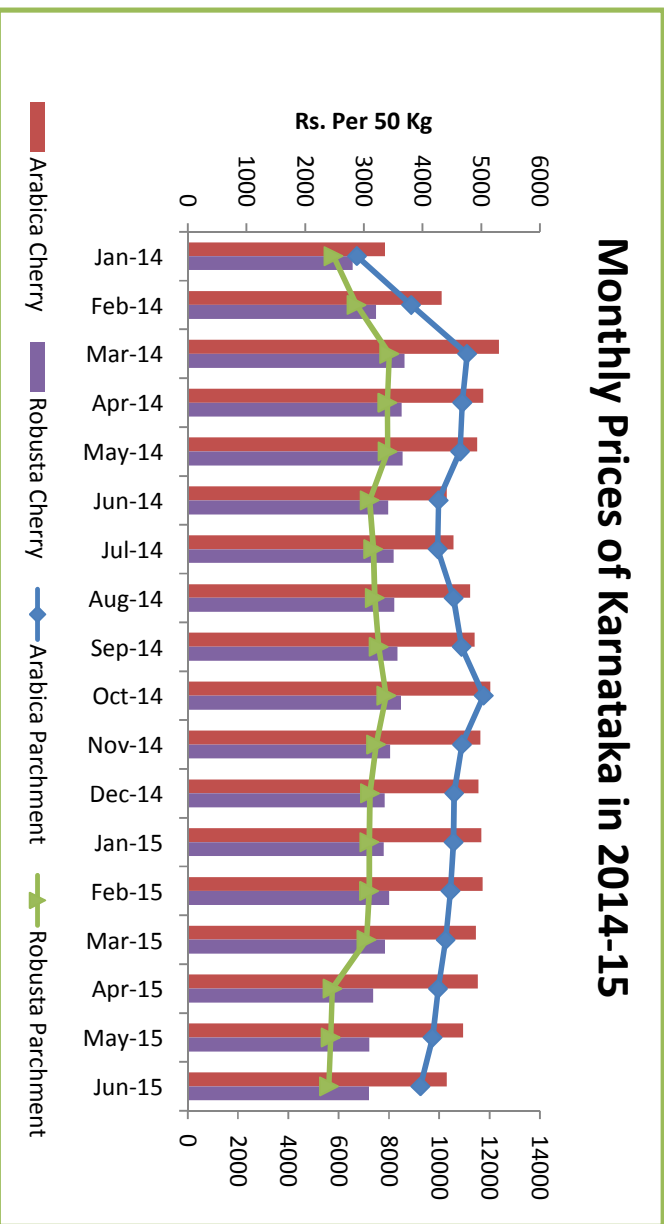
Source: USDA (Total Availability (Opening Stock+ Crop Size+ Total Imports)),(Total Demand (Total Consumption+ Total Exports))

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):

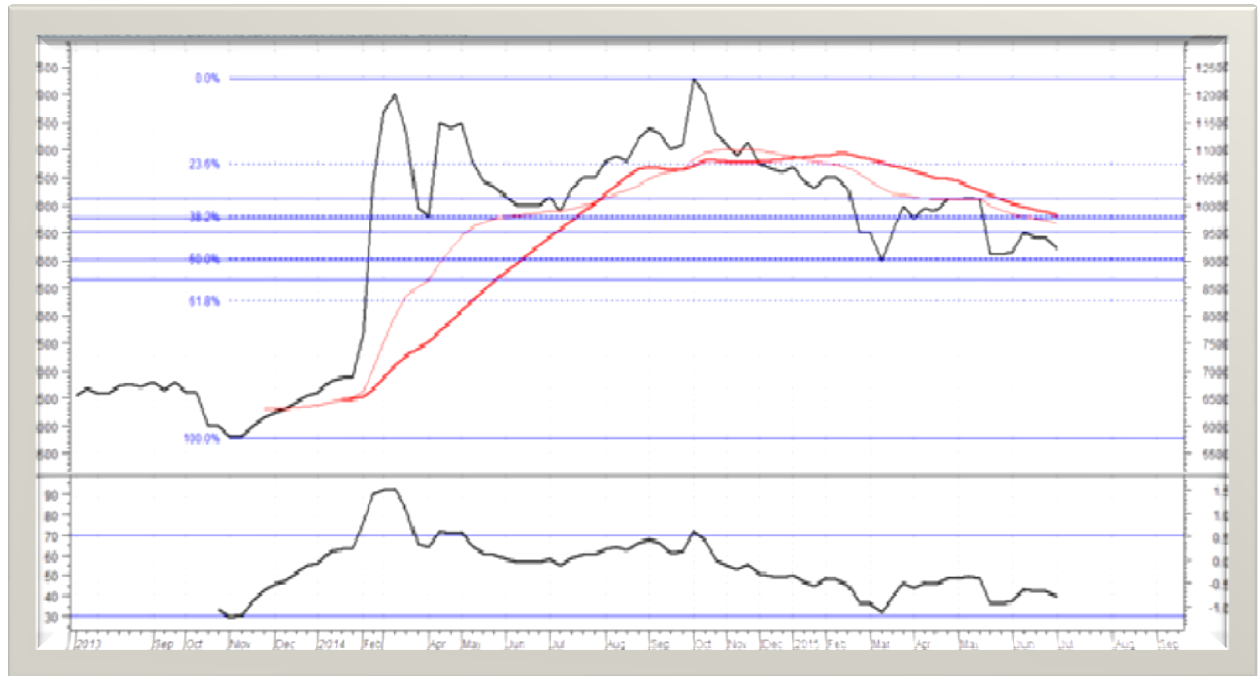
Variety	3.7.2015	26.6.2015	Change
Arabica Parchment	9200	9500	-300
Arabica Cherry	4000	4350	-350
Robusta Parchment	5600	5900	-300
Robusta Cherry	3025	3075	-50

* Values in Rs per 50 Kg

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

Grade	25.6.2015	18.6.2015	Change	25.6.2015	18.6.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	290	--	--	--	--	--
AA	281	--	--	--	210	--
PB	240.06	243	-2.94	173.50	180	-6.50
A	278	257	21.00	192	206	-14.00
AB	--	--	--	180	--	--
B	193	--	--	175	192	-17.00
C	170	174	-4.00	136.56	138	-1.44
BBB	154.50	--	--	130.00	--	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	--	--	--
PB	140	138	2	--	122	--
AA	151	--	--	--	--	--
AB	142.50	141	1.50	--	124	--
B	--	--	--	--	--	--
C	130	--	--	--	--	--
BBB	--	119	--	--	118	--

Values in Rs. per kg

Technical Analysis of Domestic Arabica Parchment Coffee at Karnataka Market

Weekly Technical Outlook:-

- Technical chart shows falling trend of the market on selling pressures.
- RSI moving up in neutral region at 39.62 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 support level at 9020 @ 50% in upcoming days.
- We expect further steady to down 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>	

Units in Rs./50 kg.

Expected Support and Resistance

S2	S1	PCP	R1	R2
8648	9020	9200	9510	9765

Units in Rs./50 kg.

International Market Updates:

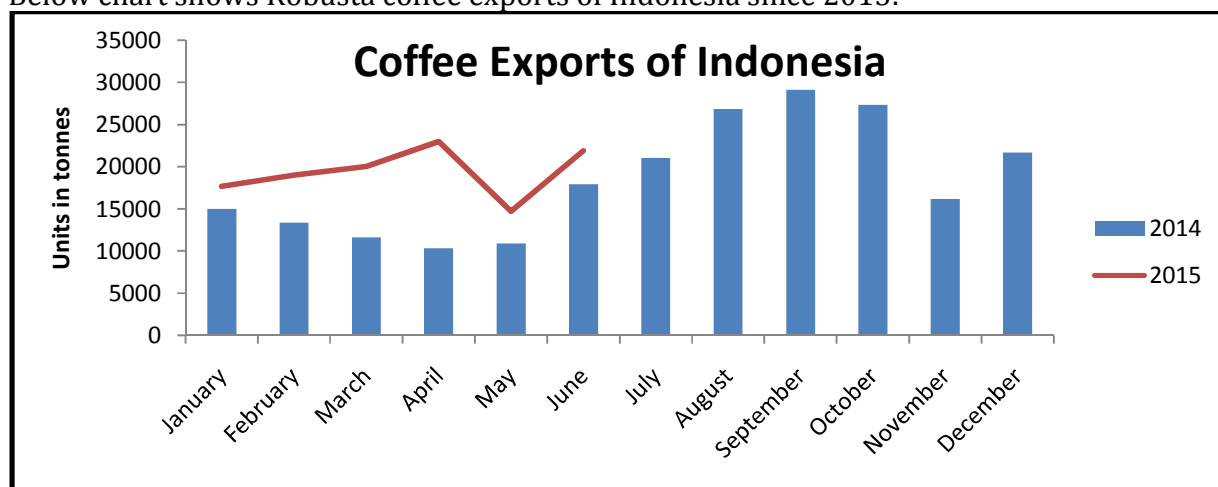
Weekly Future Review:- ICE Arabica coffee future prices of July contract slumped by 4.63% to 125.60 USC cents per lb from 131.70 USC cents per lb on lackluster demand. Weakness in Brazilian real currency against US dollar can spur producer and speculative selling in upcoming days. As per recent report, ICE Certified Arabica coffee stocks held in ICE-nominated warehouses declined by 3793 bags to 2147452 bags as on July 2, 2015.

COUNTRIES	ANTWERP	BARCELONA	HAMBURG/BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Brazil	1007	0	1920	1960	0	0	13960	18847
Burundi	70,738	0	70020	0	0	0	1594	142352
Colombia	27,439	0	45985	13132	43934	275	275229	360103
Coasta Rica	300	0	0	0	0	0	0	300
El Salvador	8282	0	775	0	0	0	12390	21447
Guetmala	17294	0	450	25	0	0	6273	24042
Haunduras	398194	250	28900	28269	20984	3000	84263	563864
India	34168	0	2563	0	0	0	0	36731
Mexico	229029	0	5411	34617	0	250	95116	364423
Nicaragua	100398	0	0	0	0	0	2325	102723
Peru	210702	0	59292	7193	0	25	87699	364911
Rwanda	64513	0	17596	0	0	0	296	82405
Tanzania	1210	0	1437	0	0	0	578	3225
Uganda	27610	295	33324	0	0	0	850	62079
Total in Bags	1190884	545	267673	85196	64918	3550	580573	2147452

Source: Reuters

Indonesia:- As per government trader data, Robusta coffee bean exports in Sumatra, one of the main growing areas of Indonesia significantly increased by 22.1% to 21890.73 tonnes in May 2015 against 14706.5 tonnes in May 2014 on good demand.

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

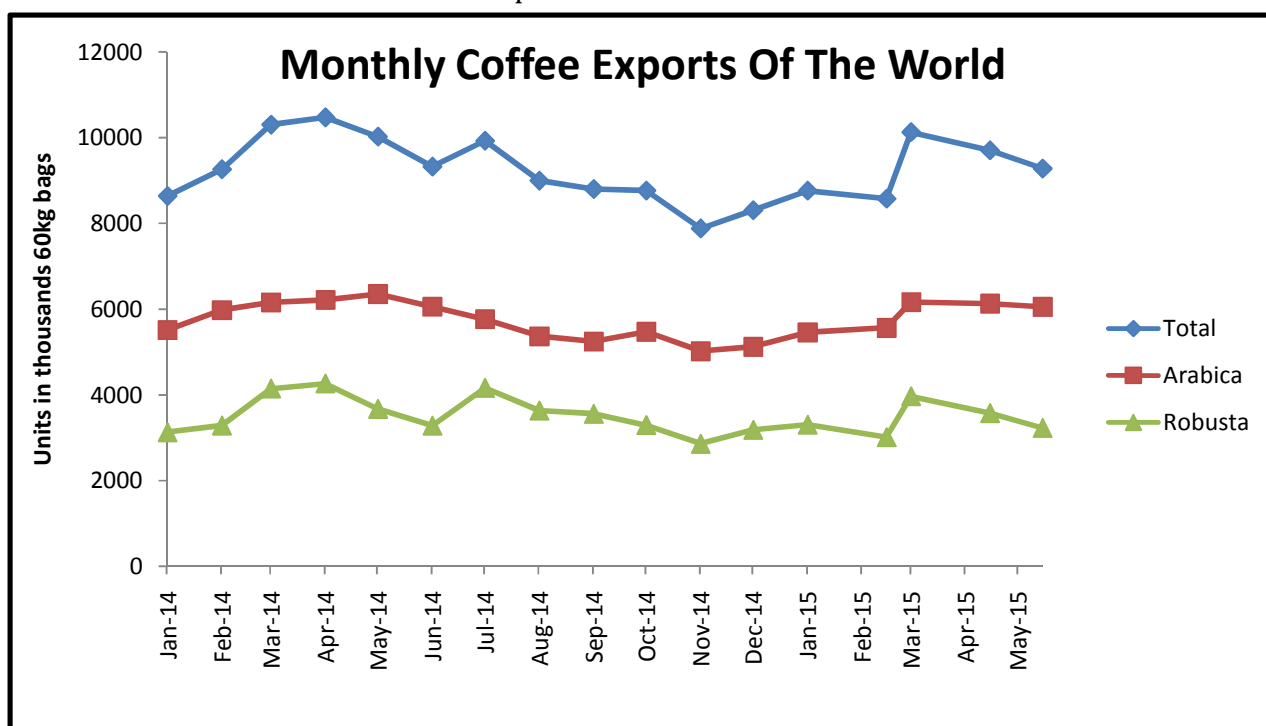


Source: Reuter

Global Coffee Exports

According to ICO, total coffee exports of the world stood lower by 4.36% to 9277 thousands 60-kg bags in May 2015 against 9700 thousands 60-kg bags in May 2014. It is also down by 7.41% from 10020 thousands 60-kg bags of last year exports volume during the same period of time followed by Arabica & Robusta exports volume which is declined by 4.72% to 6049 thousands 60-kg bags and 12.09% to 3228 thousands 60 kg bags respectively against previous year exports volume.

Below table and chart shows Coffee exports of the world :-



Coffee Exports Of The World																	
Month	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Total	8637	9260	10300	10470	10020	9321	9923	8995	8799	8763	7878	8303	8759	8574	10125	9700	9277
Arabica	5509	5975	6154	6211	6349	6053	5762	5364	5242	5469	5018	5122	5455	5561	6161	6127	6049
Robusta	3128	3285	4147	4261	3672	3283	4159	3631	3557	3294	2860	3182	3304	3013	3964	3573	3228

Source:ICO

International Coffee Price Trend

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	2.7.2015	25.6.2015	2.6.2015	2.7.2014
ICO Composite Indicator	121.32	126.64	124.39	151.67
Colombian Milds				
US	146.11	153.16	151.62	197.25
Europe	--	--	--	192.04
Group Indicator	--	--	--	194.86
Other Milds				
US	155.02	161.95	158.67	199.00
Europe	--	--	--	194.12
Group Indicator	--	--	--	195.98
Brazilian Naturals				
US	124.72	131.12	131.45	154.25
Europe	--	--	--	166.68
Group Indicator	--	--	--	163.45
Robusta				
US	89.73	92.62	88.64	108.08
Europe	--	--	--	99.87
Group Indicator	--	--	--	101.18

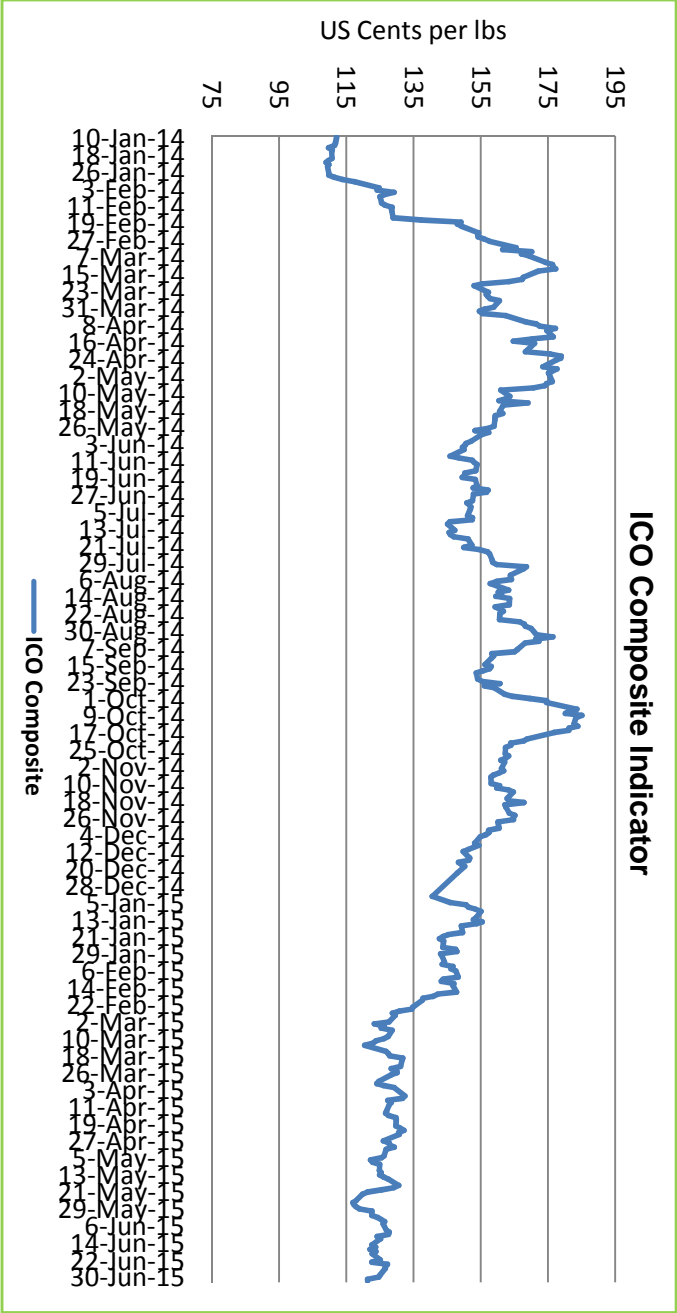
Germany Market - Hamburg and Bremen, France Market - (Le Havere and Marseilles) * Values in US cents/lb

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	2.7.2015	25.6.2015	2.6.2015	2.7.2014
ICO Composite Indicator	121.32	126.64	124.39	151.67
Colombian Milds				
US	146.11	153.16	151.62	197.25
Europe	--	--	--	192.04
Group Indicator	--	--	--	194.86
Other Milds				
US	155.02	161.95	158.67	199.00
Europe	--	--	--	194.12
Group Indicator	--	--	--	195.98
Brazilian Naturals				
US	124.72	131.12	131.45	154.25
Europe	--	--	--	166.68

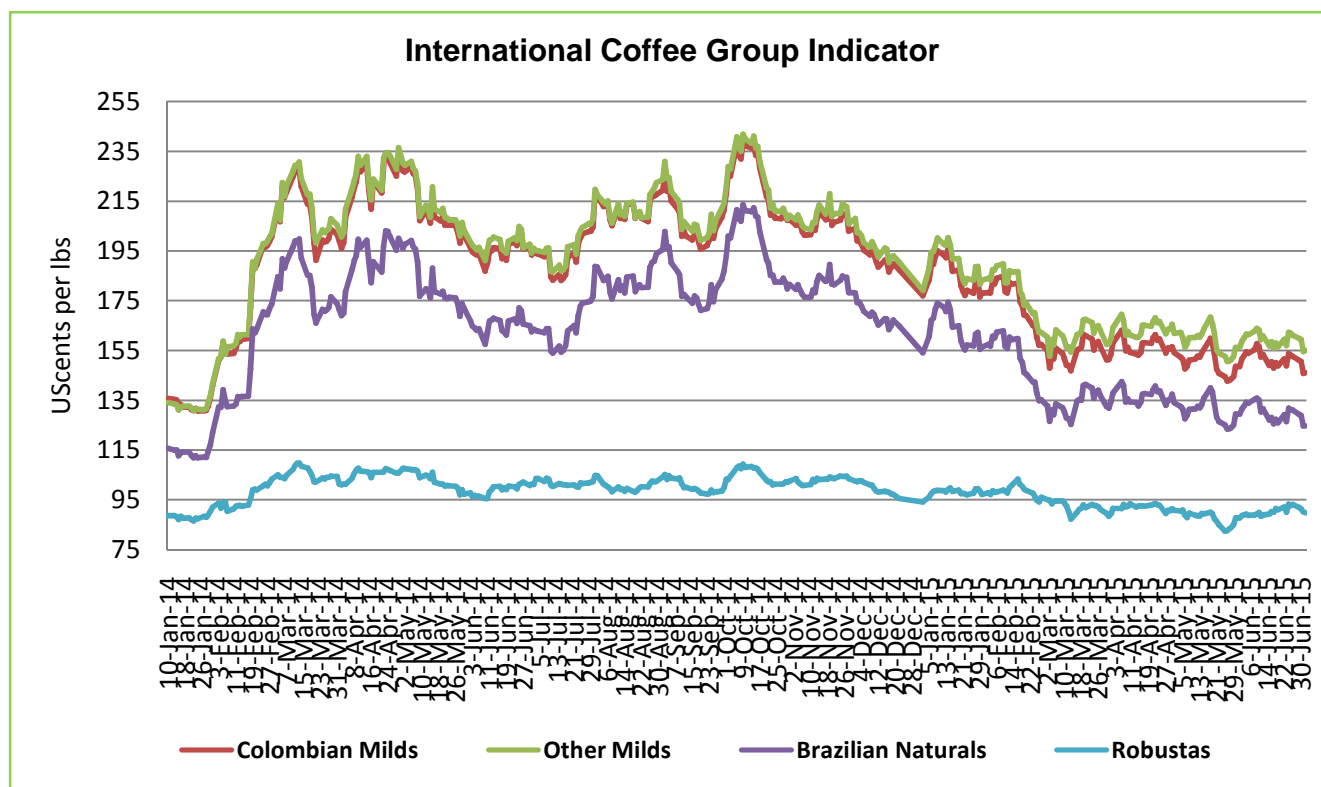


Group Indicator	--	--	--	163.45
Robusta				
US	89.73	92.62	88.64	108.08
Europe	--	--	--	99.87
Group Indicator	--	--	--	101.18

International Coffee Indicators Chart:-



Source:ICO



Source: ICO

International- Future Market Prices:-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(2-July-2015)	Week ago (25-June-15)	Month Ago (2-June-15)	Weekly Change (%)
Jul-15	125.60	133.35	132.70	-5.81
Sep-15	127.40	135.10	135.05	-5.69
Dec-15	131.15	138.70	138.55	-5.44

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(2-July-2015)	Week ago (25-June-15)	Month Ago (2-June-15)	Weekly Change (%)
Jul-15	1875	1884	1740	-0.47
Sep-15	1745	1799	1759	-3.00
Nov-15	1758	1808	1778	-2.76

ICE Arabica Coffee Futures Prices				
Contract Months	Today(2-July-2015)	Week ago (25-June-15)	Month Ago (2-June-15)	Weekly Change (%)
Jul-15	125.60	133.35	132.70	-5.81
Sep-15	127.40	135.10	135.05	-5.69
Dec-15	131.15	138.70	138.55	-5.44

Liffe Robusta Coffee Futures Prices				
Contract	Today(2-July-2015)	Week ago (25-June-15)	Month Ago (2-June-15)	Weekly Change

Months	2015)	June-15)	June-15)	(%)
Jul-15	1875	1884	1740	-0.47
Sep-15	1745	1799	1759	-3.00
Nov-15	1758	1808	1778	-2.76

USD/T

International Coffee Prices

	2.7.2015	25.6.2015	2.6.2015	2.7.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	37550	38650	36450	40300
Vietnam FOB (2-5 pct)* (Saigon port)	1810	1846	1808	1976
Indonesian FOB (4-80 defects)** (Lampung Port)	1890	1910	1825	2010
	2.7.2015	25.6.2015	2.6.2015	2.7.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	37550	38650	36450	40300
Vietnam FOB (2-5 pct)* (Saigon port)	1810	1846	1808	1976
Indonesian FOB (4-80 defects)** (Lampung Port)	1890	1910	1825	2010

*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 (July'15 Contract)at ICE Future



Weekly Technical Outlook:-

- Candlestick chart shows a down momentum in 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 33.99 compared to last week movement at 43.16 indicating weak tone in the next week.
- Fibonacci retracement on down wave shows first resistance level at 134.37@23.6% and second resistance level at 151.87@38.2% in week ahead.

Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	122-139

US cents/lb

Expected Support and Resistance

S2	S1	PCP	R1	R2
110.81	118.81	125.6	134.37	151.87

US cents/lb

Technical Analysis of Coffee Future (July 2015 Contract) at LIFFE

Weekly Technical Outlook:-

- Candlestick chart shows weak tone in the market.
- While, 14-days EMI is moving higher from 1788 of last week, indicating further gain in the market.
- RSI is up at 52.36 in neutral region against 55.24 of last week hints a further upward momentum of the market in upcoming week.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound to Bearish Momentum	1759-1965

USD/T
Expected Support and Resistance

S2	S1	PCP	R1	R2
1698	1785	1853	1967	2048

USD/T
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