

Highlights of the Week

Steady to weak momentum were seen in Karnataka physical market, as on 21st August 2015 on dull buying activities. Indian coffee standing crops are moving from flowering to maturity stage. International traders are holding back origin buying, as the differentials offered are high. Roasters are away from the market, but using their old purchased stocks. The devaluation of Brazilian Real and Vietnam Dong is also a concern for trading. Middle east and European countries are active, only since MNCs in India such as Louis Dreyfus, Allansons, Olam Exports, Ecom gill, Volcafe etc. and their bases in many countries are active.

As per local traders, Indian Arabica coffee growth is normal, which will be picked during November and December Indian Robusta are growing and with conducive weather, picking will start in December January. As Indian coffee plants take water in lower volumes, heavy rains will damage standing crops.

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 as 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 309.38 million since April-2014 to July 2015 up by 5.26% in Rs. and 0.80% in USD as against the last year revenue i.e. Rs.1866.91 crore and in USD 311.87 million in corresponding period of time.

As per Sources, Vietnam Robusta is scheduled for picking in September and October. Dry weather prevails in Indonesia and Vietnam, the two large Robusta countries. The fear that EL Nino, may cause a total drought in those areas is looming large and is hampering present and future productions. Presently, small showers in Brazil were noticed however it will be dry during this week. Rain in the present stage will disturb picking. rain fall after harvesting will be a boon to the tired plants. long.

As per traders, Vietnam is likely to export a total of 80,000 tonnes in August 2015, after Vietnam's shipment in the first half of the month fell by around 20 percent from a year ago to 43,500 tonnes (725,000 60-kg bags), as in Vietnam Customs data. Vietnam shipped 830,000 tonnes of coffee up to Aug 15, 2015 of the calendar year with a decline of 34% from corresponding period of the previous year.

The next 2015/2016 coffee season begins in October, starting with the harvest that often peaks during late November in the Central Highlands coffee belt, and farmers could sell some of the stocks remaining to make room for fresh beans. According to an Industry body, Vietnam is expected to hold around 300,000 tonnes of the total coffee stock as on date or around a fifth of the 2014/15 crop.

According to Uganda Coffee Development Authority (USDA), total coffee exports of Uganda went up by 28% to 403,381 60- kg bags in July month 2015 as against 314,304, 60-kg bags in the corresponding period of previous year. Earnings from the bean shipments rose to \$40 million from \$37.9 million in July 2014.

Exports and Imports of India

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 25th August 2015 is registered significantly down by 2.68% at 178829 metric tons as compared to 183758 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 31.06% at 21627 metric tons in this year during 1st January 2015 to 25th August 2015 from preceding year instant coffee volume i.e. 31372 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 34.60% to 26578, 26.23% to 8396 metric tons respectively against last year exports volume i.e. 40645 metric tons, 11382 metric tons respectively in the same period of time due to lower demand.

Export update: From 01 st January 2015 to 25th 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)	26578	8396	26309	95684	27	208	21627	178829
2	Provisional exports corresponding period last year	40645	11382	17696	82439	44	179	31372	183758
3	Provisional re-exports	0	0	0	0	119	211	40954	41284
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	35099	35099
5	Total provisional exports (1+3)	26578	8396	26309	95684	146	419	62581	220113
6	Total provisional exports corresponding period last year (2+4)	40645	11382	17696	82439	44	179	66472	218858

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 over the country as a whole, was 37% below normal
Details of rainfall over homogeneous regions are given below:

Regions	Actual Rainfall (mm)	Normal Rainfall (mm)	% Departure from LPA
Country as a whole	34.9	55	-37%
Northwest India	16.3	44.5	-63%
Central India	16.7	59.6	-72%
South Peninsula	35.4	39.6	-11%
East & northeast India	108.3	84	29%

Source:IMD

Seasonal Rainfall(01 June to 26th August,2015):-

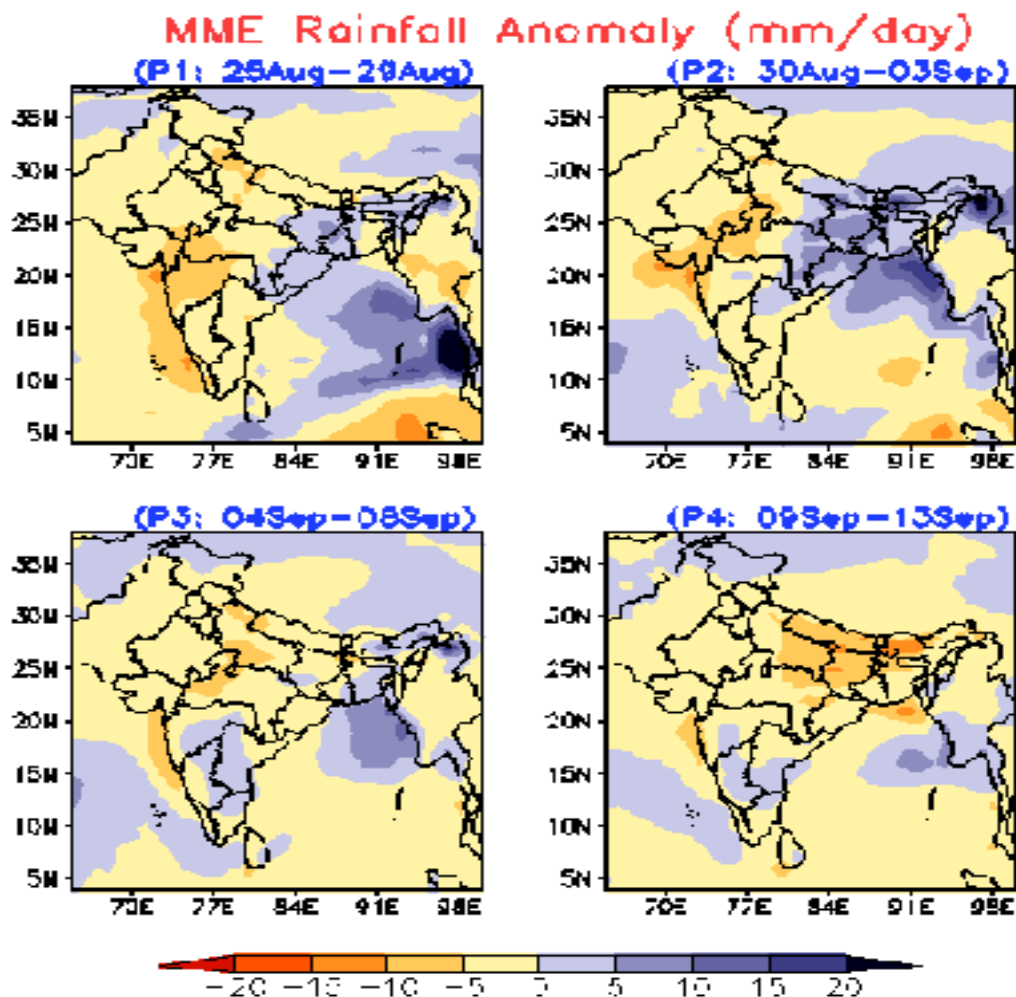
For the country as a whole, cumulative rainfall during monsoon season upto 26 August has been 12% below the Long Period Average (LPA). Rainfall activity was near normal in all the broad homogeneous regions of India except south Peninsula. Details of the rainfall distribution are given below:

Details of the rainfall distribution are given below:

Regions	Actual Rainfall (mm)	Normal Rainfall (mm)	% Departure from LPA
Country as a whole	599.9	678.1	-12%
Northwest India	447.4	476.3	-6
Central India	639.1	750.2	-15%
South Peninsula	427	533.9	-20%
East & northeast India	1024.6	1092.1	-6%

Source :IMD

Below map shows Advance of Southwest Monsoon -2015:-



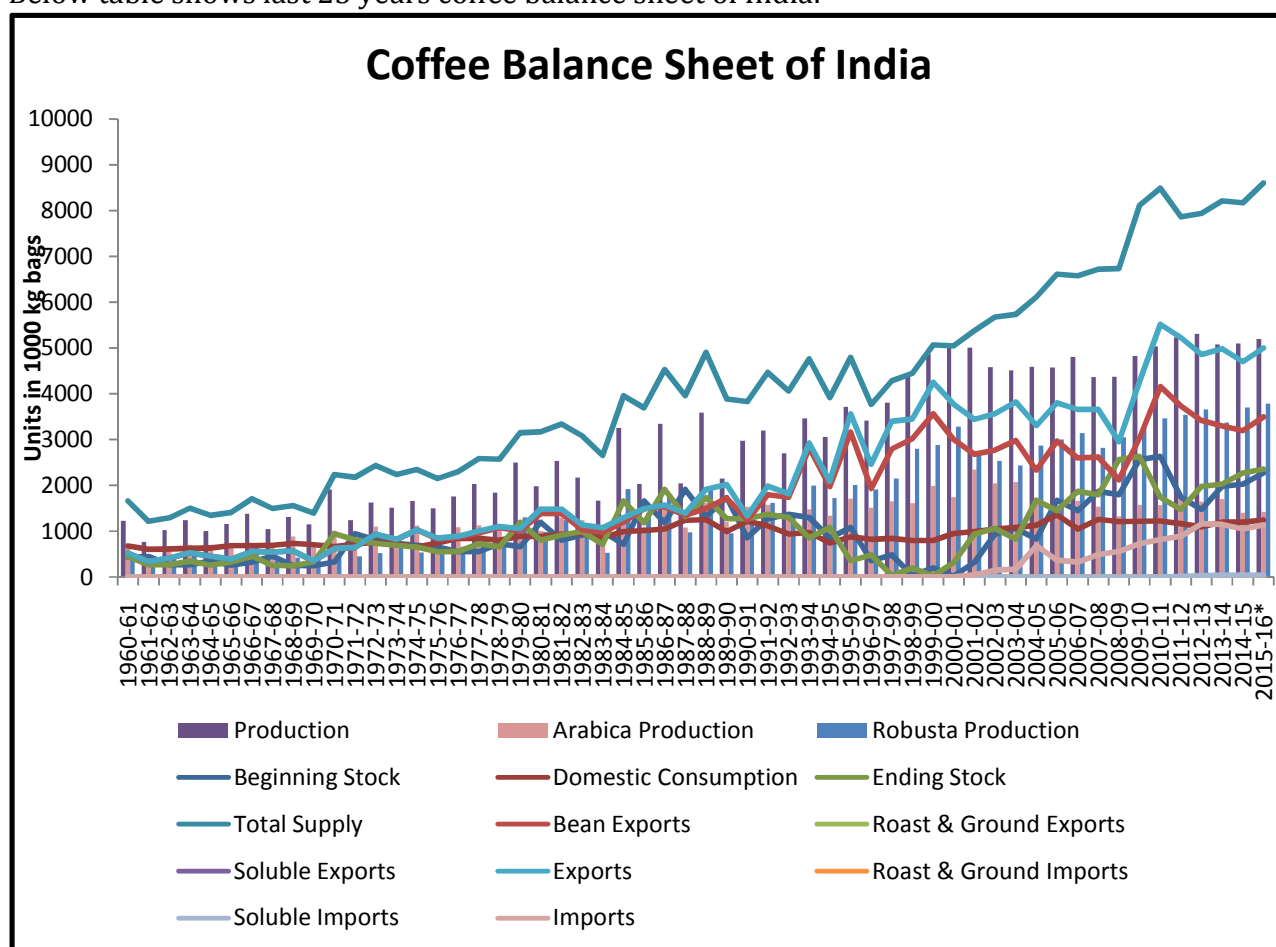
Source: IMD

- Normal to above normal rainfall activity is likely over east and northeast India during next 7 days and likely to become normal to below normal during 2nd and 3rd week of September.
- Below normal rainfall activity likely over many parts of northwest, westcentral and Central India during next two weeks
- Possibility of normal to slightly above normal rainfall activity likely over south Peninsula between 4 to 13 September.

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.

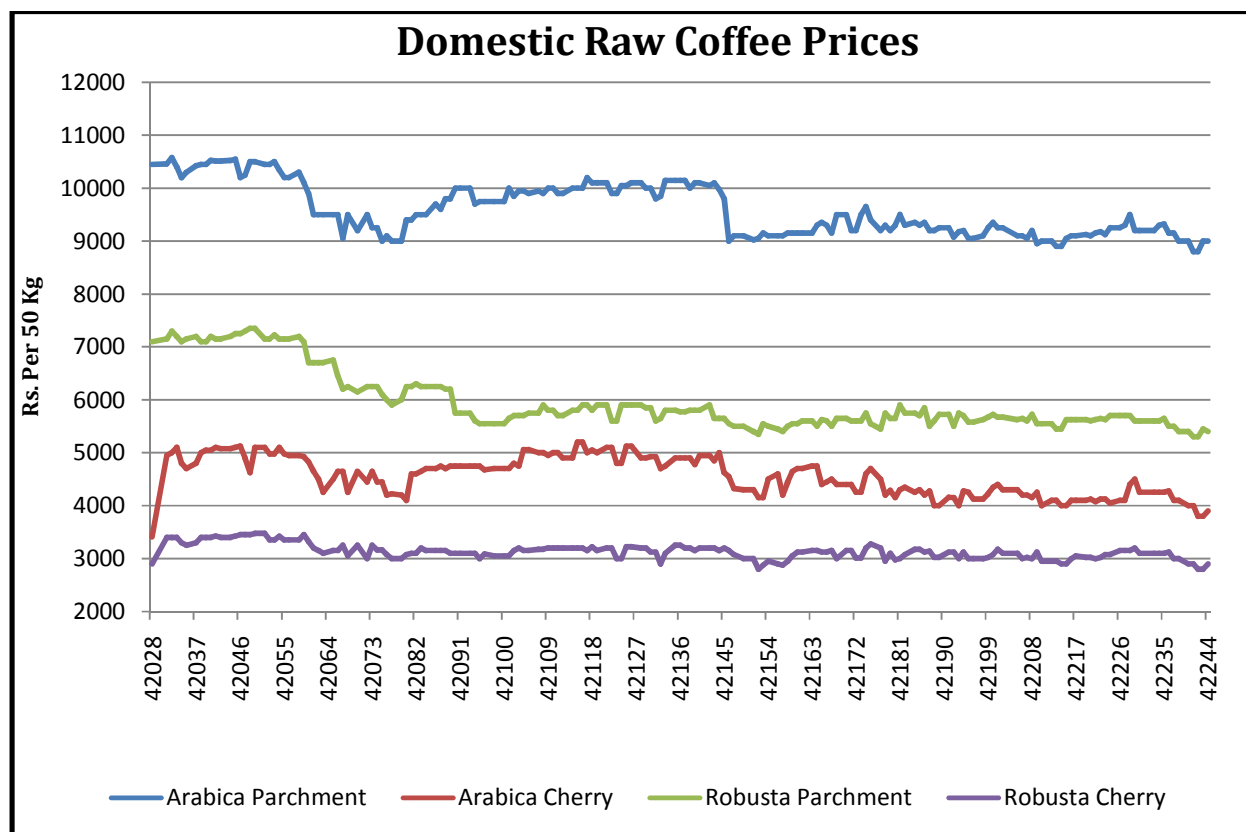
Below table shows last 25 years coffee balance sheet of India:-



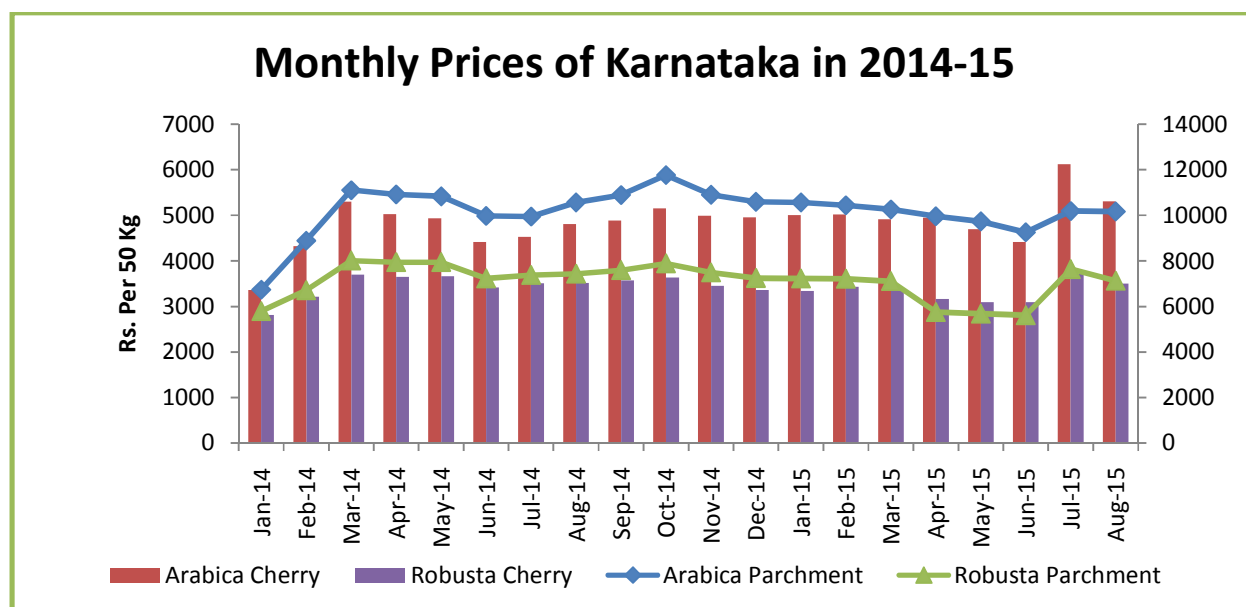
Source:USDA

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	28.8.2015	21.8.2015	Change
Arabica Parchment	9000	9150	-150
Arabica Cherry	3900	4100	-200
Robusta Parchment	5400	5500	-100
Robusta Cherry	3000	3000	Unch

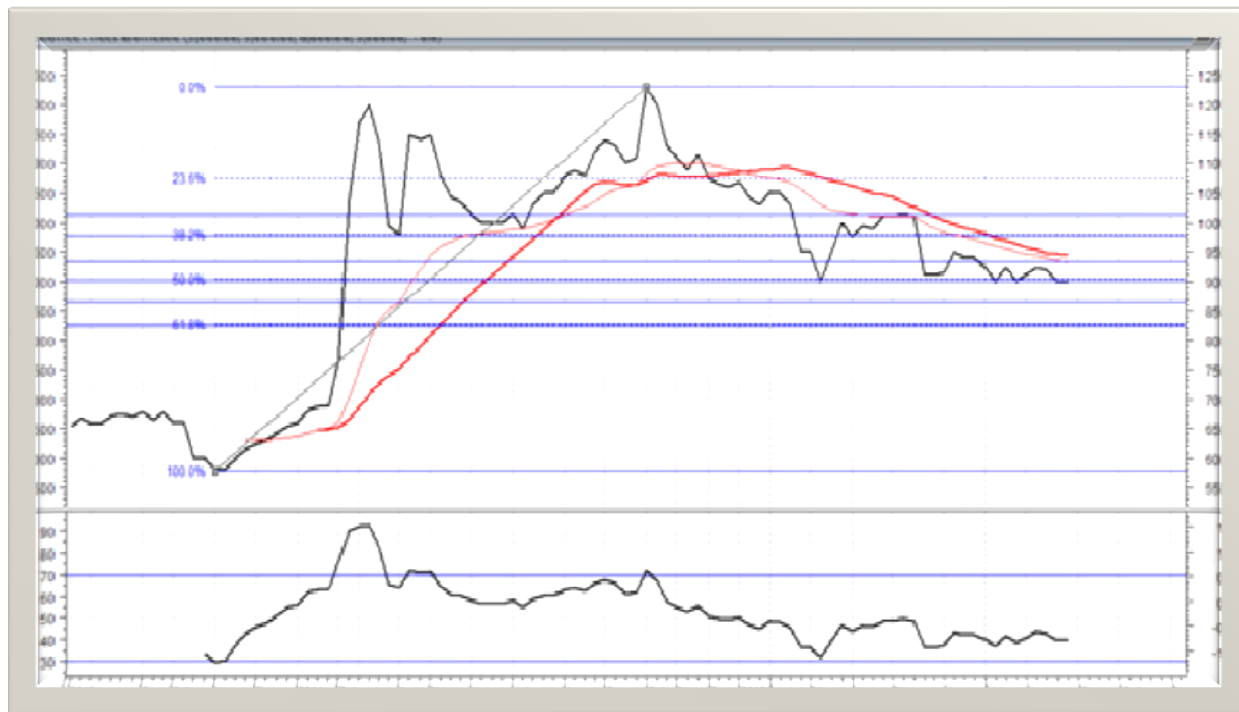
* Values in Rs per 50 Kg

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

Grade	20.8.2015	13.8.2015	Change	20.8.2015	13.8.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	-	--	--	-
AA	270	--	-	--	--	-
PB	218	--	-	165	--	-
A	263	--	-	--	--	-
AB	--	--	-	160	--	-
B	--	--	-	--	--	-
C	--	152	-	126	--	-
BBB	139	--	-	123	--	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	-	--	--	-
A	--	--	-	--	--	-
PB	134	--	-	122.6	--	-
AA	--	--	-	--	129	-
AB	--	--	-	120	126	-6
B	--	--	-	--	--	-
C	--	--	-	116	--	-
BBB	--	--	-	110.66	--	-

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 in steady zone in neutral region at 39.89 in this week, hinting further steady to 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>	8650-9352

Units in Rs./50 kg.

Expected Support and Resistance

S2	S1	PCP	R1	R2
8256	8648	9000	9353	9765.02

Units in Rs./50 kg.

International Market Updates:

Weekly Future Review:- ICE Arabica coffee future prices of July contract fell by 0.52% to 124.25 USC cents per lb from 124.90 USC cents per lb on lackluster demand. As per recent report, ICE Certified Arabica coffee stocks held in ICE-nominated warehouses decreased by 6399 bags at 2083466 bags as on August 28, 2015 from previous day volume i.e. 2089865 bags.

Brazil:- According to the Agriculture Minister crop supply agency Conab, Brazilian coffee stocks in Private hands were estimated down by 5.6% to 14.36 million 60-kg bags on March 31, 2015 from 15.21 million bags a year ago. On the other hand, Coffee stocks held in European ports declined by 4.8 percent in June, as per the European Coffee Federation (ECF). Stocks fell to 691,514 tonnes from 726,315 tonnes a month earlier. ECF figures cover the major coffee storage ports of Antwerp, Bremen, Hamburg, Genova, Le Havre and Trieste.

Vietnam:- As per Vietnam Traders, farmers and speculators are willing to release their holding stocks now ahead of the new harvest. However, price falls on the Robusta futures markets have hit sales. Robusta beans in Dak Lak, Vietnam's top coffee growing province, fell to 35.7-36.2 million dong per tonne on Tuesday, from 36.3-36.9 million dong a week ago, with farmers holding on to stocks. Sellers can unload the beans if domestic prices go up to 38 million dong (\$1,690) a tonne or above, which is a 5 percent drop from late February when they had begun stockpiling of Robusta beans at prices of around 40 million dong a tonne.

Others:-

Honduras:- As per sources, farmers in Honduras may replace near 8% of coffee area with Cocoa crop in next year, selecting areas hardest hit by the tree-killing fungus *Roya*. Total 20,000 hectares (49,421 acres) of coffee land may be shifted to cocoa production after the help of government.

Honduras, Central America's biggest coffee producer, has 264,000 hectares of land dedicated to coffee production.

Honduras had predicted that it would export 4.8 million bags in the 2014/2015 season, but that figure was surpassed in July with two more months left in the season.

El Salvador:- 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 corresponding period of the previous 2013-14 season.

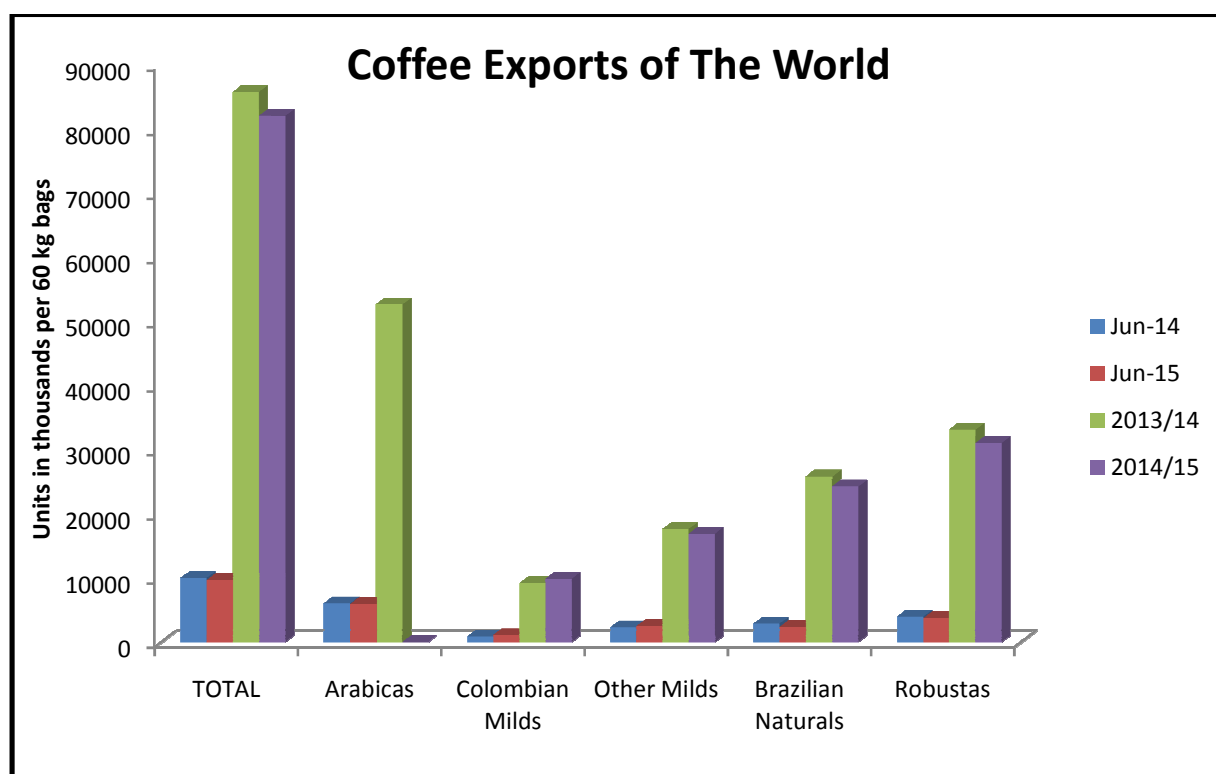
Kenya:- As per the Nairobi Coffee Exchange (NCE), The top price of Kenya's benchmark grade AA coffee per 50-kg bag declined at this week's auction compared to last week's sale. The east African country produces specialty coffee that is much sought after by roasters worldwide for blending with beans from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

Coffee Balance Sheet Of Brazil

As per ICO, Global coffee exports slumped by 3.6 percent in July from a year earlier to total 9.59 million 60 kg bags. Total coffee exports were low by 2.8% to 92.85 million bags for the first 10 months of the 2014/15 season, which began on Oct. 1 last year. Robusta coffee exports is reported down by 8.4 percent in July from a year earlier to 3.78 million bags.

Cumulative Robusta exports for the season to date dropped by 3.4 percent to 35.30 million bags. Arabica coffee exports in July were 0.3 percent lower than in the corresponding month last year, at 5.81 million bags. Cumulative Arabica exports for the season to date fell 2.4 percent to 57.55 million bags.

Below table and Chart shows coffee exports details of the World :-



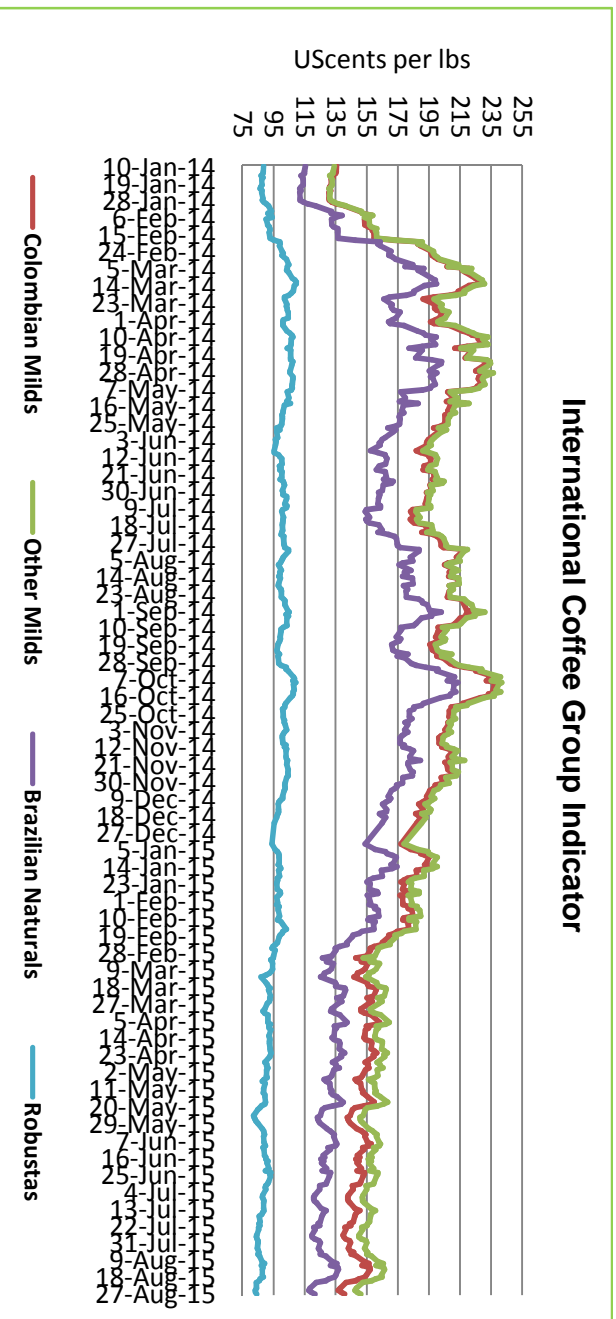
Source: ICO

International Coffee Price Trend

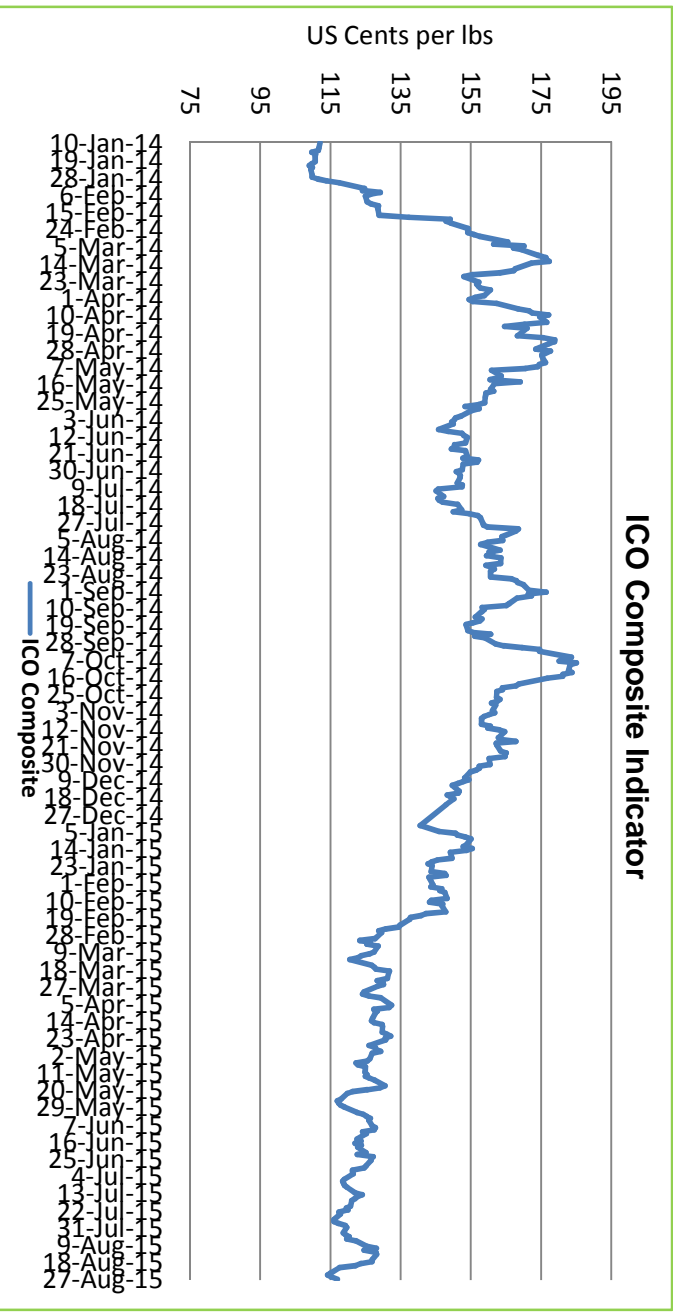
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	27.8.2015	20.8.2015	27.7.2015	27.8.2014
ICO Composite Indicator	116.98	122.1	116.03	167.92
Colombian Milds				
US	138.50	145.5	136.50	214.25
Europe	143.41	150.95	143.42	219.5
Group Indicator	140.76	148.01	139.68	216.67
Other Milds				
US	152.94	160.94	148.69	222.25
Europe	150.05	156.54	150.79	216.64
Group Indicator	151.15	158.21	149.99	218.77
Brazilian Naturals				
US	113.50	119.5	107.50	179.25
Europe	124.54	132	124.15	194.28
Group Indicator	121.67	128.75	119.82	190.37
Robusta				
US	90.83	91.83	90.08	107.67
Europe	82.95	84.68	83.08	101.5
Group Indicator	84.21	85.83	84.20	102.49

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(27-August-2015)	Week ago(20-August-2015)	Month Ago(27-August-2014)	Weekly Change (%)
Sep-15	121.05	127.65	192.4	-5.17
Dec-15	124.55	132.45	198.15	-5.96
Mar-15	128.00	135.95	202.05	-5.85

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(27-August-2015)	Week ago(20-August-2015)	Month Ago(27-August-2014)	Weekly Change (%)
Sep-15	1607	1639	2030	-1.95
Nov-15	1641	1665	2048	-1.44
Jan-15	1657	1683	2056	-1.54

USD/T

International Coffee Prices

	27.8.2015	20.8.2015	27.7.2015	27.8.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	35750	36600	35200	38400
Vietnam FOB (2-5 pct)* (Saigon port)	1693	1728	1695.5	2030
Indonesian FOB (4-80 defects)** (Lampung Port)	1640	1710	1840	2015

*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	149-246	207.48	180-260
Arabica AB	81-239	210.07	144-241
Arabica C	81-218	179.88	86-257
Arabica PB	80-231	203.75	178-231
Arabica T	58-170	112.15	58-176
Arabica TT	81-201	170.42	142-233

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 down at 40.43 compared to last week movement at 44.57 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>	114-131

US cents/lb

Expected Support and Resistance

S2	S1	PCP	R1	R2
104.7	113.36	121.90	131.59	138.88

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 1725 from 1749 of last week, indicating further fall in the market.
- RSI is down at 36.57 in neutral region against 39.17 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>
Range-bound to Bearish Momentum	1524-1735

USD/T

Expected Support and Resistance

S2	S1	PCP	R1	R2
1460	1523	1619	1736	1838

USD/T

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