

Highlights of the Week

Steady momentum was seen in Karnataka physical market, as on 11th September 2015 on lackluster trading activities and global weak price pressure. International traders are holding back origin buying, as the differentials offered are high. The standing crop have not faced any danger of damage except for the unprecedented rains during the south west monsoon which is in the offing. Exports have reduced around 5-6% comparatively to last year since the differentials offered by Indian producers are high. Roasters are not very active in the market and are utilizing their old purchased stocks for further processing. The devaluation of Brazilian Real and Vietnam Dong is also a concern for trading.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 10th September 2015 is registered significantly down by 1.77% at 188622 metric tons as compared to 192021 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 30.34% to 23542 metric tons in this year (1st January 2015 to 10th September 2015) from preceding year instant coffee volume i.e. 33796 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 32.96% to 27519, 26.86% to 8524 metric tons respectively against last year exports volume i.e. 41052 metric tons, 11655 metric tons respectively in the same period of time due to lower demand.

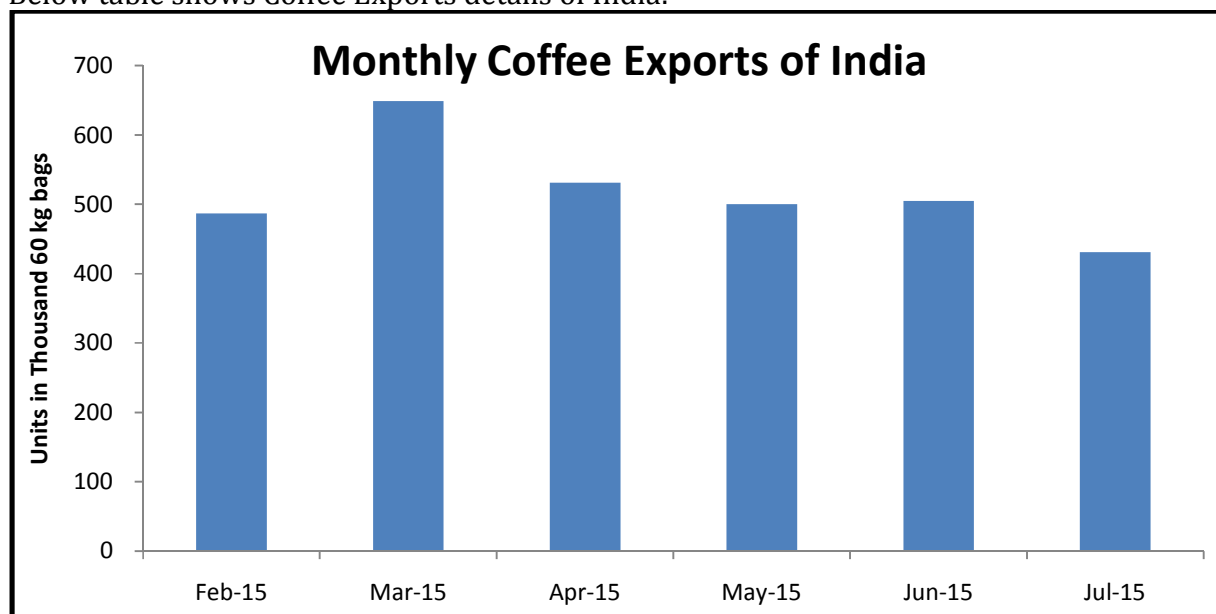
According to the recently released ICO data, monthly coffee exports of the world slipped by 3.6% to 9.6 million bags in July 2015 against last year record volume. Even, total coffee exports for the ten months of coffee year 2014/15 (October 2014-July 2015) went down by 2.8% to 92.9 million bags from 95.48 million bags in the corresponding period of time in 2013/14 followed by Arabica exports and Robusta coffee exports which is registered down by 2.4% to 57.55 million bags and 3.4% to 35.30 million bags respectively as compared to 58.96 million bags and 36.52 million bags.

International Sentiments:- Brazil's currency "REAL" continues to fall against the dollar and seems difficult to rally with ample worldwide supplies. Indonesian exports for the month of August rose 70% from 26833 MT to 45692 MT due to the lack of sales by their counterpart Vietnam. Volcafe states that Brazil crop for 2015-16 will be lowered due to the drought they faced for last two years and rains during this November could be the only hope to improve growth of trees for yield during 2016-17. August exports from Vietnam has also increased by 5% from 90000 tons to 97500 tons however July month exports is reported lower by 30% against previous month. Traders expect lower coffee prices due to weak performance of currencies against the Dollar.

As per Brazilian government agency Conab, Brazil's private stock declined by 849,000 during crop year 2014/15 to 14.4 million bags at the end of the March 2015.

Coffee Exports And Imports Details Of India

Below table shows Coffee Exports details of India:-



Source: ICO

Export update: From 01st January 2015 to 10th September 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)	27519	8524	27626	101156	30	227	23542	188622
2	Provisional exports corresponding period last year	41052	11655	18812	86476	44	187	33796	192021
3	Provisional re-exports	0	0	0	0	119	227	44589	44935
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	36500	36500
5	Total provisional exports (1+3)	27519	8524	27626	101156	148	454	68130	233557
6	Total provisional exports corresponding period last year (2+4)	41052	11655	18812	86476	44	187	70296	228521

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

Weekly Rainfall(27th August to 02 September 2015):-During the week, rainfall was below normal by 55% over the country as a whole.

Details of rainfall over homogeneous regions are given below:

Regions	Actual Rainfall (mm)	Normal Rainfall (mm)	% Departure from LPA
Country as a whole	21.2	47.4	-55%
Northwest India	3.7	36.3	-90%
Central India	13.5	55.4	-76%
South Peninsula	50.9	30.8	65%
East & northeast India	34.4	72.8	-53%

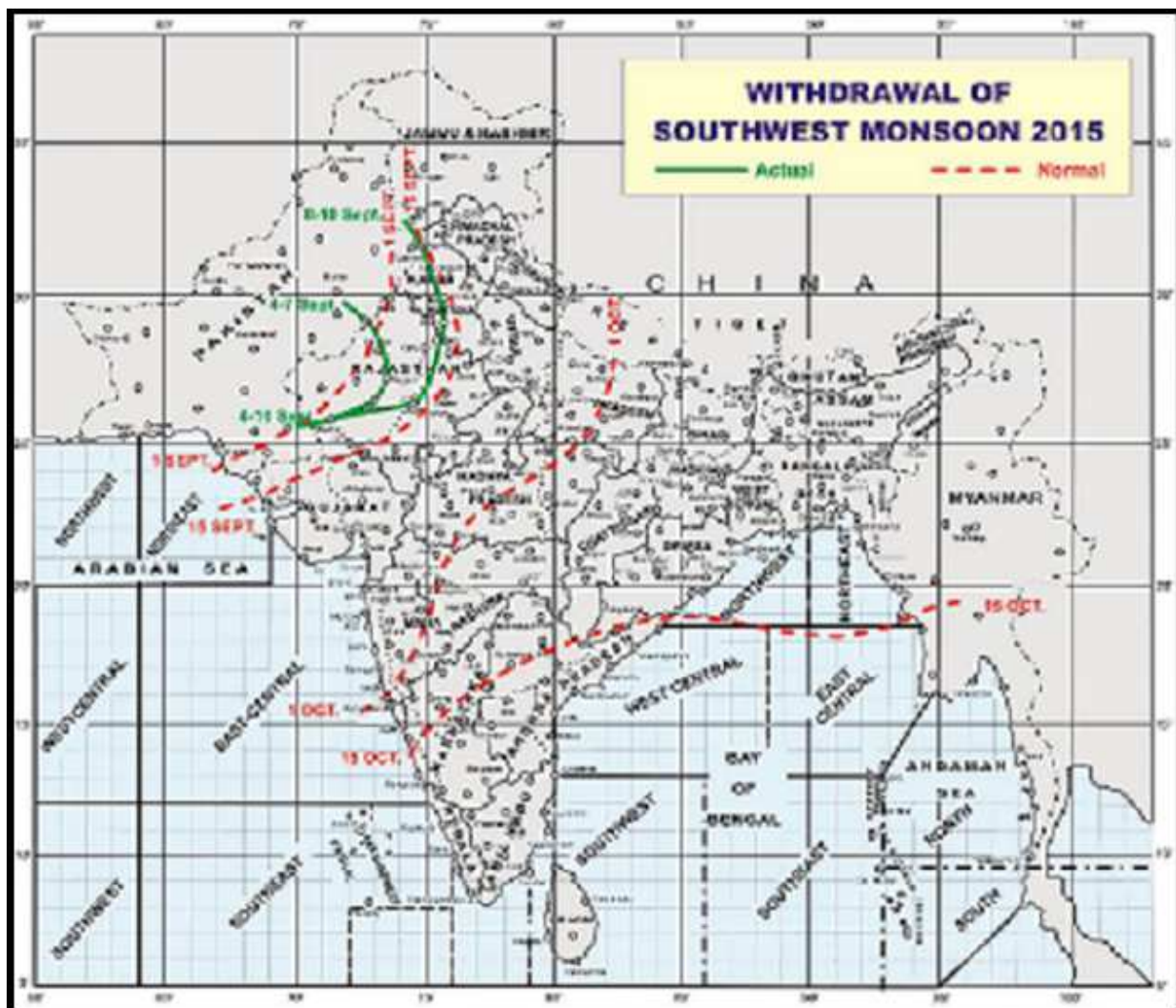
Source: IMD

Seasonal Rainfall(01 June to 02 September,2015):-For the country as a whole, cumulative rainfall during monsoon season has so far up to 09 September been 15% below the Long Period Average (LPA). Rainfall activity was less than normal in all the four broad homogeneous regions of India except east & northeast India, where it was near normal. Details of the rainfall distribution are given below:

Regions	Actual Rainfall (mm)	Normal Rainfall (mm)	% Departure from LPA
Country as a whole	661.4	775.7	-15%
Northwest India	459.2	550	-17
Central India	696.3	867	-20%
South Peninsula	497.6	599.9	-17%
East & northeast India	1179.8	1233.8	-4%

Source:IMD

Below map shows Advance of Southwest Monsoon -2015:-



Source: IMD

- Normal to above normal rainfall activity is likely over south peninsular India during next 3 weeks.
- Normal to below rainfall activity is likely over plains of Northwest India and Central & adjoining East India during next 2 week.
- Normal to above normal rainfall activity is likely over Northwest, Central & East India between 24 to 28 September.

Domestic Crops Condition and Production

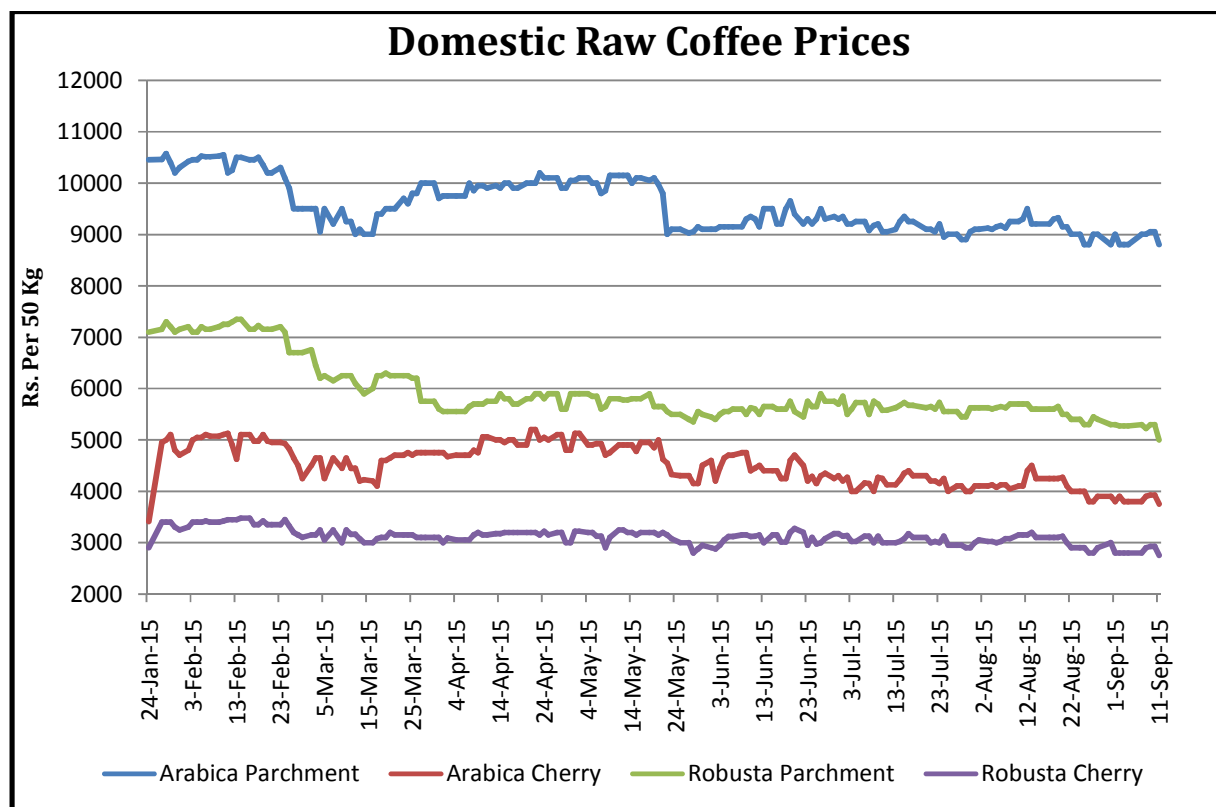
Below table shows recent coffee crop estimation of The Coffee Board of India:-

State/District	Post Blossom Forecast			Final Estimate		
	2015-16			2014-15		
	Arabica	Robusta	Total	Arabica	Robusta	Total
Karnataka						
Chikmagalur	42,715	42,535	85,250	38,200	40,880	79,080
Kodagu	21,455	116,620	138,075	18,030	104,090	122,120
Hassan	19,500	13,675	33,175	18,525	13,505	32,030
Sub total	83,670	172,830	256,500	74,755	158,475	233,230
Kerala						
Wayanad	0	58,400	58,400	0	56,675	56,675
Travancore	1,000	7,500	8,500	880	7,370	8,250
Nelliampathies	1,200	1,700	2,900	1,175	1,600	2,775
Sub total	2,200	67,600	69,800	2,055	65,645	67,700
Tamil Nadu						
Pulneys	7,465	340	7,805	7,300	325	7,625
Nilgiris	1,650	3,825	5,475	1,550	3,850	5,400
Shevroys (Salem)	3,650	70	3,720	3,400	50	3,450
Anamalais (Coimbatore)	1,300	500	1,800	900	500	1,400
Sub total	14,065	4,735	18,800	13,150	4,725	17,875
Non Traditional Areas						
Andhra Pradesh	9,640	60	9,700	7,370	55	7,425
Orissa	600	0	600	550	0	550
Sub Total	10,240	60	10,300	7,920	55	7,975
North Eastern Region	125	75	200	120	100	220
Grand Total (India)	110,300	245,300	355,600	98,000	229,000	327,000

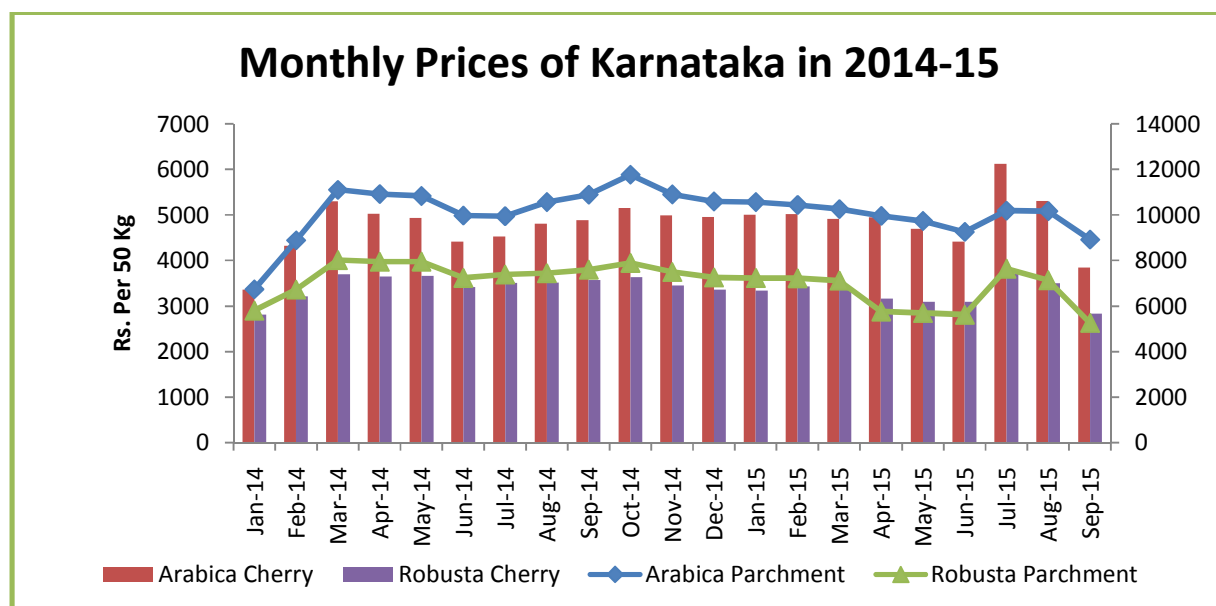
Source: The Coffee Board of India

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	11.9.2015	4.9.2015	Change
Arabica Parchment	8800	8800	Unch
Arabica Cherry	3750	3800	-50
Robusta Parchment	5000	5275	-275
Robusta Cherry	2750	2800	-50

* Values in Rs per 50 Kg

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

Grade	3.9.2015	27.8.2015	Change	3.9.2015	27.8.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	288	--	--	--	--
AA	--	286.50	--	--	202.30	--
PB	206.5	210	-3.5	152.5	164	-11.5
A	280	283	-3	--	--	--
AB	--	--	--	156.26	166	-9.74
B	180	170	10	--	--	--
C	152	147	5	--	128.50	--
BBB	132	124	8	107	--	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	--	--	--
PB	--	133	--	117.76	--	--
AA	--	136	--	--	136	--
AB	--	--	--	122.36	--	--
B	--	--	--	--	--	--
C	--	--	--	115.76	--	--
BBB	--	110	--	109.36	110	-0.64

Values in Rs. per kg

Technical Analysis of Domestic Arabica Parchment Coffee at Karnataka Market



Weekly Technical Outlook:-

- Technical chart shows continuous downward momentum in the market.
- RSI is also moving in steady zone in neutral region at 36.86 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>	8600-9010

Units in Rs./50 kg.

Expected Support and Resistance

S2	S1	PCP	R1	R2
8256	8648	8800	9020	9353

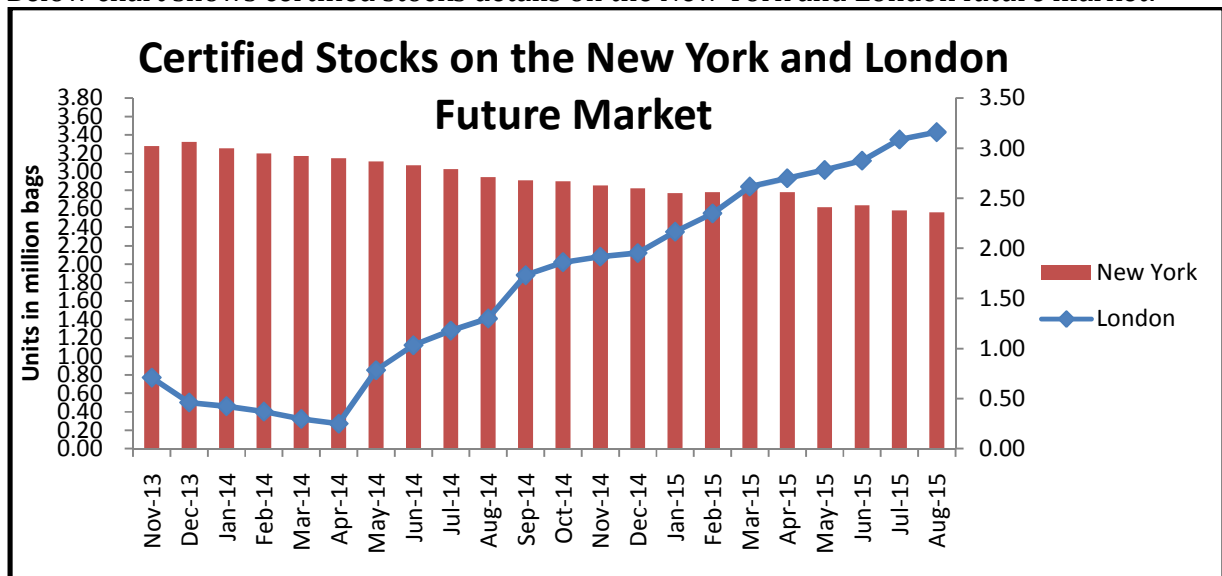
Units in Rs./50 kg.

International Market Updates:

Weekly Future Review:- ICE Arabica coffee future prices of July contract fell by 4.01% to 116.20 USC cents per lb from 121.05 USC cents per lb on lackluster demand. Daily coffee prices touched their lowest level in 19 months during August since commodity markets worldwide were negatively affected by currency movements and economic news out of China. The Real is down nearly 20 per cent against the dollar since July 24, hitting a 12-year low in late August - when Arabica coffee on ICE Futures US also fell to its lowest levels in more than 1-1/2 years. Further uncertainty could be provoked by reports that this year's El Niño event could be one of the strongest on record, potentially disrupting the timing and volume of rainfall in several producing countries.

As per ICO's recent report, certified stocks on the London market declined by 2.38% to 3.43 million bags in August month 2015 from last month record i.e. 3.35 million bags. However, certified stocks on New York market fell by 0.84% to 2.36 million bags in August 2015 against 2.38 million bags in July 2015.

Below chart shows certified stocks details on the New York and London future market:-



Source:ICO

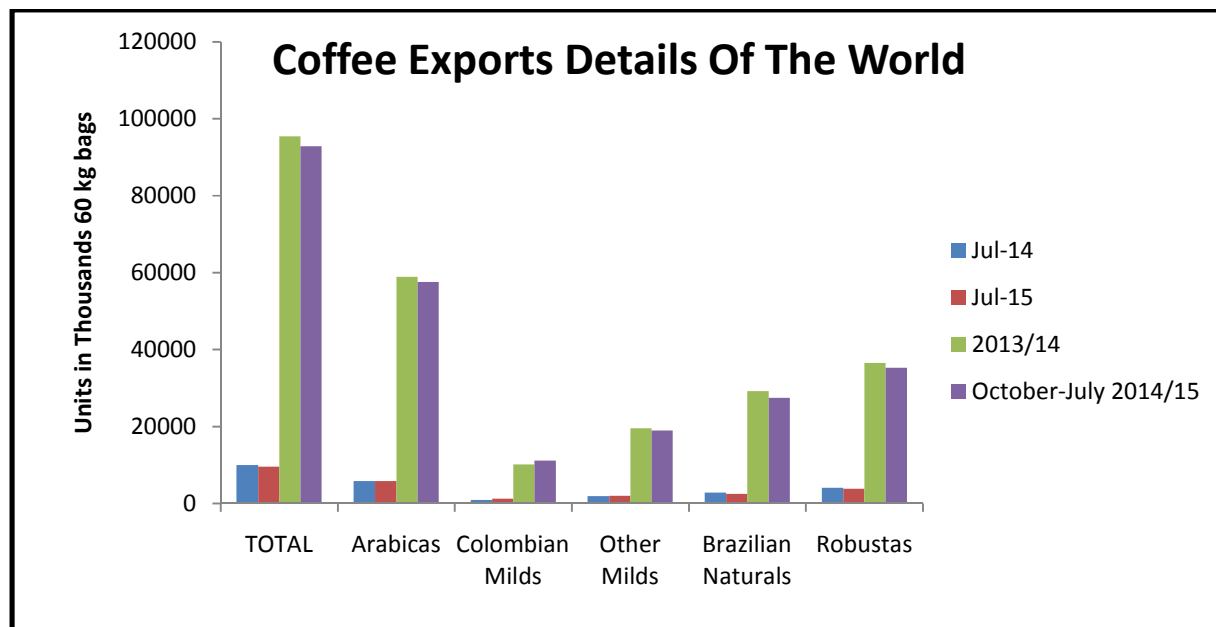
Vietnam:- As per traders, European roasters may raise their demand for Robusta from top producer Vietnam because the EL Nino weather pattern risks eroding 2016/17 coffee production in third largest grower Indonesia.

Vietnam's coffee exports this month are expected to be at par with August month's estimated shipment of 90,000 tonnes as low prices discouraged selling by growers and speculators. The next 2015/2016 coffee crop year will begin next month and beans from the current crop are expected to be loaded in the first weeks of the season before the harvest peaks from late November.

Indonesia:- As per the Association of Indonesian Coffee Exporters, Indonesia may produce lower coffee between 550,000-570,000 tonnes in 2016 from earlier forecasts of around 600,000 tonnes due to the impact of EL Nino which may harm flowers and fruits development. Many coffee plantations in Indonesia are owned by smallholders, who are unable to afford irrigation systems. Robusta coffee plants usually start to flower in September in Indonesia. It takes some eight months to produce coffee — from flowers to development of ripe coffee cherries.

Coffee Balance Sheet Of Brazil

Below table shows Coffee Exports details of The World:-



Source:ICO

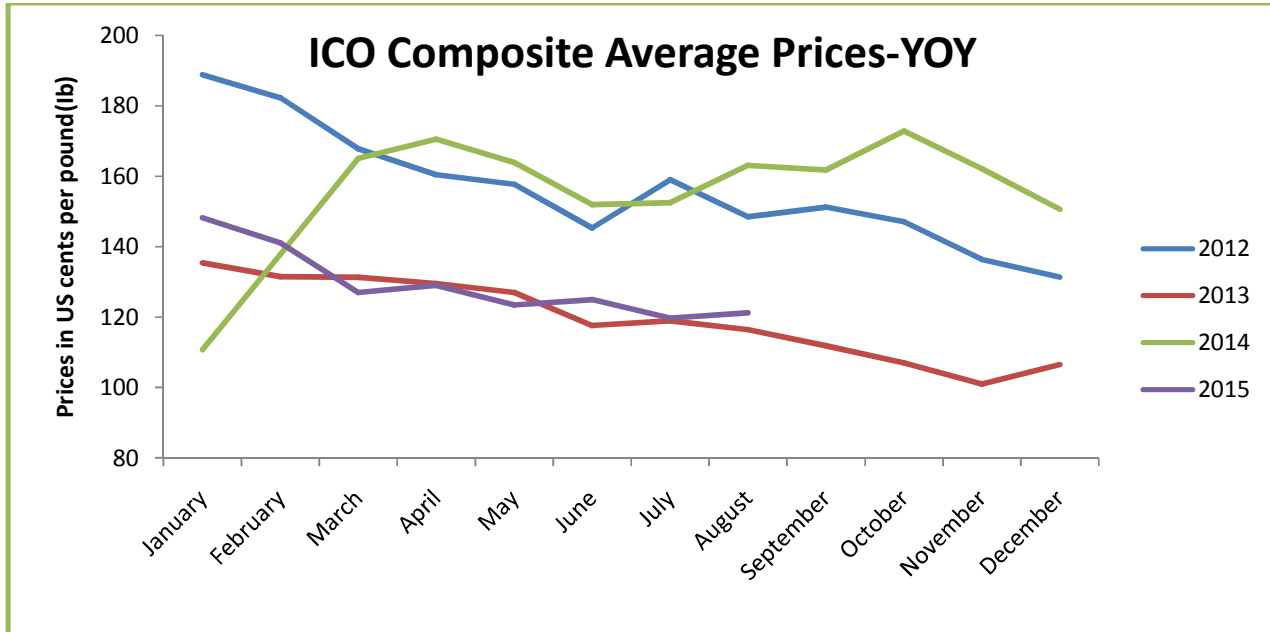
	Jul-14	Jul-15	2013/14	October-July 2014/15	%change	Monthly % change
TOTAL	9952	9591	95494	92854	-28.0%	-36.0%
Arabicas	5827	5812	58966	57553	-24.0%	-0.3%
<i>ColombianMilds</i>	<i>1005</i>	<i>1281</i>	<i>10198</i>	<i>11156</i>	<i>94.0%</i>	<i>27.4%</i>
<i>OtherMilds</i>	<i>1961</i>	<i>2003</i>	<i>19563</i>	<i>18921</i>	<i>-33.0%</i>	<i>21.0%</i>
<i>BrazilianNaturals</i>	<i>2861</i>	<i>2528</i>	<i>29205</i>	<i>27476</i>	<i>-59.0%</i>	<i>-11.6%</i>
Robustas	4125	3779	36528	35302	-34.0%	-84.0%

Source:ICO

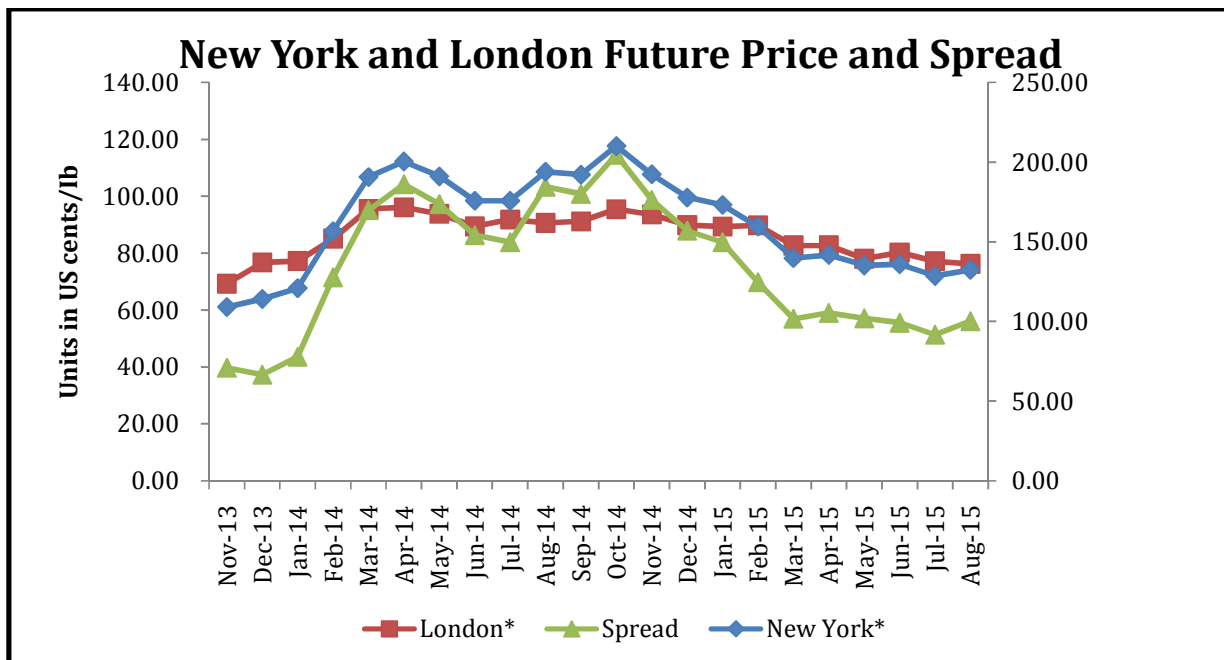
International Coffee Price Trend
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	10.9.2015	3.9.2015	10.8.2015	10.9.2014
ICO Composite Indicator	110.87	112.86	125.44	158.28
Colombian Milds				
US	130.50	133.50	152.50	196.25
Europe	135.18	137.90	154.35	206.48
Group Indicator	132.65	135.52	153.35	200.95
Other Milds				
US	145.19	148.19	164.69	204.69
Europe	142.39	145.08	160.59	203.06
Group Indicator	143.45	146.26	162.15	203.68
Brazilian Naturals				
US	106.50	108.50	125.50	161.25
Europe	116.84	119.03	135.24	182.24
Group Indicator	114.15	116.30	132.71	176.79
Robusta				
US	87.33	88.33	93.83	106.5
Europe	79.64	80.76	86.58	100.46
Group Indicator	80.87	81.97	87.74	101.42

in US cents/lb

International Coffee Indicators Chart:-


Source: ICO



Source:ICO

International- Future Market Prices:-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(10-September-2015)	Today(3-September-2015)	Month Ago(10-August-2015)	Weekly Change (%)
Sep-15	113.05	116.20	133.50	-2.71
Dec-15	116.40	119.55	136.55	-2.63
Mar-15	119.90	123.05	139.90	-2.56

US cents/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(10-September-2015)	Today(3-September-2015)	Month Ago(10-August-2015)	Weekly Change (%)
Sep-15	1557	1558	1693	-0.06
Nov-15	1566	1590	1711	-1.51
Jan-15	1581	1606	1727	-1.56

USD/T

International Coffee Prices

	10.9.2015	3.9.2015	10.8.2015	10.9.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	35900	35350	37100	40300
Vietnam FOB (2-5 pct)* (Saigon port)	1675	1647.50	1765	2009
Indonesian FOB (4-80 defects)** (Lampung Port)	1650	1640	1700	2009

*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>
<u>Range-bound to Bearish Momentum</u>	1524-1735

USD/T

Expected Support and Resistance

S2	S1	PCP	R1	R2
1460	1523	1619	1736	1838

USD/T

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