COFFEE WEEKLY RESEARCH REPORT
27th July, 2015

Highlights of the Week

Coffee prices in Karnataka physical market this week ,declined on dull demand as on 24th July 2015.Indian coffee standing crops are moving from flowering to maturity stage. In the long run, higher crop estimates for 2015/16 will keepthe pressure on coffee prices.

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.

As per DGCIS latest report, India received around Rs. 503.98 crore as thetotal coffee exports revenuewhich is 78.92 million in USD inJune 2015. This is higher by 20.03% in Rs. and 12.26% in USD respectively against Rs. 419.88 crore and USD 70.30 million respectively in previous year during the same month. It stood at Rs. 1558.55 crore and the value in USD at 245.48 million since April-2014 to June 2015 up by 11.41% in Rs. and 4.95% in USD against the last year revenue i.e. Rs.1398.87 crore and in USD 233.91 million in corresponding period of time.

In the View of Indian Traders, Brazilian Arabica crop for 2015-16 would be around 44-46 million bags and Robusta around 35 million bags. While, Reuters Poll of 17 traders and analysts expects Brazilian total crop production at 49.0 million 60-kg bags of coffee in 2015/16, up from the International Coffee Organization's estimate of 45.3 million bags for 2014/15.Vietnam production 2015-16would be around 12 lakh tons and Indonesia's production would be 11 lakh tons, both countries are scheduled to pick their Robusta crop during October 2015. Vietnam has reduced exports during the first five months of 2015 (Jan-2015 to May-2015) by 39.2% as compared to last year's exports. Indian Arabica picking starts in November and will continue till December and Robusta during January and February expecting overall crop to cross 314 lakh tons.

As per Fedecafe, washed Arabica coffee output of Colombia stood at 1.24 million 60 kg bags in June 2015 which is higher by 31% as against last year output.Credit goes to replanting methods. Growers responded with a large scale replanting programme, where infected trees were ripped up and replacedwith rust-resistant varieties. USDA forecasts, total output of Colombia at 13.0 million bags for 2015/16 season.

Exports and Imports of India

As per the Coffee Board of India, provisional Indian green coffee exports is registered significantly down by 5.11% to 157125 metric tons from 1st January 2015 to 23rd July 2015 as compared to 165598 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 1.28% at 55775 metric tons in this year during 1st January 2015 to 23rd July 2015 from preceding year instant coffee volume i.e. 56503 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 36.91% to 24981, 23.81% to 8118 metric tons respectively against last year exports volume i.e. 39598 metric tons, 10656 metric tons respectively in the same period of time due to lower demand as Arabica crops in 2014 suffered with diseases.

Below table shows Coffee Exports Volume details of India:-

Export update: From 01st January 2015 to 23rd July 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)	24981	8118	23594	83773	16	180	16462	157125
2	Provisional exports corresponding period last year	39598	10656	15581	75196	37	150	24380	165598
3	Provisional re-exports	0	0	0	0	119	150	39313	39582
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	32123	32123
5	Total provisional exports (1+3)	**24981**	**8118**	**23594**	**83773**	**135**	**330**	**55775**	**196708**
6	Total provisional exports corresponding period last year (2+4)	**39598**	**10656**	**15581**	**75196**	**37**	**150**	**56503**	**197721**

Source: The Coffee Board Of India

Weather Updates

Current Status of Southwest monsoon 2015 and Forecast:

Weekly Rainfall(16 July to 22 July 2015):-During the week, rainfall was below normal by 12% over the country as a whole. Rainfall in all broad homogeneous regions of the country was near normal except northwest India where it was 20% below Long period Average (LPA).

Details are given below:

Regions	Actual Rainfall (mm)	Normal Rainfall (mm)	% Departure from LPA
Country as a whole	60.2	68.1	-12%
Northwest India	43.7	54.4	-20%
Central India	68.3	77.8	-12%
South Peninsula	44.8	50.2	-11%
East & northeast India	93.7	96.3	-3%

Source: IMD

Monthly Rainfall(01 July to 15 July 2015):-For the country as a whole, cumulative rainfall during the period 1 July to 22 July has been 26% below LPA. Rainfall activity was normal in East & Northeast 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	150.5	203.4	-26%
Northwest India	141.7	149.1	-5%
Central India	138.4	228.2	-39%
South Peninsula	85.3	153.5	-44%
East & northeast India	273.5	317.4	-14%

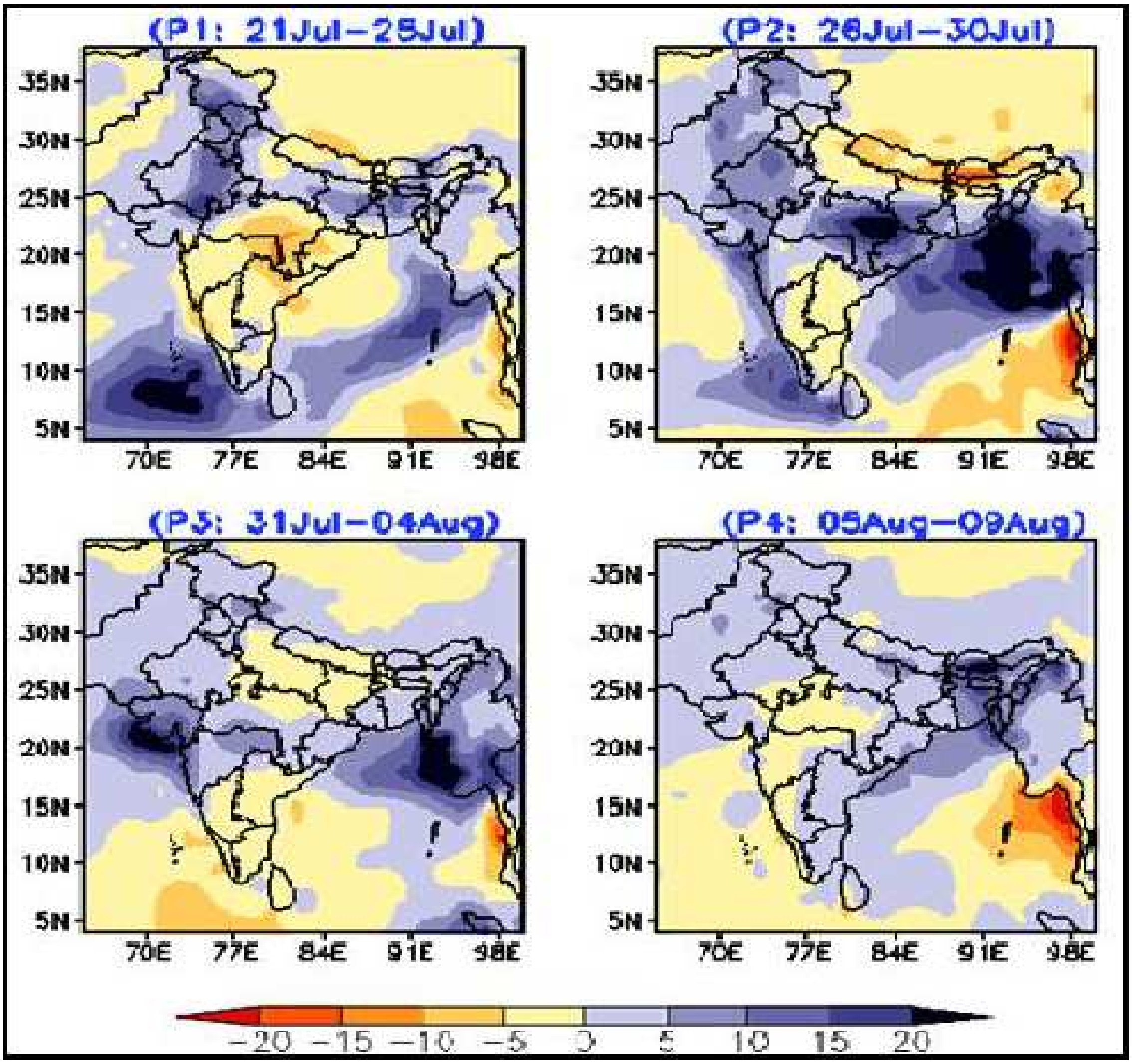
Source:IMD

Seasonal Rainfall(01 June to 15 July,2015):-For the country as a whole, cumulative rainfall during this year's monsoon up to 22 July has been 07% below the LPA. Rainfall activity was near normal in all the broad homogeneous regions of 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	339.8	367	-7%
Northwest India	232.3	218.3	6%
Central India	341.1	392.5	-13%
South Peninsula	274.2	312.4	-12%
East & northeast India	625.2	667.3	-6%

Source:IMD

Below map shows Advance of Southwest Monsoon -2015:-



Source: IMD

- ➢ The western end of monsoon trough was north of its normal position during first half of the week and it was near normal/south of its normal position during second half of the week.
- ➢ The axis of monsoon trough is south of its normal position.
- ➢ Rainfall activity is likely to be above normal over northwest & central parts of the country on many days.
- ➢ Monsoon rainfall is likely to be below normal over interior peninsula till 04 August.

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.

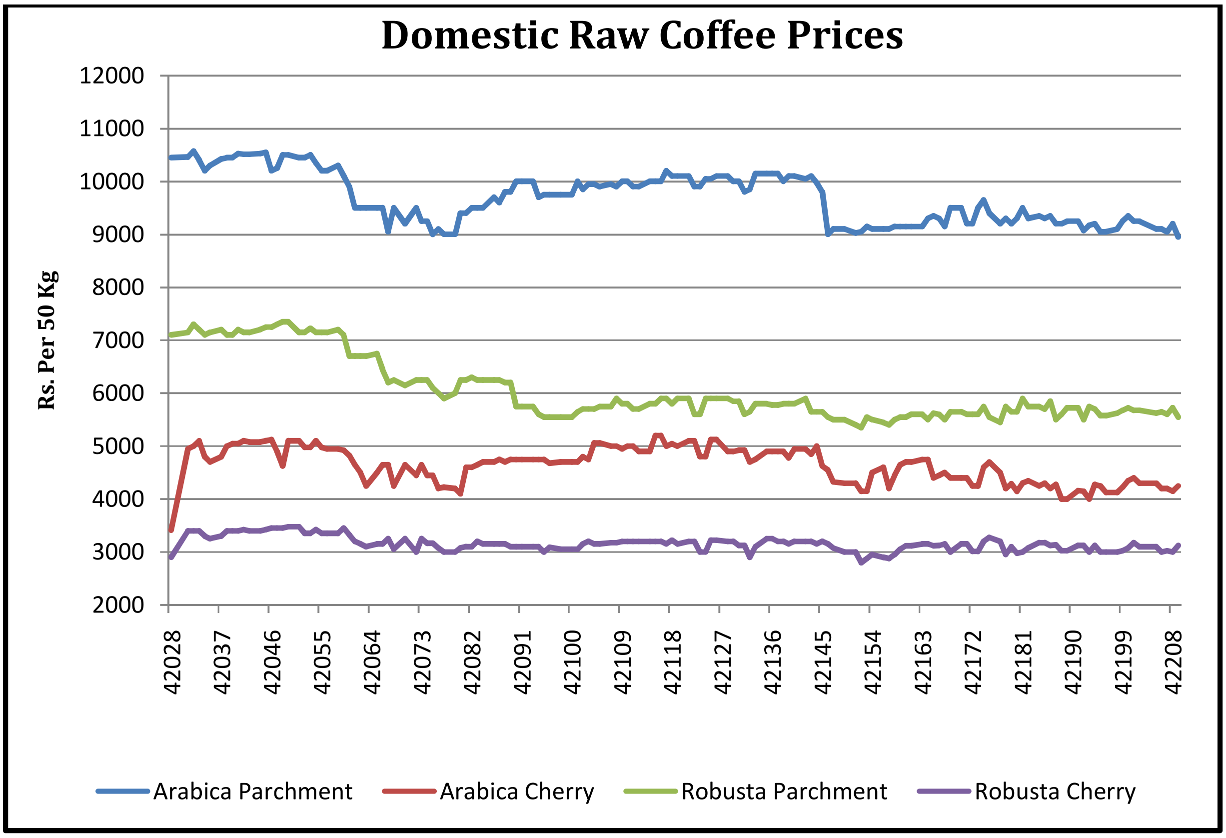
Below table shows coffee balance sheet of India since 2010-11:-

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

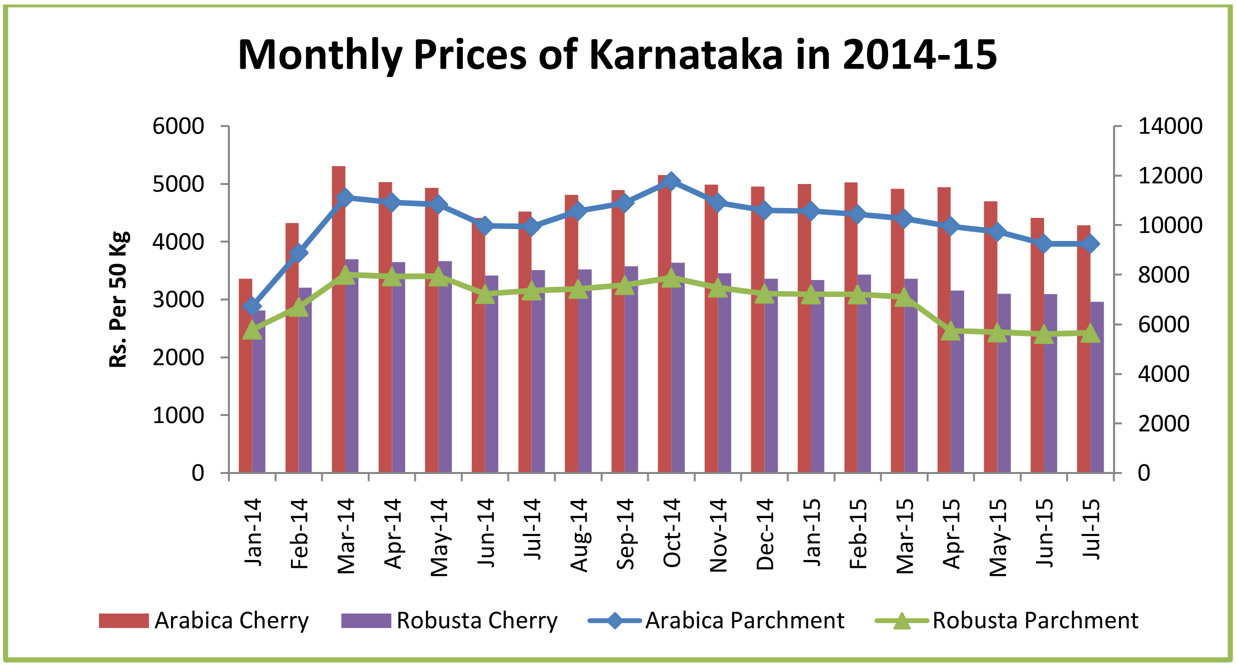
Source: USDA

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	24.7.2015	17.7.2015	Change
Arabica Parchment	8950	9250	-300
Arabica Cherry	4000	4300	-300
Robusta Parchment	5550	5675	-125
Robusta Cherry	2950	3100	-150

* Values in Rs per 50 Kg

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

Grade	23.7.2015 Arabica Plantation	16.7.2015 Arabica Plantation	Change	23.7.2015 Arabica Cherry	16.7.2015 Arabica Cherry	Change
MNEB	--	286	--	--	--	--
AA	--	284	--	205.00	215.1	-10.10
PB	230.00	234	-4.00	172.00	179.46	-7.46
A	--	281	--	--	212	--
AB	--	--	--	170.00	--	--
B	186.50	186	0.50	--	--	--
C	157.50	160	-2.50	--	132	--
BBB	132.00	140.5	-8.50	--	121	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	135.00	132	3.00
PB	130.00	--	--	125.00	125	Unch
AA	--	--	--	138.56	137	1.56
AB	--	--	--	--	127	--
B	--	--	--	--	--	--
C	--	--	--	120	122	-2.00
BBB	--	114.5	--	115	113	2.00

Values in Rs. per kg

Technical Analysis of Domestic Arabica Parchment Coffee at Karnataka Market

Weekly Technical Outlook:-

- Technical chart shows downtrend of the market on selling interests.
- RSI moving downin neutral regionat 38.12 in this week , hints furtherdownwardmomentum in the next week.
- However, simple moving average supports falling zone of the market.
- We expect furthersteady to downtrend in the market in coming days.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound to Bearish Momentum	8700-9350

Units in Rs./50 kg.

Expected Support and Resistance

S2	S1	PCP	R1	R2
8256.56	8648.41	8950	9353.64	9765.02

Units in Rs./50 kg.

International Market Updates:

Weekly Future Review:-ICE Arabica coffee future prices of July contract slumped for the seventh straight session in this week. Prices fell by 4.63% to 121.55 USC cents per Ib from 127.45 USC cents per Ib on lackluster demand. Speculators increased their net short position in the market during this week. As per recent report, ICE Certified Arabica coffee stocks held in ICE-nominated warehouses decreased by 3700 bags to 2121067 bags as on July 24,2015 from previous day volume i.e. 2124731 bags.

Below table shows ICE Certified Arabica stocks details :-

COUNTRIES	ANTWERP	BARCELONA	HAMBURG/ BREMEN	HOUSTON	MIAMI	NEW ORLEANS	NEW YORK	Total
Brazil	1007	0	1600	1960	0	0	13960	18527
Burundi	66517	0	60039	0	0	0	1594	128150
Colombia	41391	0	48243	13132	45896	275	225742	374679
Coasta Rica	250	0	0	0	0	0	0	250
El Salvador	8260	0	775	0	0	0	12390	21425
Guatemala	16919	0	200	25	0	0	6273	23417
Honduras	397705	250	27650	27019	20984	2750	80777	557135
India	32485	0	2563	0	0	0	0	35084
Mexico	228491	0	5411	33866	0	250	93191	361209
Nicaragua	98928	0	0	0	0	0	2325	101253
Peru	206220	0	59292	7193	0	25	87199	359929
Rwanda	59115	0	16313	0	0	0	296	75724
Tanzania	1210	0	1437	0	0	0	578	3225
Uganda	26591	295	33324	0	0	0	850	61060
Total in Bags	1185089	545	256847	83195	66880	3300	525175	2121067

Source:-Reuters

Brazil:-According toBrazilian analyst Safras & Mercado recent forecast 2015/16 **coffee** crop of 50.4 million bags, with 36.1 million bags of arabica and 14.3 million bags of robusta, in its first forecast for the crop. Safras also raised its outlook for the 2014/15 crop being harvested to 49.8 million bags from 48.9 million bags previously, citing rainfall in the first few months of 2015 after a long period of drought.

Vietnam:- As per Vietnam Customs report, total exports of Vietnam is registered at 104200 tonnes (1.74 million bags) of coffee in June 2015 with an decline of 1.2% against last month. In view of local traders, Vietnam may export coffee in a wide range between 70,000 tonnes and 120,000 tonnes in July 2015 while the government estimated it at 110,000 tonnes.

Kenya:-As per the coffee regulator, Kenya is forecasted to produce 45, 000 metric tonnes of coffee in 2015, which is a marginal decline from last year's 49,000 metric tonnes due to cyclical nature of the crop.

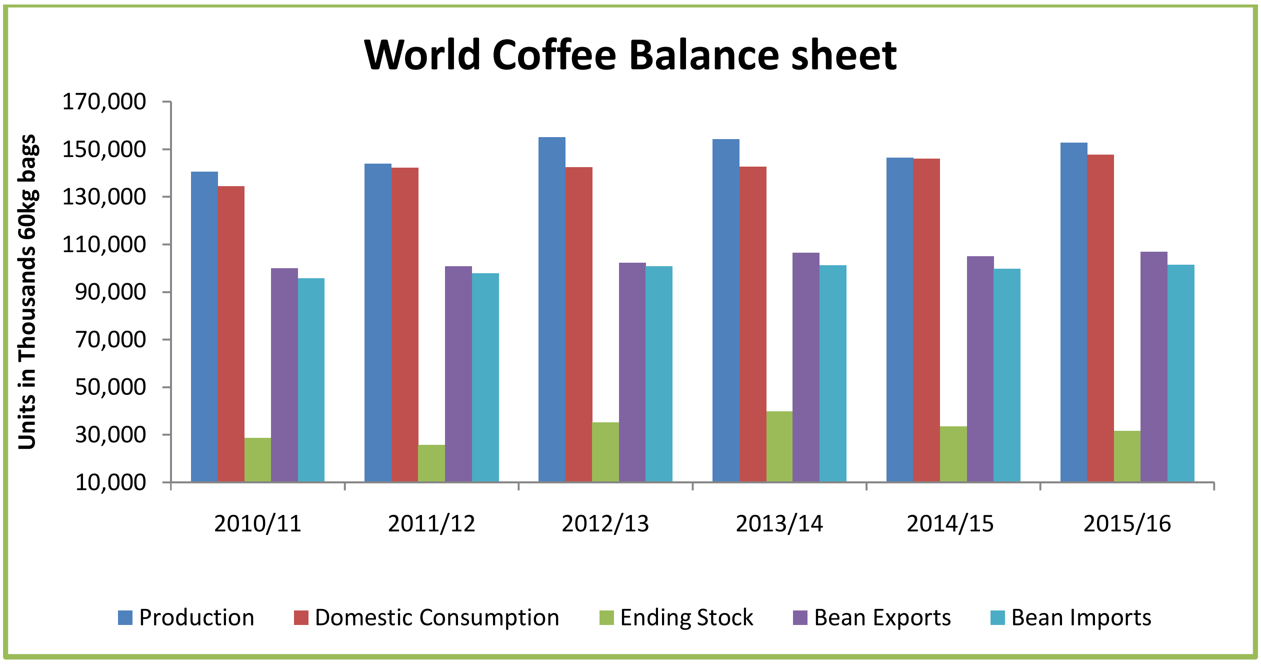
Coffee Balance Sheet Of Coffee

According to recently released data by USDA, World coffee production is expected to touch the level of 152.65 million bags in 2015/16 which is higher by 4.36% against 2014/15 coffee crop estimates i.e. 146.26 million bags due primarily to record output in Indonesia and Honduras as well as strong recovery in Brazil. World coffee production forecast in June 2015 is revised down from December -2015 estimate by 3.5 million bags to 146.3 million bags followed by lower output estimates of central America &Mexico, Vietnam and Peru.

Below table and Chart shows Coffee balance sheet of the World:-

World Coffee's Forecast for 2014-15 (Thousand 60-kg bags)						
	2010/11	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Production	140,417	143,882	154,943	154,308	146,263	152,651
Domestic Consumption	134,535	142,384	142,476	142,762	145,973	147,684
Ending Stock	28,620	25,648	35,190	39,690	33,547	31,540
Bean Exports	99,901	100,657	102,362	106,388	104,914	106,762
Bean Imports	95,730	97,945	100,852	101,160	99,795	101,350

Source: USDA



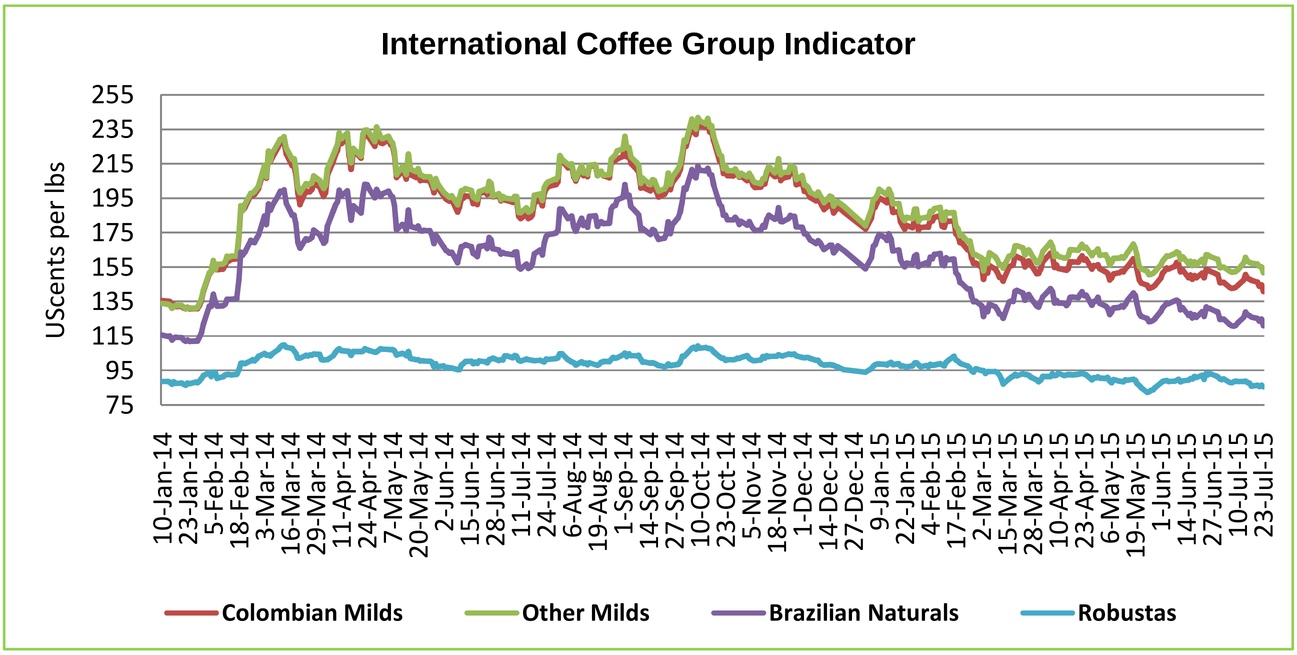
Source: USDA

International Coffee Price Trend

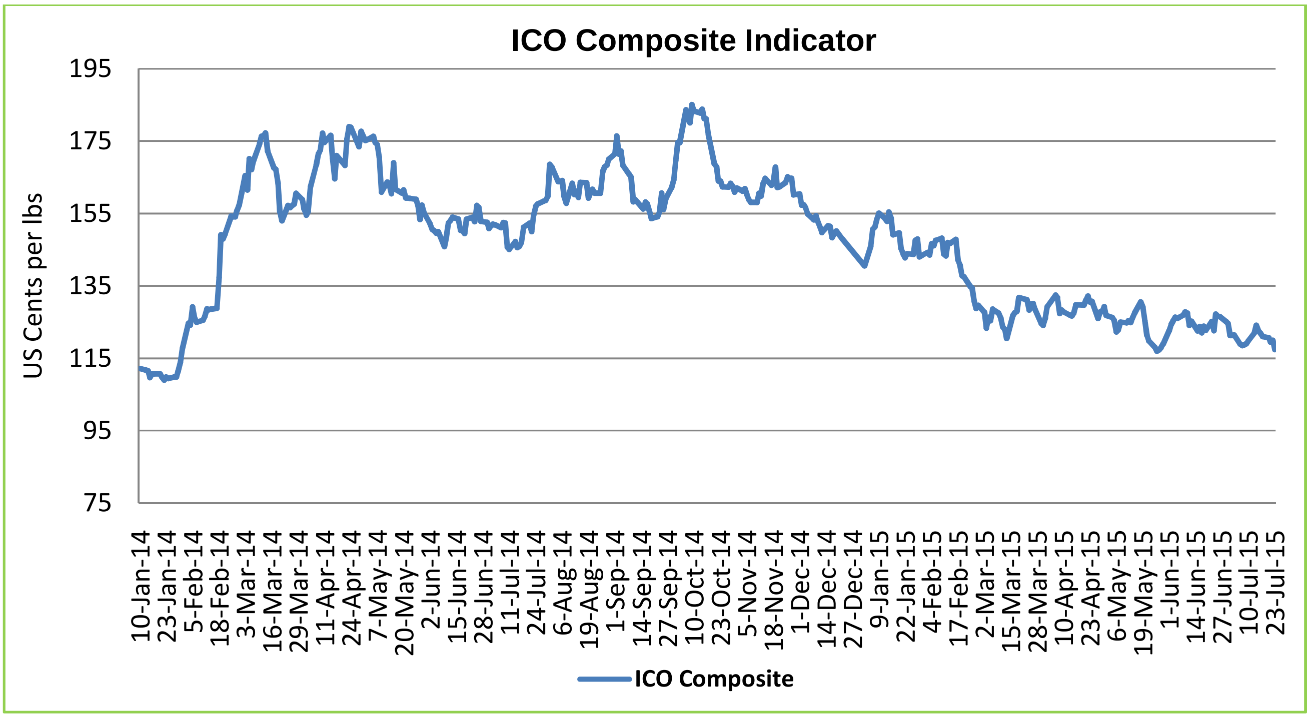
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	**23.7.2015**	**16.7.2015**	**23.6.2015**	**23.7.2014**
ICO Composite Indicator	117.40	121.96	122.65	154.48
Colombian Milds				
US	137.50	145.75	147.75	198.50
Europe	144.95	150.38	150.12	196.97
Group Indicator	140.93	147.88	148.84	197.80
Other Milds				
US	149.19	155.69	156.69	202.25
Europe	153.23	158.91	157.18	200.53
Group Indicator	151.70	157.68	157.00	201.18
Brazilian Naturals				
US	108.50	114.75	114.75	158.50
Europe	125.43	130.97	130.54	172.77
Group Indicator	121.03	126.75	126.43	169.06
Robusta				
US	90.92	92.58	96.83	105.17
Europe	84.52	86.58	88.64	98.97
Group Indicator	85.54	87.54	89.95	99.96

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(23-July-2015)**	**Week ago (16-July-2015)**	**Month Ago (23-June-2015)**	**Weekly Change (%)**
Jul-15	121.55	127.45	127.70	**-4.62**
Sep-15	125.05	128.85	129.70	**-2.94**
Dec-15	128.70	132.35	133.50	**-2.75**

Liffe Robusta Coffee Futures Prices				
Contract Months	**Today(23-July-2015)**	**Week ago (16-July-2015)**	**Month Ago (23-June-2015)**	**Weekly Change (%)**
Jul-15	1800	1836	--	**-1.96**
Sep-15	1661	1705	--	**-2.58**
Nov-15	1677	1716	--	**-2.27**

USD/T

International Coffee Prices

	16.7.2015	9.7.2015	16.6.2015	16.7.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	36700	36900	37400	39750
Vietnam FOB (2-5 pct)* (Saigon port)	1785	1775	1780	1978
Indonesian FOB (4-80 defects)** (Lampung Port)	1850	1860	1855	2015

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

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	**Prices This Auction In (21/07/2015)**	**Average Prices In**	**Prices Last Auction In (14/07/2015)**
Arabica AA	94-262	230.34	102-245
Arabica AB	113-234	205.53	81-209
Arabica C	81-214	177.62	79-195
Arabica PB	122-228	189.95	80-204
Arabica T	55-154	97.05	54-158
Arabica TT	111-190	150.48	89-191

Units in $ per 50 kg bags

Technical Analysis of Coffee Future (July'15 Contract)at ICE Future

Weekly Technical Outlook:-

- Candlestick chart shows lower phase of the market.
- Falling 14 days EMI hints further down trend in the market.
- Rising volume indicates bullish phase of the market.
- However, RSI is down at 38.42 compared to last week movement at 41.24 indicating weak tone in the next week.
- Fibonacci projection level on upwave hints first resistance level at 131.31 @23.6% and second resistance level at 149.45@ 38.2% for upcoming days.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound to Bearish Momentum	115-130

US cents/Ib

Expected Support and Resistance

S2	S1	PCP	R1	R2
106.67	114.49	122.25	131.31	149.45

US cents/Ib

COFFEE WEEKLY RESEARCH REPORT
27th July, 2015

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

Weekly Technical Outlook:-

- Candlestick chart depicts continued down phase of the market on selling pressures.
- 14-days EMI is moving lower at 1795 from1801 of last week, indicating further fall in the market.
- RSI is down at 47.88 in neutral region against 51.11 of last week hinting 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	1745-1788

USD/T

Expected Support and Resistance

S2	S1	PCP	R1	R2
1675	1743	1789	1883	1937

USD/T