

### Highlights of the Week

**Karnataka physical market featured mixed tone this week ,on the back of ups and** downs in demand as on 14th August 2015. Indian coffee crop is good as per figures given earlier and is presently growing to be picked from November to February 2016, Stem borer effect is noticed in Arabica coffee growing areas of Coorg, Hassan and Chikmagalur, precautions are being taken ,by swabbing, spray and uprooting of deepy damaged plants.

**As per traders, the weather is not playing spoil sport, rains are in tandem for the growth of coffee** and as well as black pepper crops, Robusta estimated at 245.300 lakh tonnes and Arabica 110.300 lakh tonnes, if at all there is damage during picking time due to rains, there could be a shortage of 10-15% overall. International buyers are few, as the differentials quoted by the Indian suppliers are not acceptable by the European market, but middleast buyers are active, Indian big traders like Allanasons ,Tata coffee, are active. International buyers are concentrating more on Brazil coffees now since Vietnam differentials are also high and since Vietnam is also holding back sales expecting higher differentials due to the estimate of a lower crop for 2015-16 season.

**International Scenario:-Since yesterday we have seen a surge in the London and Newyork** trading houses, since the news of a lower crop of 45-46 million bags as against 50 million bags in Brazil for Arabica has been mostly accepted by all traders and also the crop shortage in Vietnam for Robustas. London market closed 33 dollars plus and Newyork +5.70cents. Prospects are that the market may go up in the coming days . International coffee scenario is also not very rosy as predicted earlier that the crop produced will be way higher than consumed, as we now find Brazil crop the biggest Arabica producer has a shortage of 6-7 million bags and also Vietnam the biggest Robusta crop producer and also Indonesia the second Largest Robusta producer facing shortages and also Central American producers facing drought, overall crop may reduce by 20-25%, surging prices to move higher, but at the same time Brazil Real(currency)being very weak against the dollar we may find hasty sell offs at weaker prices. If oil prices further dip fund players will enter coffee and volatile market can be created, Columbian Arabicas considered the best in the world also was selling at very low premiums due to the drought they faced last year as the crop quality was said to be bad, as it is African countries have not faced any damage and crop estimates and sales are as usual.

**As per the National coffee Council, El Salvador exported higher volume of coffee beans by** 38.7% to 30,728 60-kg bags in July 2015 compared to the same month a year ago as the country's farms continue to recover from a major fungal outbreak. Exports during the first ten months of the current 2014-15 harvesting season totaled 570,057 bags, up 19 percent compared to the same period during the previous 2013-14 season.

**Exports and Imports of India**

**As per the Coffee Board of India, provisional Indian green coffee exports is registered** significantly down by 4.41% at 170091 metric tons from 1st January 2015 to 12th August 2015 as compared to 177944 metric tons of previous year exports during the same time period. India re-exports maximum Instant type of coffee which is recorded down by 34.67% at 18790 metric tons in this year during 1st January 2015 to 12th August 2015 from preceding year instant coffee volume i.e. 28765 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 35.56% to 25968, 25.80% to 8250 metric tons respectively against last year exports volume i.e. 40301 metric tons, 11119 metric tons respectively in the same period of time due to lower demand.

**Export update:** From 01<sup>st</sup> January 2015 to 12th August 2015 (in metric tonnes)

	<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)	25968	8250	25669	91182	27	205	18790	170091
2	Provisional exports corresponding period last year	40301	11119	17050	80499	38	171	28765	177944
3	Provisional re-exports	0	0	0	0	119	189	39726	40034
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	33683	33683
5	Total provisional exports (1+3)	<b>25968</b>	<b>8250</b>	<b>25669</b>	<b>91182</b>	<b>146</b>	<b>394</b>	<b>58516</b>	<b>210124</b>
6	Total provisional exports corresponding period last year (2+4)	<b>40301</b>	<b>11119</b>	<b>17050</b>	<b>80499</b>	<b>38</b>	<b>171</b>	<b>62448</b>	<b>211626</b>

Source: The Coffee Board Of India

**Weather Updates (Current Status of Southwest Monsoon 2015 And Forecast)**

**Weekly Rainfall(30th July to 5th August 2015):-**

During the week, rainfall was below normal by 31% over the country as a whole. Northwest India and south Peninsula received near normal rainfall during the week. Details of rainfall are given below:

Regions	Actual Rainfall (mm)	Normal Rainfall (mm)	% Departure from LPA
Country as a whole	43.2	62.5	-31%
Northwest India	47.8	54.7	-13%
Central India	41.4	73.6	-24%
South Peninsula	38.4	42	-8%
East & northeast India	44	79.7	-45%

Source: IMD

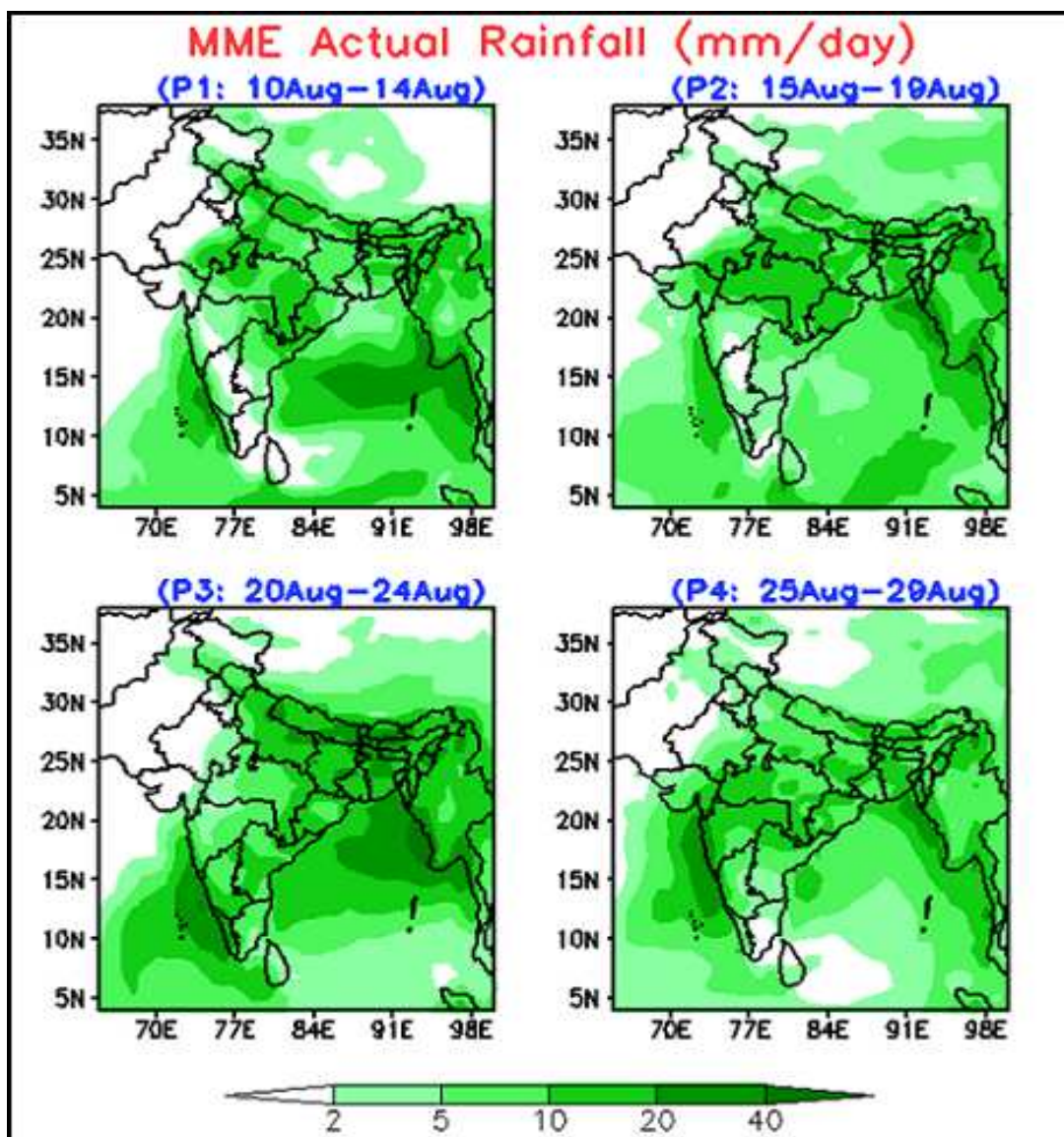
**Seasonal Rainfall(01 June to 12th August,2015):-**

For the country as a whole, cumulative rainfall during monsoon season has so far upto 12 August been 09% below the Long Period Average (LPA). Rainfall activity was near normal in all the broad homogeneous regions of India except south Peninsula. Details of the rainfall distribution are given below:

Regions	Actual Rainfall (mm)	Normal Rainfall (mm)	% Departure from LPA
Country as a whole	511.6	562.3	-9%
Northwest India	390.6	381.8	2
Central India	566.8	619.5	-8%
South Peninsula	360.1	451.9	-20%
East & northeast India	815.1	925.7	-12%

Source: IMD

Below map shows Advance of Southwest Monsoon -2015:-



Source: IMD

A low pressure area formed over west central Bay of Bengal & neighborhood and moved across Odisha & Chhattisgarh up to east Madhya Pradesh during 2nd half of the week. Axis of monsoon trough was near its normal position during the week. Two western disturbances affected Western Himalayan region and adjoining plains during the week. Near normal Rainfall activity is likely over central and northwest India during next 3-4 days.



### 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.

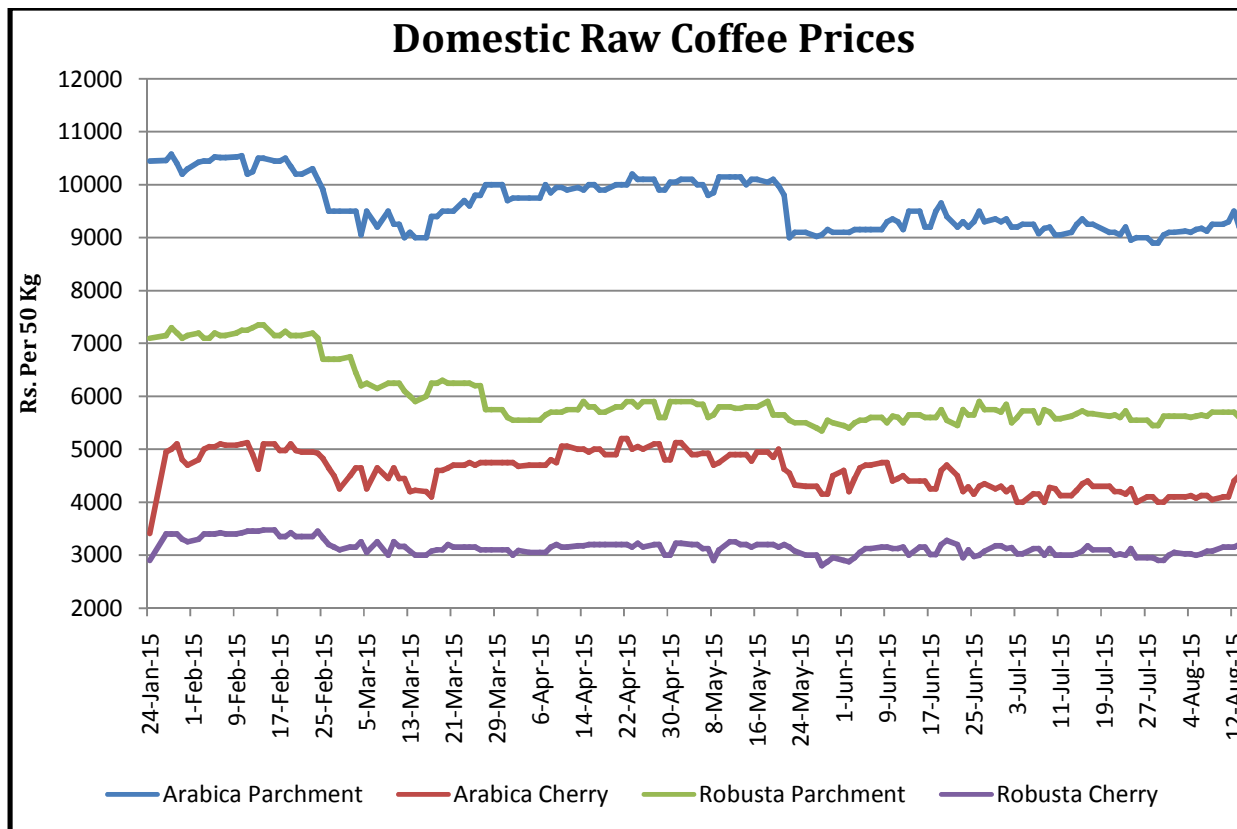
Below table shows coffee balance sheet of India since 2010-11:-

All figures in Thousands-60 kg bags						
Item	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Supply</b>						
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
<b>Total Imports</b>	<b>1135</b>	<b>1045</b>	<b>1152</b>	<b>1164</b>	<b>892</b>	<b>820</b>
<b>Availability</b>	<b>8606</b>	<b>8171</b>	<b>8209</b>	<b>7940</b>	<b>7864</b>	<b>8488</b>
<b>Demand</b>						
Soluble Domestic consumption	450	430	430	350	380	205
Roasted,Ground Dom. Consumption	800	770	770	750	788	1026
<b>Total consumption</b>	<b>1250</b>	<b>1200</b>	<b>1200</b>	<b>1100</b>	<b>1168</b>	<b>1231</b>
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
<b>Exports</b>	<b>5000</b>	<b>4700</b>	<b>4983</b>	<b>4858</b>	<b>5223</b>	<b>5515</b>
<b>Total Demand</b>	<b>6250</b>	<b>5900</b>	<b>6183</b>	<b>5958</b>	<b>6391</b>	<b>6746</b>

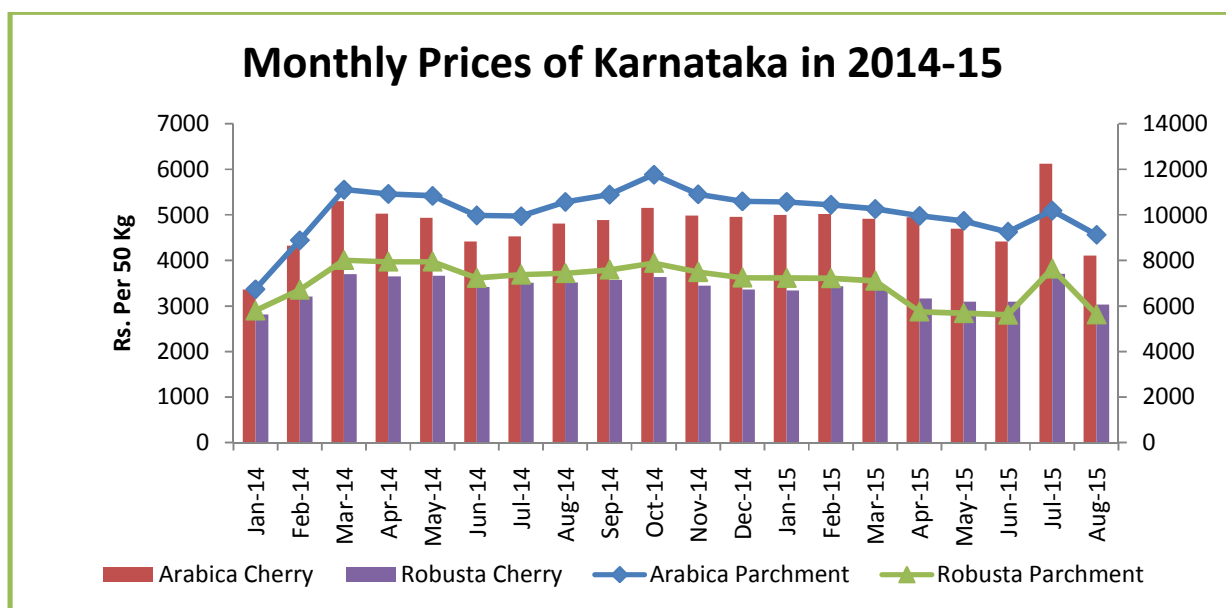
Source: USDA (Total Availability (Opening Stock+ Crop Size+ Total Imports)),(Total Demand (Total Consumption+ Total Exports))

**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	14.8.2015	7.8.2015	Change
Arabica Parchment	9200	9125	75
Arabica Cherry	4250	4045	205
Robusta Parchment	5600	5625	-25
Robusta Cherry	3100	3075	25

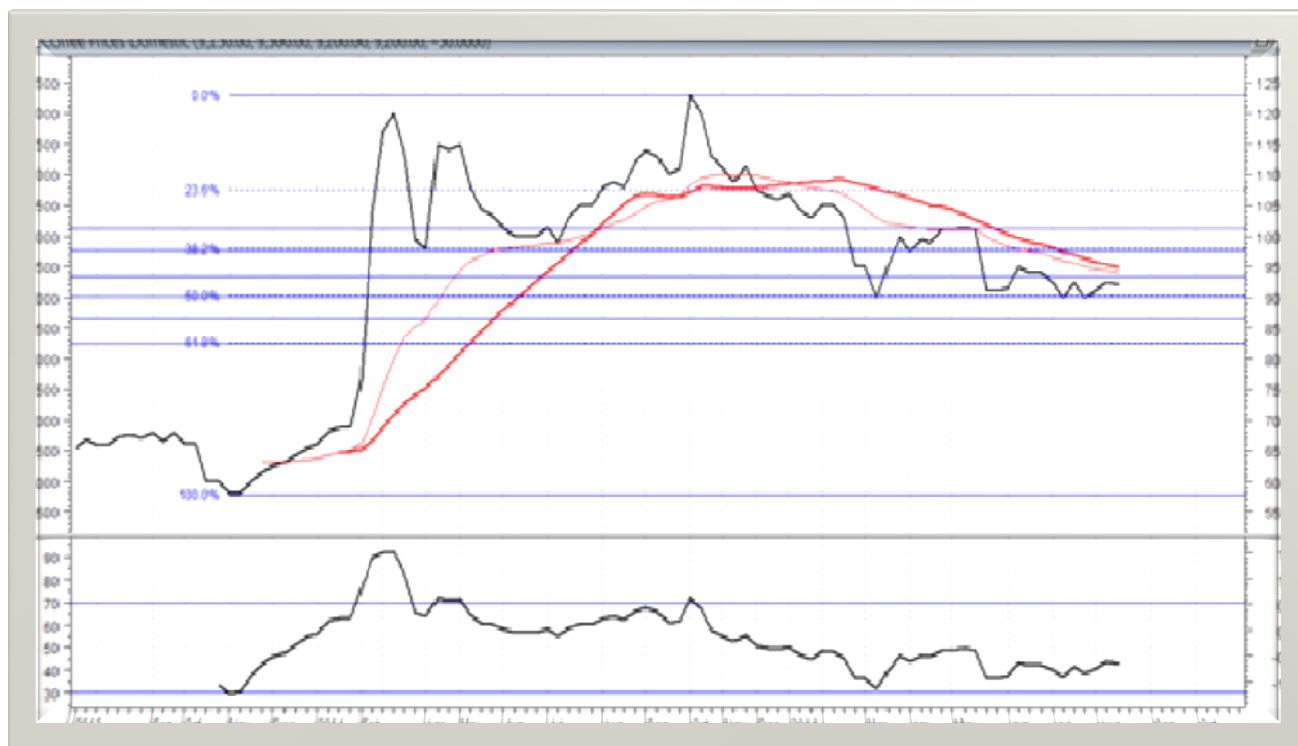
\* Values in Rs per 50 Kg

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

Grade	7.8.2015	30.7.2015	Change	7.8.2015	30.7.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	--	--	--	--	--	--
PB	213	--	--	--	158	--
A	--	--	--	--	--	--
AB	--	--	--	--	164	--
B	--	--	--	--	--	--
C	147.26	--	--	--	130	--
BBB	124	--	--	127	--	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	140	--	--	--	--	--
A	--	--	--	--	--	--
PB	141	--	--	120	--	--
AA	--	--	--	--	--	--
AB	--	--	--	123	125	-2
B	--	--	--	--	--	--
C	--	--	--	--	--	--
BBB	111	--	--	--	--	--

Values in Rs. per kg

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



**Weekly Technical Outlook:-**

- Technical chart shows steady momentum in the market.
- RSI also moving down in neutral region at 42.94 in this week , hints further downward momentum in the next week.
- However, simple moving average supports falling zone of the market.
- We expect further steady to downtrend in the market in coming days.

**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>9020-9353</b>

Units in Rs./50 kg.

**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
8648	9020	9200	9353.64	9765.02

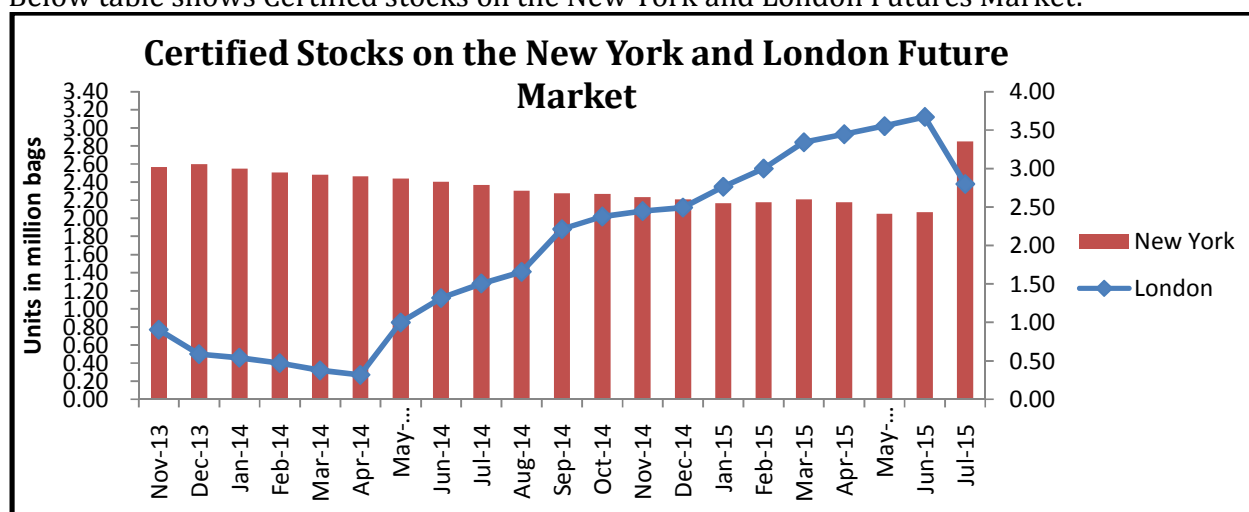
Units in Rs./50 kg.

### International Market Updates:

**Weekly Future Review:-** The daily price of the ICO composite indicator fell to a low of 116.02 cents in July, its lowest daily value since late January 2014. The monthly average settled on 119.77 US cents/lb, 4.2% less than last month, and its lowest level in 18 months. All four groups were lower, with the biggest drop unsurprisingly in Brazilian Naturals. Robustas were also negatively affected, falling by 3.5% to 87.12 cents, their lowest monthly level since November 2013.

In summary, while the coffee market seems to have no immediate supply concerns, it must be reiterated that stock levels in most producing countries are waning, and while there is a moderate buffer in importing country warehouses, this may not be sufficient to cover any significant negative shock to production. This could leave the market highly susceptible to a rapid surge in prices, as seen previously in March 2014 and early 2011, if production fails to meet expectations. As per ICO, certified stocks of Arabica on the New York exchange went significantly down by 23.71% to 2.38 million bags in July month 2015 against June month record i.e. 3.21 million bags. Relatively, certified stocks of Robusta on the London exchange surged by 37.86% to 3.35 million bags in July 2015 from last month record.

Below table shows Certified stocks on the New York and London Futures Market:-



Source: ICO

**Vietnam:-** As per Vietnam Customs, Vietnam exported higher volume of bitter beans by 2.8% to 107,140 tonnes (1.78 million 60 kg bags) in July month 2015 against last year records during the same period of time. July exports brought Vietnam's coffee shipment in the first seven months of 2015 to 786,500 tonnes, down 34.3 percent from a year ago, the finance ministry-run department said in its monthly report. Traders had forecast July's coffee exports at between 80,000-130,000 tonnes, while the government estimated shipments at 115,000 tonnes.

As per an Industry body, Vietnam, the world's largest robusta producer, is estimated to be holding around 300,000 tonnes of coffee in stock now, or around a fifth of the 2014/2015 crop.



## World 's Coffee Exports Details

Below table shows final Coffee Production estimates of the World (Source: ICO):-

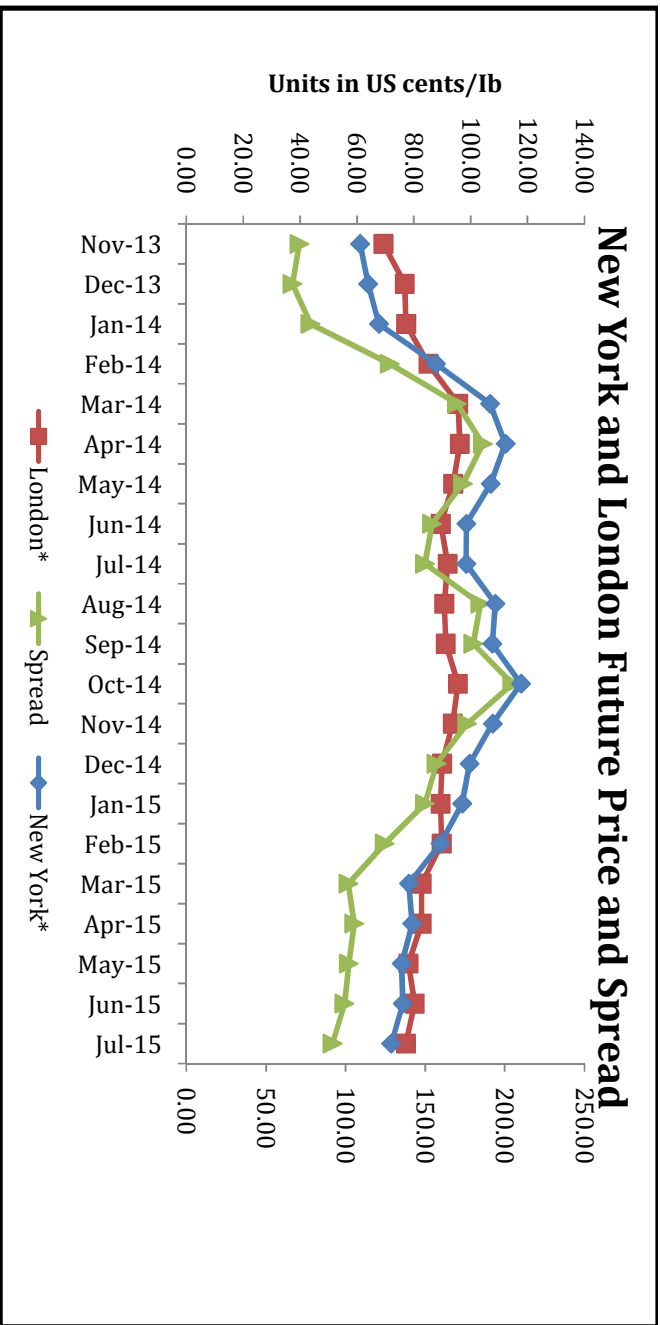
Crop year commencing	2011	2012	2013	2014	% change
<b>TOTAL</b>	<b>136 572</b>	<b>147 593</b>	<b>146 801</b>	<b>141 732</b>	<b>-35.0%</b>
Arabicas	82 008	88 365	87 040	84 167	-33.0%
<i>Colombian Milds</i>	<i>8 720</i>	<i>11 523</i>	<i>13 488</i>	<i>14 020</i>	<i>39.0%</i>
<i>Other Milds</i>	<i>31 965</i>	<i>28 927</i>	<i>26 816</i>	<i>26 554</i>	<i>-10.0%</i>
<i>Brazilian Naturals</i>	<i>41 323</i>	<i>47 914</i>	<i>46 736</i>	<i>43 593</i>	<i>-67.0%</i>
Robustas	54 564	59 228	59 761	57 565	-37.0%
<b><i>Africa</i></b>	<b><i>16 058</i></b>	<b><i>16 632</i></b>	<b><i>16 239</i></b>	<b><i>16 877</i></b>	<b><i>39.0%</i></b>
Burundi	204	406	163	252	54.6%
Cameroon	574	366	413	475	15.0%
Congo, Dem. Rep. of	357	334	347	335	-34.0%
Côte d'Ivoire	1 966	2 072	2 107	2 175	32.0%
Ethiopia	6 798	6 233	6 527	6 625	15.0%
Guinea	385	233	158	150	-50.0%
Kenya	757	875	838	850	14.0%
Madagascar	585	500	588	518	-11.9%
Rwanda	251	259	254	258	15.0%
Tanzania	544	1 109	809	1 030	27.3%
Togo	162	78	135	100	-26.0%
Uganda	3 075	3 878	3 602	3 800	55.0%
Others	399	289	298	309	38.0%
<b><i>Asia &amp; Oceania</i></b>	<b><i>41 918</i></b>	<b><i>45 355</i></b>	<b><i>46 744</i></b>	<b><i>44 685</i></b>	<b><i>-44.0%</i></b>
India	4 921	4 977	5 075	5 517	87.0%
Indonesia	7 288	13 048	11 667	9 350	-19.9%
Lao, People's Dem. Rep. of	512	542	544	500	-80.0%
Papua New Guinea	1 414	717	828	798	-36.0%
Philippines	180	177	186	200	77.0%
Thailand	831	608	638	494	-22.6%
Vietnam	26 500	25 000	27 500	27 500	0.0%
Yemen	185	190	191	185	-32.0%
Others	88	96	116	142	22.6%
<b><i>Mexico &amp; Central America</i></b>	<b><i>20 194</i></b>	<b><i>18 481</i></b>	<b><i>16 585</i></b>	<b><i>18 013</i></b>	<b><i>53.0%</i></b>
Costa Rica	1 462	1 571	1 444	1 508	44.0%
Cuba	100	88	107	100	-63.0%
Dominican Republic	491	488	425	400	-60.0%
El Salvador	1 152	1 235	537	680	26.7%
Guatemala	3 840	3 743	3 159	3 500	10.8%
Haiti	349	350	345	350	14.0%
Honduras	5 903	4 537	4 568	5 400	18.2%
Mexico	4 563	4 327	3 916	3 900	-0.4%
Nicaragua	2 193	1 991	1 941	2 050	56.0%
Panama	106	116	110	95	-13.9%
Others	35	35	32	30	-52.0%
<b><i>South America</i></b>	<b><i>58 402</i></b>	<b><i>67 125</i></b>	<b><i>67 233</i></b>	<b><i>62 156</i></b>	<b><i>-76.0%</i></b>
Bolivia	143	115	128	106	-16.8%
Brazil	43 484	50 826	49 152	45 342	-78.0%
Colombia	7 652	9 927	12 124	12 500	31.0%
Ecuador	825	828	666	644	-32.0%

**International Coffee Price Trend**

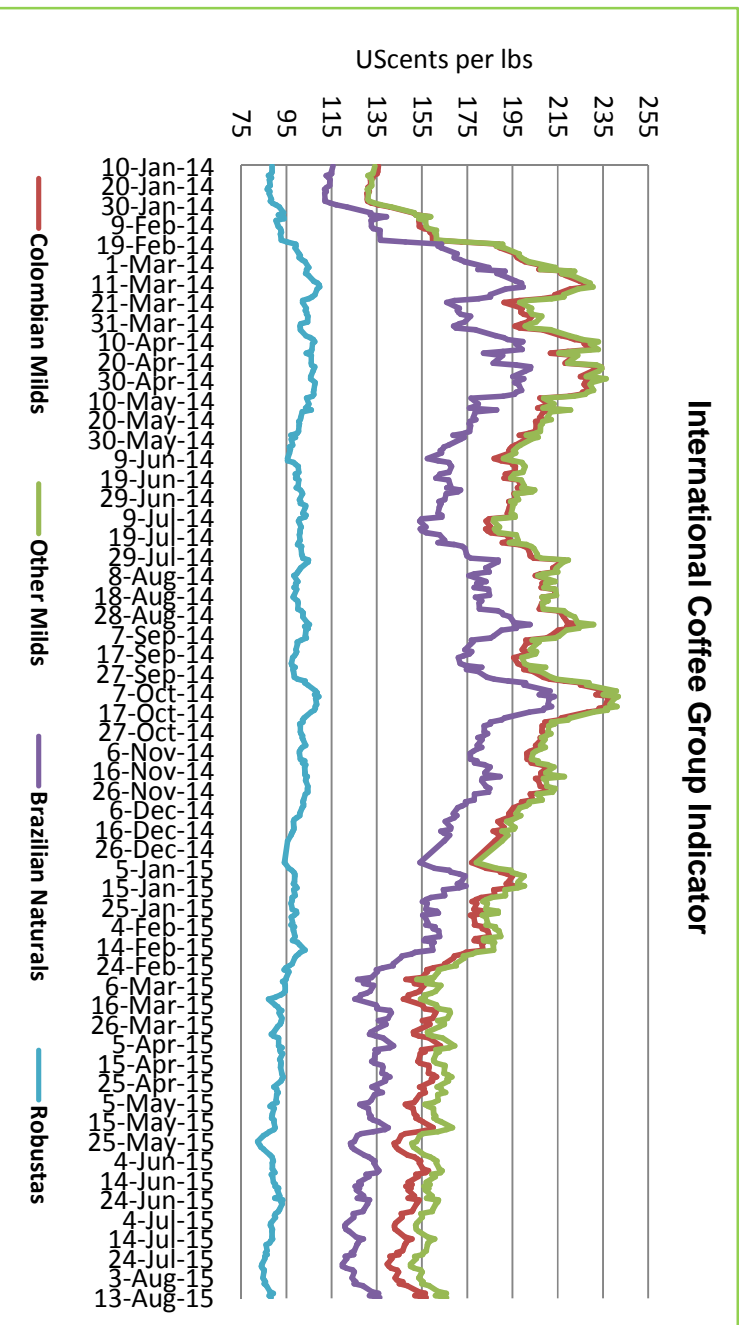
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MNEB	--	--	--	--	--	--
AA	--	--	--	--	--	--
PB	213	--	--	--	158	--
A	--	--	--	--	--	--
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A	--	--	--	--	--	--
PB	141	--	--	120	--	--
AA	--	--	--	--	--	--
AB	--	--	--	123	125	-2
B	--	--	--	--	--	--
C	--	--	--	--	--	--
BBB	111	--	--	--	--	--

**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(13-August-2015)	Week ago (6-August-2015)	Month Ago (13-July-2015)	Weekly Change (%)
Sep-15	137.05	124.25	128.80	10.30
Dec-15	140.60	127.35	132.20	10.40
Mar-16	143.90	130.75	135.75	10.06

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(13-August-2015)	Week ago (6-August-2015)	Month Ago (13-July-2015)	Weekly Change (%)
Sep-15	1704	1640	1738	3.90
Nov-15	1719	1659	1751	3.62
Jan-16	1735	1675	1767	3.58

USD/T

## International Coffee Prices

	13.8.2015	6.8.2015	13.7.2015	13.8.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	36900	--	36900	39150
Vietnam FOB (2-5 pct)* (Saigon port)	1755	--	1770	1957
Indonesian FOB (4-80 defects)** (Lampung Port)	1730	1670	1850	1960

\*FOB Values are in USD/T

## Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (12/08/2015)	Average Prices In	Prices Last Auction In (05/08/2015)
Arabica AA	185-335	238.42	129-268
Arabica AB	93-267	214.55	136-218
Arabica C	81-208	180.63	77-206
Arabica PB	189-231	210.22	124-221
Arabica T	60-167	62.89	37-258
Arabica TT	90-187	158.42	116-197

Units in \$ per 50 kg bags

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



**Weekly Technical Outlook:-**

- Candlestick chart shows slight upside momentum in the market.
- Falling 14 days EMI hints minor upside momentum in the market.
- Rising volume and prices indicates bullish phase of the market.
- However, RSI is also up at 50.11 compared to last week movement at 42.94 indicating firm tone in the next week.
- Fibonacci projection level on up wave hints first resistance level at 148.27 @23.6% and second resistance level at 163.14 @ 38.2% for upcoming days.

**Expected Price Range During Coming Week**

Expected Trend	Expected Trading Band
Range-bound to Bearish Momentum	119-145

US cents/lb

**Expected Support and Resistance**

S2	S1	PCP	R1	R2
112.6	119.67	127.8	148.27	163.14

US cents/lb



## 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 EMA is moving lower at 1792 from 1795 of last week, indicating further fall in the market.
- RSI is down at 41.48 in neutral region against 47.88 of last week hinting a further downward momentum of the market in upcoming week.

### Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<b>Range-bound to Bearish Momentum</b>	<b>1726-1840</b>

USD/T

### Expected Support and Resistance

S2	S1	PCP	R1	R2
1679	1726	1773	1840	1884

USD/T

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