

Highlights of the Week

Karnataka physical market prices, as on 21st August 2015 **declined this week**, on lackluster demand. Indian coffee standing crops are moving from flowering to maturity stage. In the long run, higher crop estimates for 2015/16 will keep the pressure on coffee prices. Indian coffee crop is good as per figures given earlier and is presently growing to be picked from November to February 2016.

As per DGCIS latest report, India received around Rs. 406.63 crore as the total coffee exports revenue which is 63.90 million in USD in July 2015. This is lower by 2.09% in Rs. and 7.59% in USD respectively against Rs. 415.30 crore and USD 69.15 million respectively in the corresponding month of previous year. It stood at Rs. 1965.18 crore and the value in USD at 309.38million since April-2014 to July 2015 up by 5.26% in Rs. and 0.80% in USD against the last year revenue i.e. Rs.1866.91 crore and in USD 311.87 million in corresponding period of time.

As per traders, the weather is not adverse and rains are favorable for the growth of coffee as well as black pepper crops. Robusta is estimated at 245.300 lakh tonnes and Arabica 110.300 lakh tonnes. Any damage during picking time due to rains, could result in an overall shortage of 10-15%.International buyers are few, as the differentials quoted by the Indian suppliers are not acceptable by the European market, whilemiddle east buyers are active. Indian big traders like Allan sons,Tata coffee, are active. International buyers are concentrating more on Brazil coffees now since Vietnam differentials are also high. Vietnam is also holding back sales expecting higher differentials due to the estimate of a lower crop for 2015-16 season.

International Scenario:-Fear of Brazilian Real (currency)looking still weaker against the dollar. Most of the central American coffee growing areas and Brazil ,mainly Minas Garios in Brazil is very dry, creatinga fear of poorer crop outturn. Traders say the beans are smaller than usual crop which in turn has been estimated for a lower crop between 45-47 million bags. On the other hand, both Vietnam and Indonesia have received small showers, but the differentials offered by the producers being high and traders are not much interested, though Vietnam has exported 6% more in July 2015 than July 2014. Their overall exports of 2015 is 32% less than 2014,which means that they are holding previous years coffee in the fear of a poorer crop this season. Due to higher differentials offered in Vietnam. Traders are buying Robustas from Brazil at cheaper differentials over Vietnam's higher differential; irrespective of the poor cup taste of Brazilian Robustas.

In view of local analysts Safras e Mercado, Farmers in Brazil have harvested total 84% of coffee as on 19th August 2015 which is lower than the 93% harvested in previous year due to accelerating effects of the drought in 2014. Brazil's 2015/16 crop size is forecasted at 50.4 million 60- kg bags.

Exports and Imports of India

As per the Coffee Board of India, provisional Indian green coffee exports is registered significantly down by 3.03% at 175146 metric tons from 1st January 2015 to 19th August 2015 as compared to 180625 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 31.49% at 40447 metric tons in this year during 1st January 2015 to 19th August 2015 from preceding year instant coffee volume i.e. 34545 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 35.11% to 26204, 26.17% to 8356 metric tons respectively against last year exports volume i.e. 40383 metric tons, 11319 metric tons respectively in the same period of time due to lower demand.

Export update: From 01st January 2015 to 19th August 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)	26204	8356	26070	93888	27	206	20395	175146
2	Provisional exports corresponding period last year	40383	11319	17289	81647	38	177	29771	180625
3	Provisional re-exports	0	0	0	0	119	204	40447	40770
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	34545	34545
5	Total provisional exports (1+3)	26204	8356	26070	93888	146	410	60842	215916
6	Total provisional exports corresponding period last year (2+4)	40383	11319	17289	81647	38	177	64316	215170

Source: The Coffee Board Of India

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

Weekly Rainfall(13th August to 19th August 2015):-

During the week, rainfall was below normal by 10% over the country as a whole. Rainfall activity was near normal in all the broad homogeneous regions of India except Central India. Details of rainfall are given below:

Regions	Actual Rainfall (mm)	Normal Rainfall (mm)	% Departure from LPA
Country as a whole	54.8	60.8	-10%
Northwest India	40.7	50	-19%
Central India	56.4	71.1	-21%
South Peninsula	36.1	42.4	-15%
East & northeast India	101.7	82.4	23%

Source:IMD

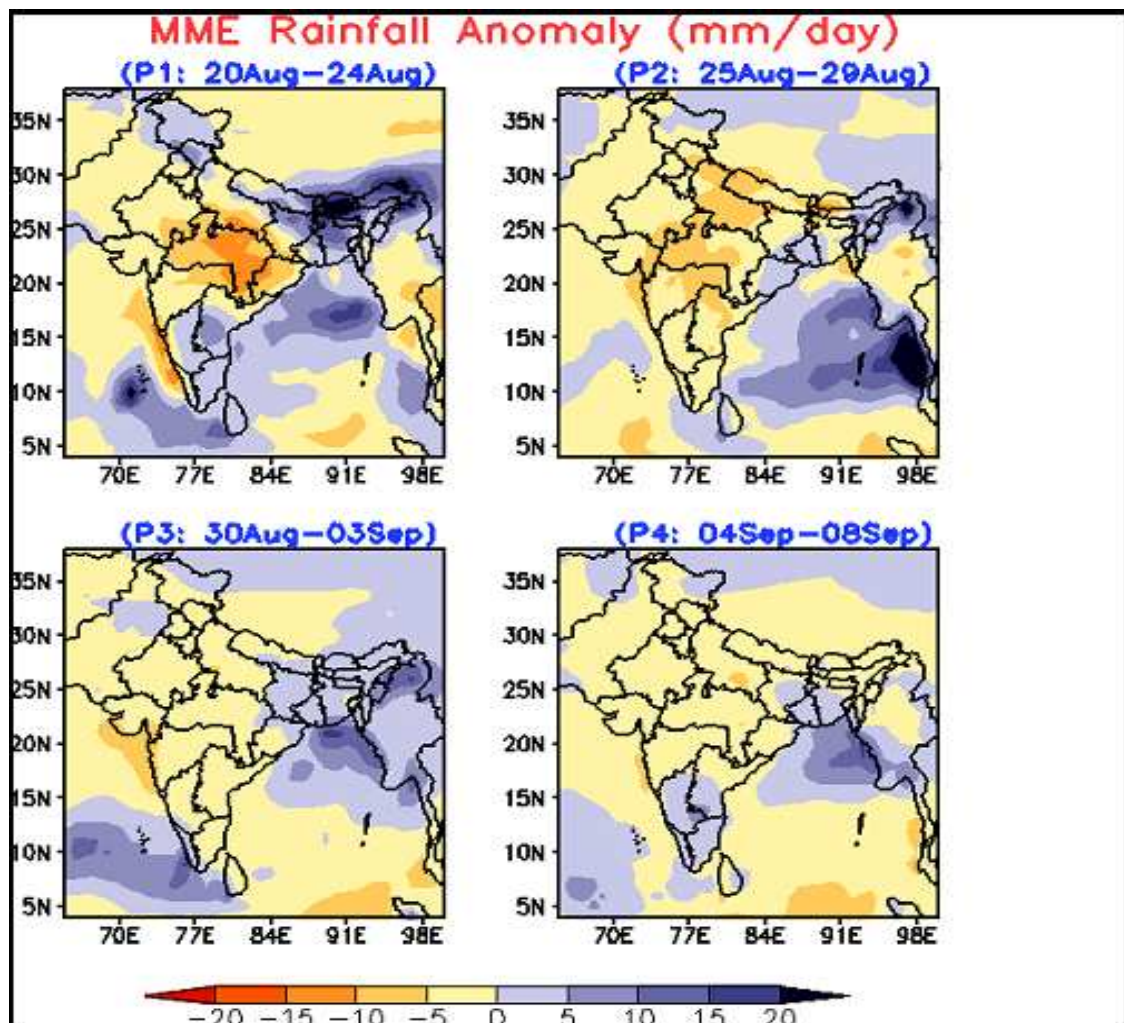
Seasonal Rainfall(01 June to 12th August,2015):-

For the country as a whole, cumulative rainfall during monsoon season upto 19 August has 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	564.9	623.1	-9%
Northwest India	431.2	431.8	0
Central India	622.7	690.6	-10%
South Peninsula	391.9	494.3	-21%
East & northeast India	914.1	1008.1	-9%

Source:IMD

Below map shows Advance of Southwest Monsoon -2015:-



Source: IMD

- Above normal rainfall activity is likely over northeast and adjoining east India on many days till beginning of September.
- Normal rainfall activity likely over south peninsular during 20 to 24 August and 4 to 8 September.
- Below normal rainfall activity likely over plains of northwest and Central India on many days.

Domestic Crops Condition and Production

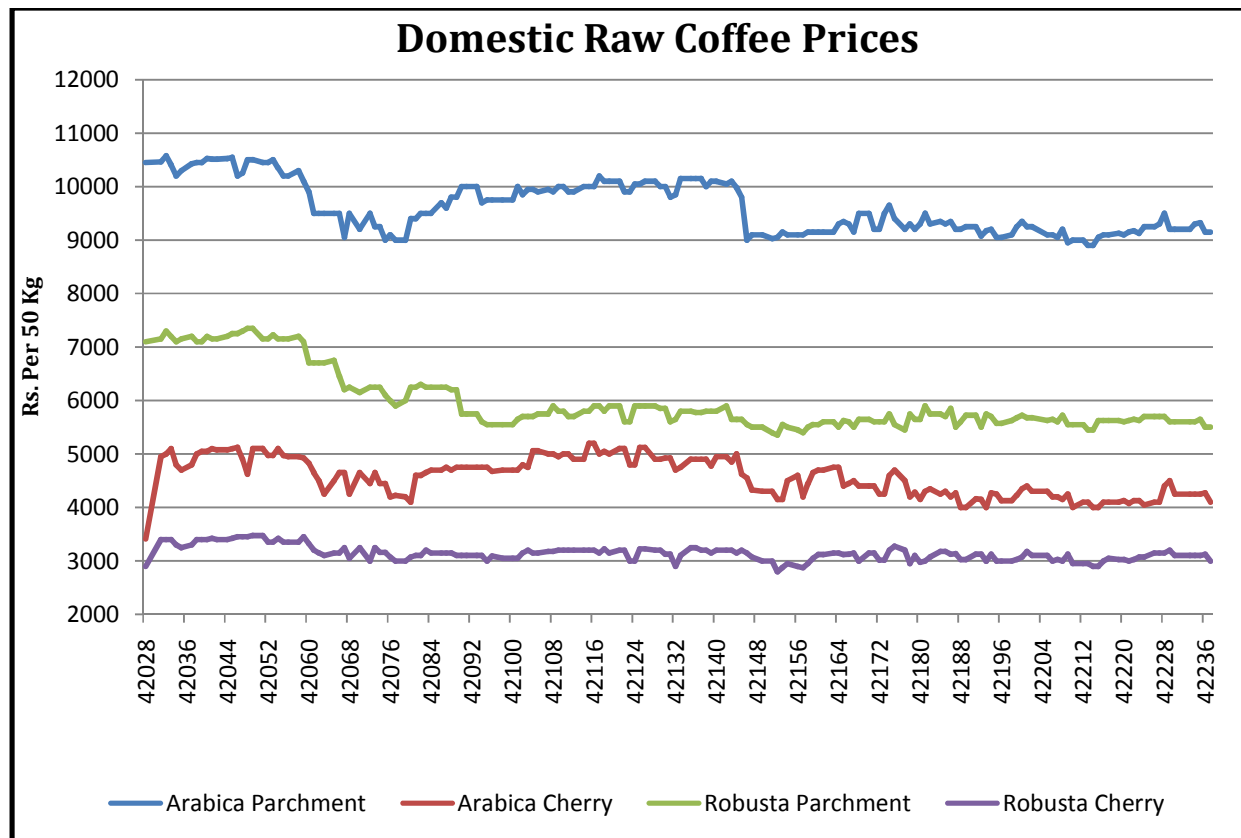
Below table shows Post Mansoon Estimation and Final Estimate of coffee:-

State/District	Post Mansoon Estimation 2014-15			Final Estimate 2013-14		
	Arabica	Robusta	Total	Arabica	Robusta	Total
Karnataka						
Chikmagalur	38,300	41,335	79,635	38,250	30,640	68,890
Kodagu	18,855	104,800	123,655	21,040	90,820	111,860
Hassan	18,850	14,200	33,050	19,150	11,200	30,350
Sub total	76,005	160,335	236,340	78,440	132,660	211,100
Kerala						
Wayanad	0	57,150	57,150	0	56,425	56,425
Travancore	900	7,400	8,300	900	6,700	7,600
Nelliampathies	1,175	1,600	2,775	1,100	1,550	2,650
Sub total	2,075	66,150	68,225	2,000	64,675	66,675
Tamil Nadu						
Pulneys	7,500	375	7,875	6,975	325	7,300
Nilgiris	1,550	3,850	5,400	1,800	3,950	5,750
Shevroys (Salem)	3,400	50	3,450	3,875	50	3,925
Anamalais (Coimbatore)	900	500	1,400	1,300	500	1,800
Sub total	13,350	4,775	18,125	13,950	4,825	18,775
Non Traditional Area						
Andhra Pradesh	7,490	60	7,550	7,250	70	7,320
Orissa	550	0	550	440	0	440
Sub Total	8,040	60	8,100	7,690	70	7,760
North Eastern Region	130	80	210	120	70	190
Grand Total (India)	99,600	231,400	331,000	102,200	202,300	304,500

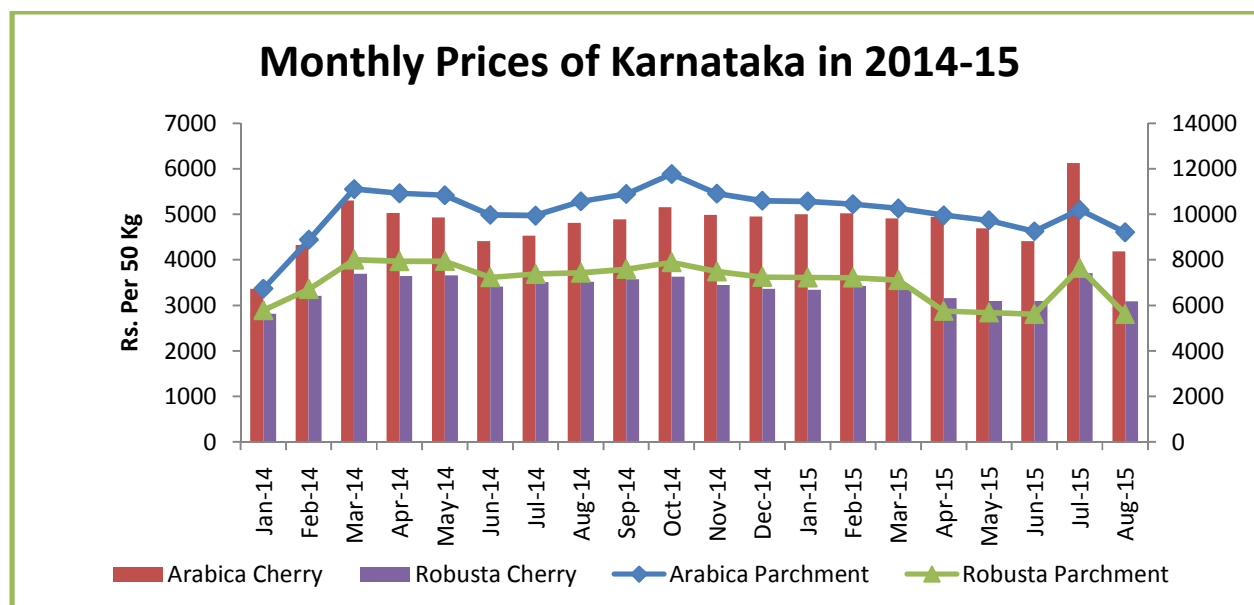
Source: The Coffee Board Of India

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	21.8.2015	14.8.2015	Change
Arabica Parchment	9150	9200	-50
Arabica Cherry	4100	4250	-150
Robusta Parchment	5500	5600	-100
Robusta Cherry	3000	3100	-100

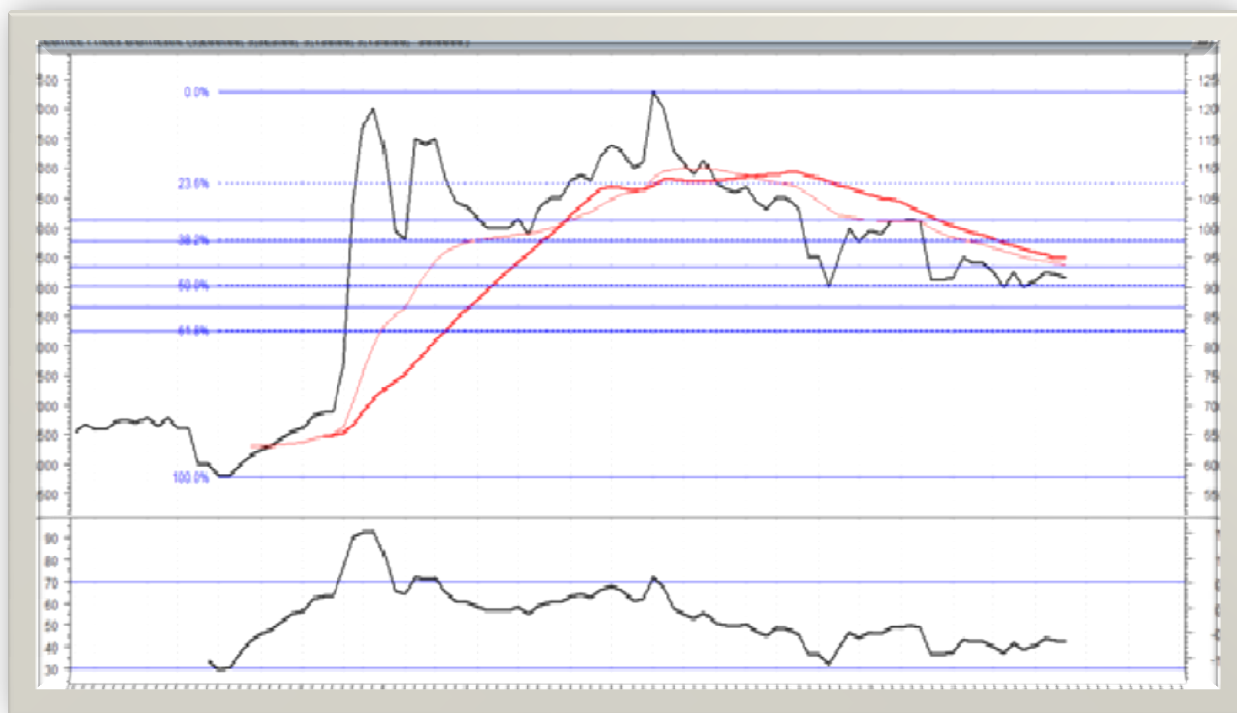
* Values in Rs per 50 Kg

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

Grade	13.8.2015	7.8.2015	Change	13.8.2015	7.8.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	--	--	--	--	--	--
PB	--	213	--	--	--	--
A	--	--	--	--	--	--
AB	--	--	--	--	--	--
B	--	--	--	--	--	--
C	152.00	147.26	4.74	--	--	--
BBB	--	124	--	--	127	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	140	--	--	--	--
A	--	--	--	--	--	--
PB	--	141	--	--	120	--
AA	--	--	--	129	--	--
AB	--	--	--	126	123	3
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 downward momentum in the market.
- RSI also moving slightly down in neutral region at 42.13 in this week, hints further downward momentum in the next week.
- Relatively, simple moving average also supports falling zone of the market.
- We expect further steady to downtrend in the market in coming days.

Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	9020-9353

Units in Rs./50 kg.

Expected Support and Resistance

S2	S1	PCP	R1	R2
8648	9020	9150	9353	9765.02

Units in Rs./50 kg.

International Market Updates:

Weekly Future Review:- The daily price of the ICO composite indicator slumped by 6.86% to 127.65 during this week against 137.05 of previous week, its lowest daily value since late January 2014. Arabica coffee declined on pressure from producer selling as currencies in top growers Brazil and Colombia dropped. According to the Green Coffee Association, U.S. green coffee stocks rose by 373,235 bags to 5.9 million 60-kg bags by the end of July 2015.

Below table shows U.S. green coffee stocks details:-

Ports	Total Exchange& Non-Exchange	Change From Last Date
New York	1852908	65612
New Orleans	746,534	118681
Jacksonville	330000	-29000
Miami	154319	1132
Houston	553,678	66952
Laredo	48406	7352
San Francisco	771738	118083
Norfolk	533784	13599
Philadelphia	8459	389
Seattle/Tacoma	182000	7065
Los Angeles/ Long Beach	138574	5619
Baltimore	411853	29424
South Carolina	151096	-31673
Total USA	5883349	373235

Source: Reuter

Vietnam:- As per Vietnam Traders, Coffee sales in Asia slowed on Thursday due to thin buying demand, with a drop in Robusta futures prices also prompting growers in Vietnam to hold back their stocks. The dong has now fallen 1.3 percent against the dollar after Vietnam devalued the currency by 0.99 percent and widened the dollar/dong trading band to 3 percent from 2 percent. 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.

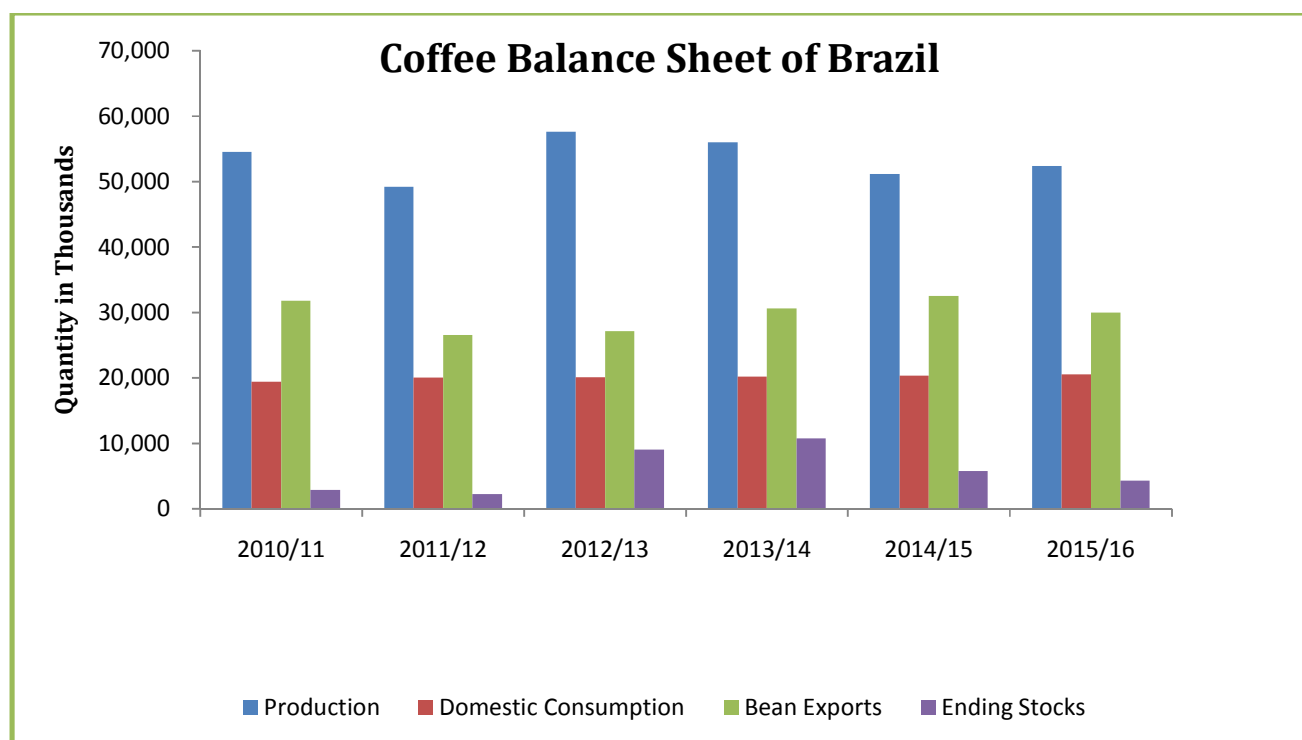
Kenya:- As per the Nairobi Coffee Exchange (NCE), The top price of Kenya's benchmark grade AA coffee per 50-kg bag declined at this week's auction compared to last week's sale. The east African country produces specialty coffee that is much sought after by roasters worldwide for blending with beans from other countries.

Coffee Balance Sheet Of Brazil

Below table and Chart shows coffee balance sheet of Brazil :-

Coffee Balance sheet of Brazil						
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Production	54,500	49,200	57,600	56,000	51,200	52,400
DomesticConsumption	19,420	20,025	20,110	20,210	20,330	20,580
BeanExports	31,810	26,556	27,143	30,600	32,500	30,000
EndingStocks	2,906	2,238	9,068	10,746	5,757	4,289

Source:USDA



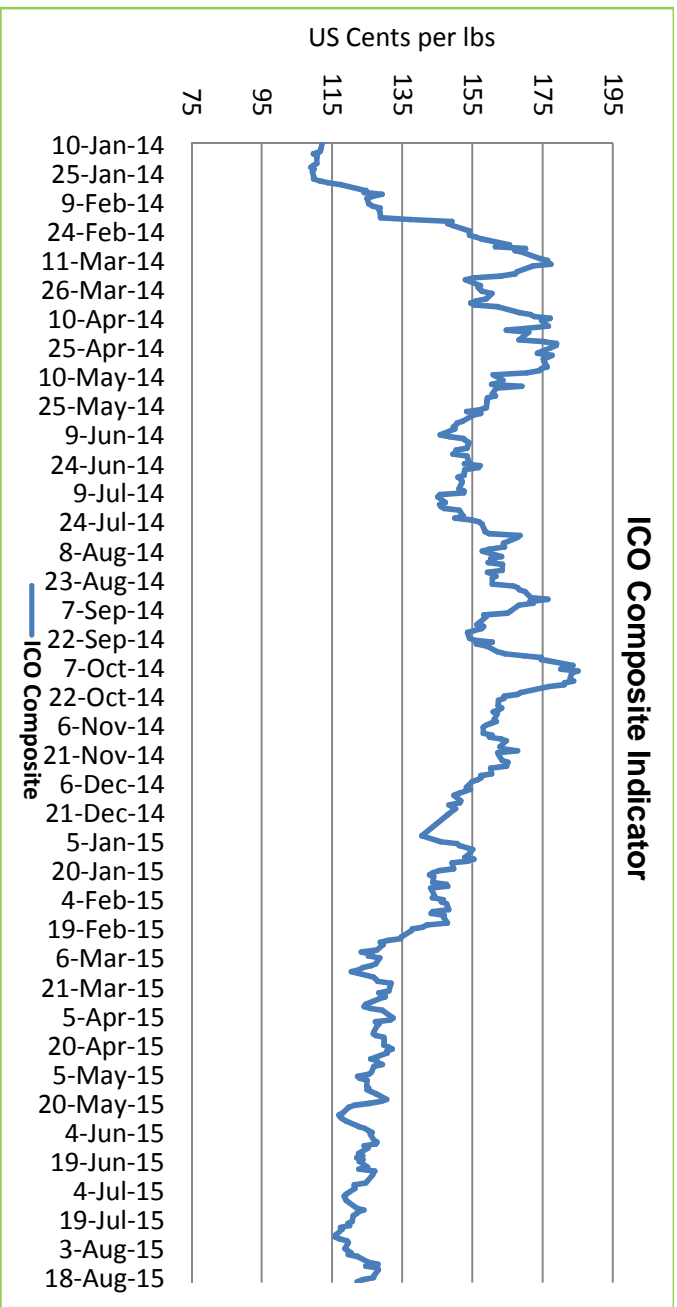
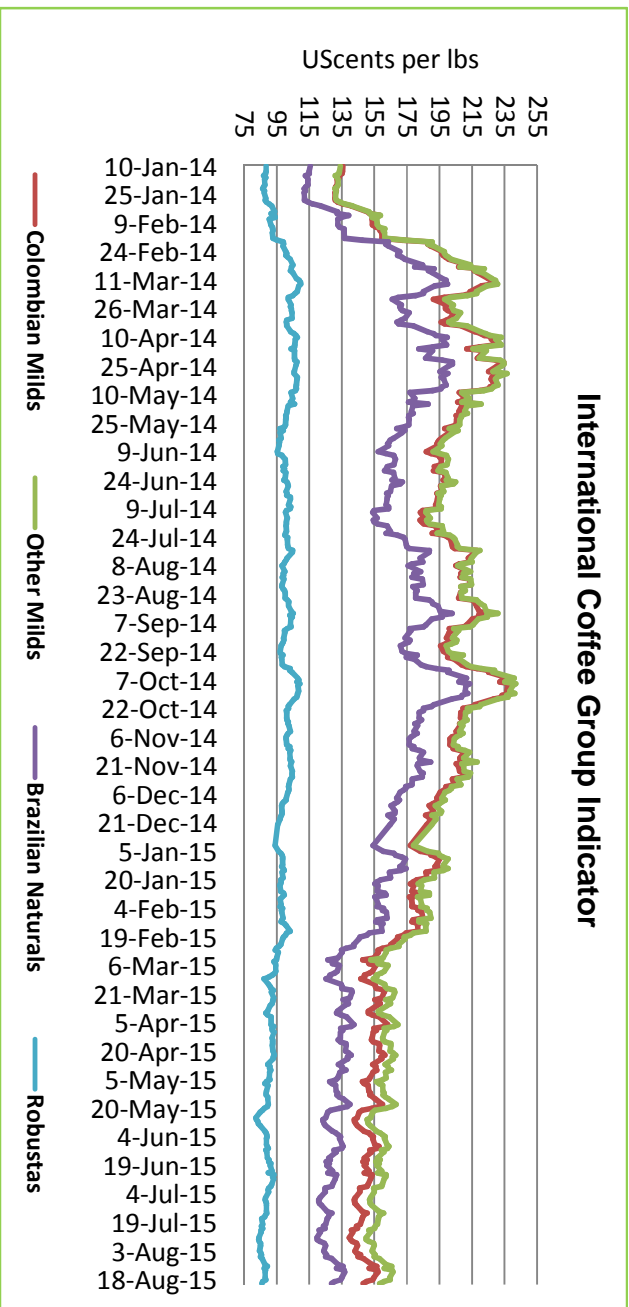
Source:USDA

International Coffee Price Trend

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	20.8.2015	13.8.2015	20.7.2015	20.8.2014
ICO Composite Indicator	122.10	127.98	120.72	160.81
Colombian Milds				
US	145.50	155.50	144.50	211
Europe	150.95	158.54	148.58	209.12
Group Indicator	148.01	156.90	146.38	210.13
Other Milds				
US	160.94	168.44	154.94	213
Europe	156.54	164.31	158.00	208.4
Group Indicator	158.21	165.88	156.83	210.15
Brazilian Naturals				
US	119.50	127.50	113.50	171
Europe	132.00	139.49	129.16	183.49
Group Indicator	128.75	136.37	125.09	180.25
Robusta				
US	91.83	94.33	91.67	103.25
Europe	84.68	87.11	85.46	98.01
Group Indicator	85.83	88.27	86.46	98.85

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

International Coffee Indicators Chart:-



International- Future Market Prices:-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(20-August-2015)	Week ago (13-August-2015)	Month Ago (20-July-2015)	Weekly Change (%)
Sep-15	127.65	137.05	127.45	-6.85
Dec-15	132.45	140.60	131.00	-5.79
Mar-16	135.95	143.90	134.70	-5.52

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(20-August-2015)	Week ago (13-August-2015)	Month Ago (20-July-2015)	Weekly Change (%)
Sep-15	1639	1704	1678	-3.81
Nov-15	1665	1719	1693	-3.14
Jan-16	1683	1735	1709	-2.99

USD/T

International Coffee Prices

	20.8.2015	13.8.2015	20.7.2015	20.8.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	36600	36900	36700	38400
Vietnam FOB (2-5 pct)* (Saigon port)	1728	1755	1785	1906
Indonesian FOB (4-80 defects)** (Lampung Port)	1710	1730	1850	1940

*FOB Values are in USD/T

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (17/08/2015)	Average Prices In	Prices Last Auction In (10/08/2015)
Arabica AA	180-260	238.32	185-335
Arabica AB	144-241	221.64	93-267
Arabica C	86-257	184.28	81-208
Arabica PB	178-231	216.77	189-231
Arabica T	58-179	126.53	60-167
Arabica TT	142-233	187.4	90-187

Units in \$ per 50 kg bags

Technical Analysis of Coffee Future (Sep'2015 Contract)at ICE Future



Weekly Technical Outlook:-

- Candlestick chart shows declining phase of the market.
- Falling 14 days EMI hints downside momentum in the market.
- Falling volume and prices indicates bearish phase of the market.
- However, RSI is also up at 44.57 compared to last week movement at 50.11 indicating weak tone in the next week.

Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	120-144

US cents/lb

Expected Support and Resistance

S2	S1	PCP	R1	R2
112.60	119.43	128.6	144.54	150.14

US cents/lb

Technical Analysis of Coffee Future (Sep'2015 Contract) at LIFFE



Weekly Technical Outlook:-

- Candlestick chart depicts down phase of the market on selling pressures.
- 14-days EMI is moving lower at 1749 from 1792 of last week, indicating further fall in the market.
- RSI is down at 39.17 in neutral region against 41.48 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>
<u>Range-bound to Bearish Momentum</u>	1726-1840

USD/T

Expected Support and Resistance

S2	S1	PCP	R1	R2
1545	1589	1663	1798	1876

USD/T

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