

### Highlights of the Week

**Steady momentum was remain seen in Karnataka physical market, as on 17th September 2015** on lackluster trading activities and global weak price pressure. 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. 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. The Hyderabad-based CCL Products (Indi) Ltd., is importing coffee from African countries Brazil Columbia, Vietnam, Mexico, Columbia and Peru. Devaluation of Vietnam, Brazilian and Indian currency has also led to more exports from that country.

**As per DGCIS latest report, India received around Rs. 351.15 crore as the total coffee exports revenue** which is 53.96 million in USD in August 2015. This is higher by 8.60 % in Rs. and 1.62% in USD respectively as against Rs. 323.34 crore and USD 53.10 million respectively in the corresponding month of previous year. It stood at Rs. 2316.33 crore and the value in USD at 363.34 million since April-2014 to August 2015 up by 5.76% in Rs. however lower by 0.45% in USD as against the last year revenue i.e. Rs.2190.25 crore and in USD 364.97 million in corresponding period of time.

**International Sentiments:- As per the National Growers Federation, Colombian 20% coffee beans** are suffering by drought and infestations caused by the EL Nino weather phenomenon Indonesia completed almost 70% coffee harvesting so far. Trading is active in Indonesia despite lower exports prices supported by strong buying demand from factories and exporters. Brazil's currency "REAL" continues to fall against the dollar and seems difficult to rally with ample worldwide supplies. 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.

**According to Brazil's trade Ministry data, Brazil exported 7% higher coffee beans at 2669920 60 kg bags in** August 2015 as compared to July month record. However, it is low by 1% against previous year record volume.

Below table shows Brazil's Coffee Exports details :-

Brazil's Coffee Exports Details					
Commodity	Aug-15	Jul-15	Aug-14	% change Last month	% change Last year
Coffee	2,669,920	2,499,095	2,689,694	7	-1

Source: Reuters

**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.

**Coffee Exports And Imports Details Of India**

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 17th September 2015 is registered significantly down by 3.21% at 190900 metric tons as compared to 197232 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 31.50% to 23840 metric tons in this year during 1st January 2015 to 17th September 2015 from preceding year instant coffee volume i.e. 34806 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 33.51% to 27750, 28.09% to 8524 metric tons respectively against last year exports volume i.e. 41737 metric tons, 11854 metric tons respectively in the same period of time due to lower demand.

Below table shows Coffee Exports details of India:-

Export update: From 01 <sup>st</sup> January 2015 to 17th 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)	27750	8524	27814	102712	30	231	23840	190900
2	Provisional exports corresponding period last year	41737	11854	19218	89375	46	196	34806	197232
3	Provisional re-exports	0	0	0	0	119	248	46254	46621
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	38527	38527
5	Total provisional exports (1+3)	27750	8524	27814	102712	148	478	70094	237520
6	Total provisional exports corresponding period last year (2+4)	41737	11854	19218	89375	46	196	73333	235759

Source: The Coffee Board Of India

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

**Weekly Rainfall(10th August to 16th September 2015):-** During the week, rainfall was below normal by 30% 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	30.9	44	-30%
Northwest India	1.8	30.9	-94%
Central India	44.8	46.1	-3%
South Peninsula	46.4	31.6	47%
East & northeast India	38.9	81.1	-52%

Source: IMD

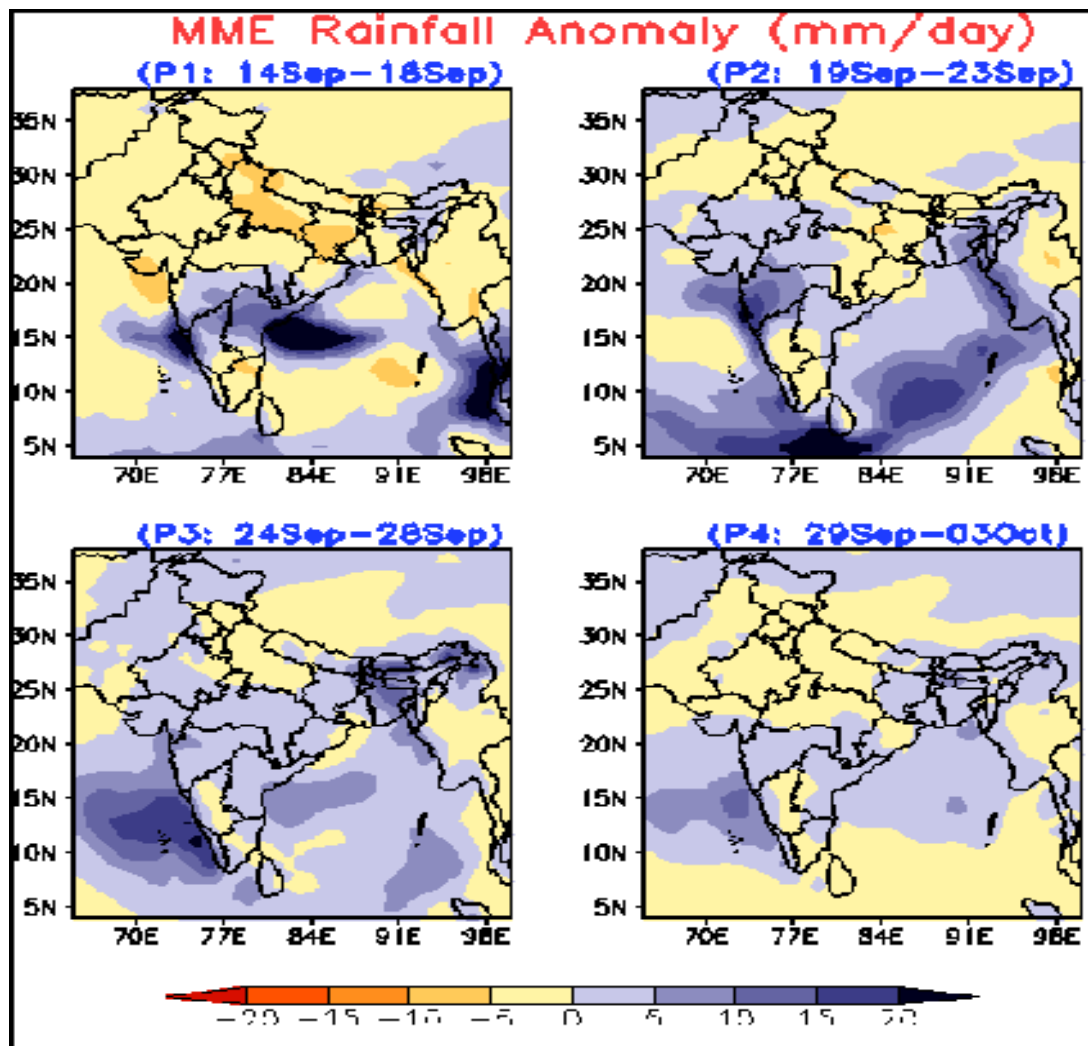
**Seasonal Rainfall(01 June to 16 September,2015):-**For the country as a whole, cumulative rainfall during monsoon season has so far up to 16 September been 16% below the Long Period Average (LPA). Rainfall activity was less than normal in all the four broad homogeneous regions.

Details of the rainfall distribution are given below:

Regions	Actual Rainfall (mm)	Normal Rainfall (mm)	% Departure from LPA
Country as a whole	691.3	819.7	-16%
Northwest India	460.9	580.9	-21
Central India	741.1	913.1	-19%
South Peninsula	543.7	631.5	-14%
East & northeast India	1212.5	1314.9	-8%

Source: IMD

Below map shows Advance of Southwest Monsoon -2015:-



Source: IMD

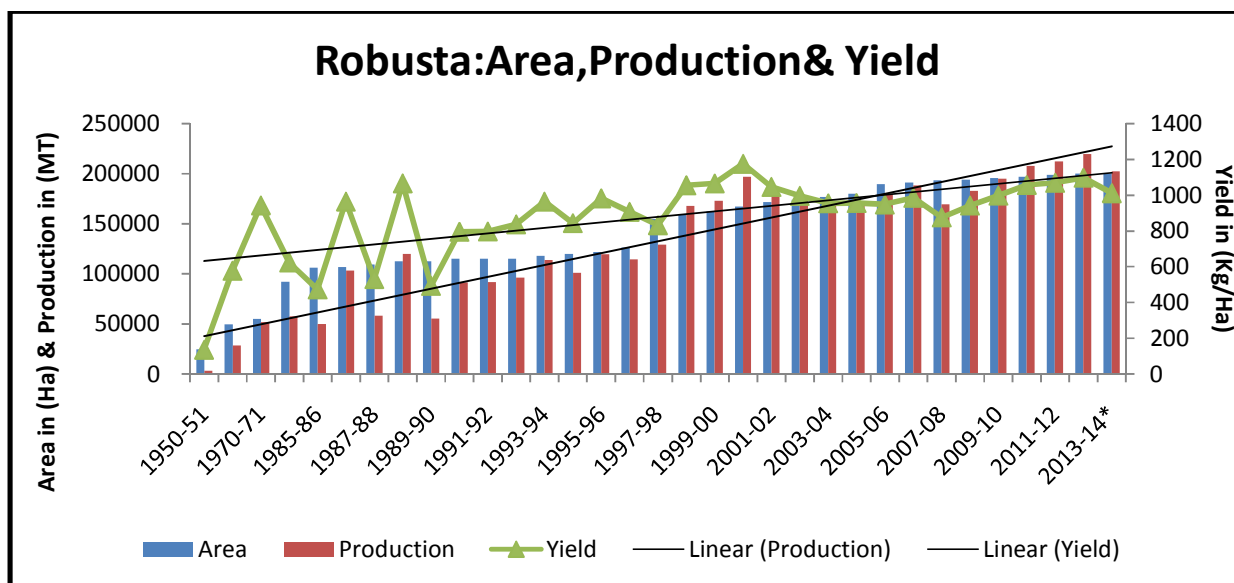
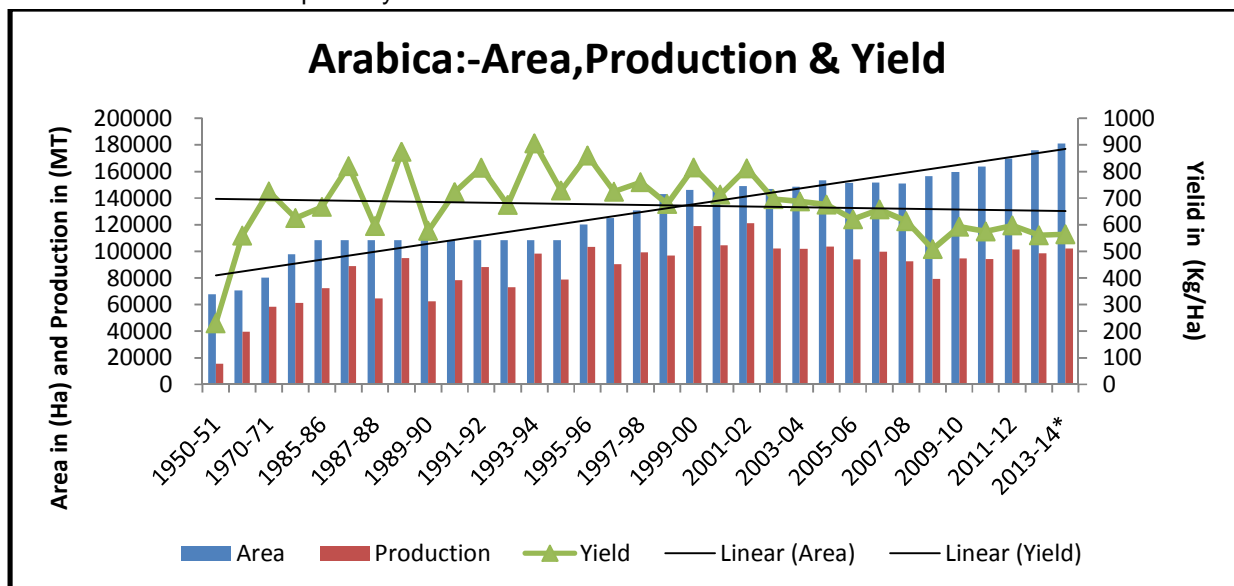
- Normal to above normal rainfall activity likely over most parts of the south peninsular India till 03 October.
- Normal to above normal rainfall is also likely over west & adjoining central India between 19 to 28 September.
- Northeastern states likely to receive normal to above normal rainfall activity from 19 September to 03 October.



### Domestic Crops Condition and Production

As per the Coffee Board Of India, coffee area in India is significantly higher side in 2013/14 against last 65 years records mainly supported by Arabica bearing area which stood up by 2.83% to 181129 ha. against 176131 ha. in 2012/13 on the back of rising coffee demand. In India, farmers cover higher Robusta coffee area on the back of good demand and low cultivation cost rather than Arabica crop.

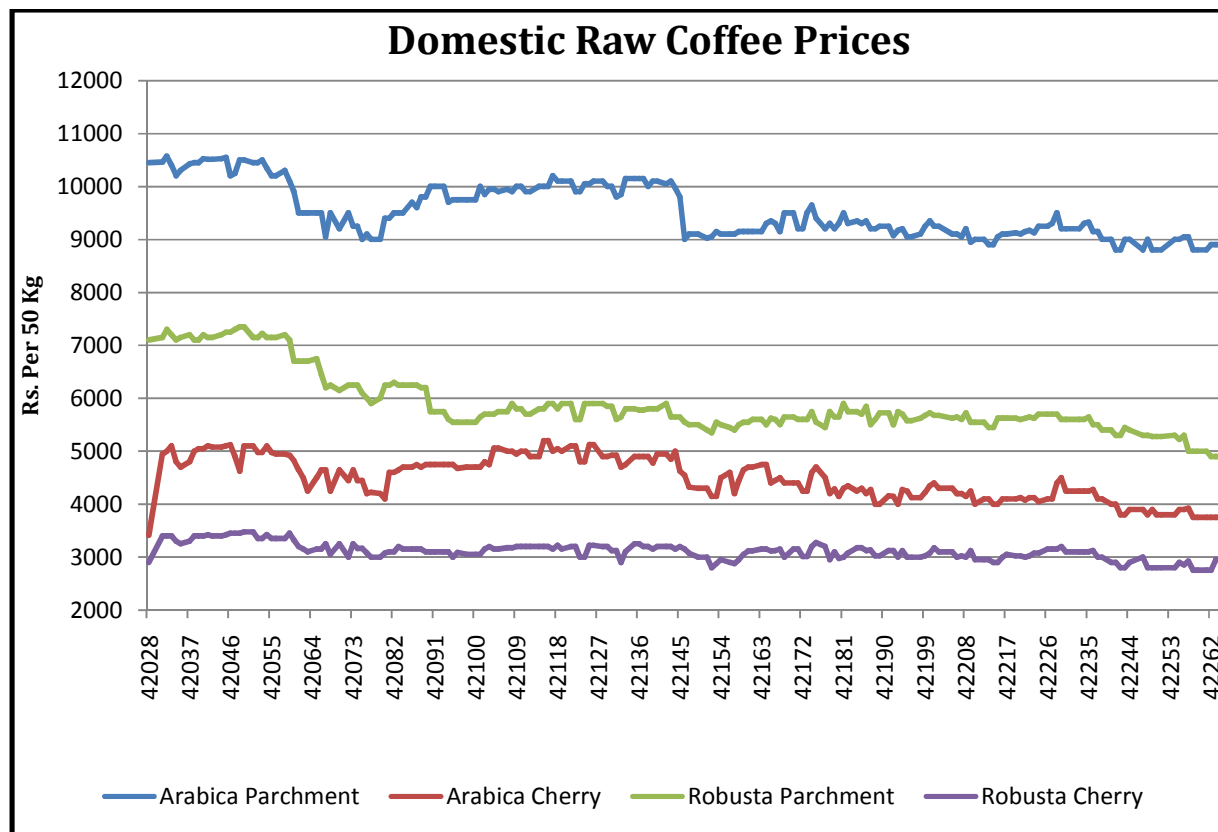
Below table show APY separately for Arabica and Robusta:-



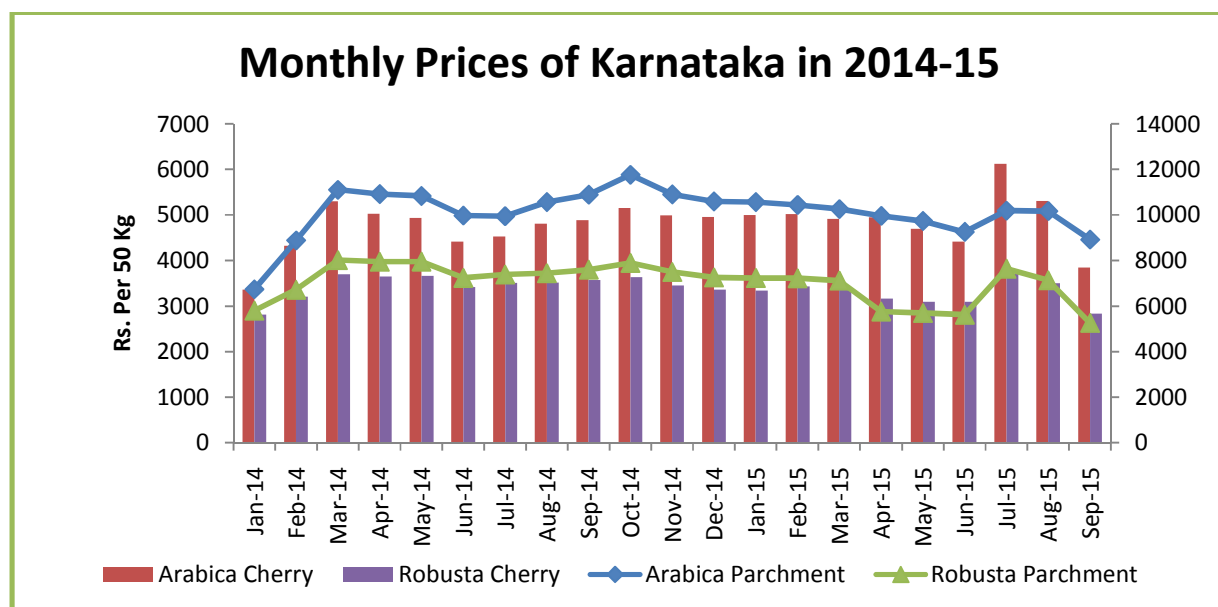
Source: The Coffee Board of India

**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	18.9.2015	11.9.2015	Change
Arabica Parchment	8800	8800	Unchanged
Arabica Cherry	3750	3750	Unchanged
Robusta Parchment	5000	5000	Unchanged
Robusta Cherry	2750	2750	Unchanged

\* Values in Rs per 50 Kg

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

Grade	10.9.2015	3.9.2015	Change	10.9.2015	3.9.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	--	--	--	--	--	--
PB	216.00	206.5	9.50	159.00	152.50	6.50
A	--	280	--	--	--	--
AB	--	--	--	156.50	156.26	0.24
B	--	180.00	--	--	--	--
C	148.00	152.00	-4.00	125.00	--	--
BBB	--	132.00	--	--	107.00	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	--	--	--
PB	133.50	--	--	119.00	117.76	1.24
AA	137.00	--	--	123.00	--	--
AB	--	--	--	122.00	122.36	-0.36
B	--	--	--	--	--	--
C	--	--	--	118.00	115.76	2.24
BBB	111.00	--	--	110.00	109.36	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 September contract slightly increased by 0.40% to 113.50 USC cents per lb from 113.05 USC cents per lb on improved demand. Arabica coffee prices declined by 30% this year so far and Robusta coffee future prices went down by 18% this year since commodity markets worldwide were negatively affected by currency movements and economic news out of China. As per the Green Coffee Association (GCA), U.S. green coffee stocks increased to a 12 year high in August 2015 rising for the first straight month. It went up by 239814 to 6.1 million 60 kg bags by the end of August on the back of continuous fall in coffee prices due to weak currency performance of Brazil which stimulate producer and fund selling.

Below table shows U.S. Green Coffee stocks details :-

Ports	Total Exchange & Non-Exchange	Change From Last Date
New York	1893551	40643
New Orleans	728129	-18405
Jacksonville	349000	19000
Miami	150428	-3891
Houston	558868	5,190
Lardeo	42518	-5888
Sanfrancisco	790,587	18849
Norfolk	516438	-17346
Philadelphia	8575	116
Seattle/Tacoma	363567	181567
Los Angeles/long Beach	154,609	16035
Baltimore	406,382	-5471
South Carolina	160511	9415
Total USA	6123163	239814

Source: Reuters

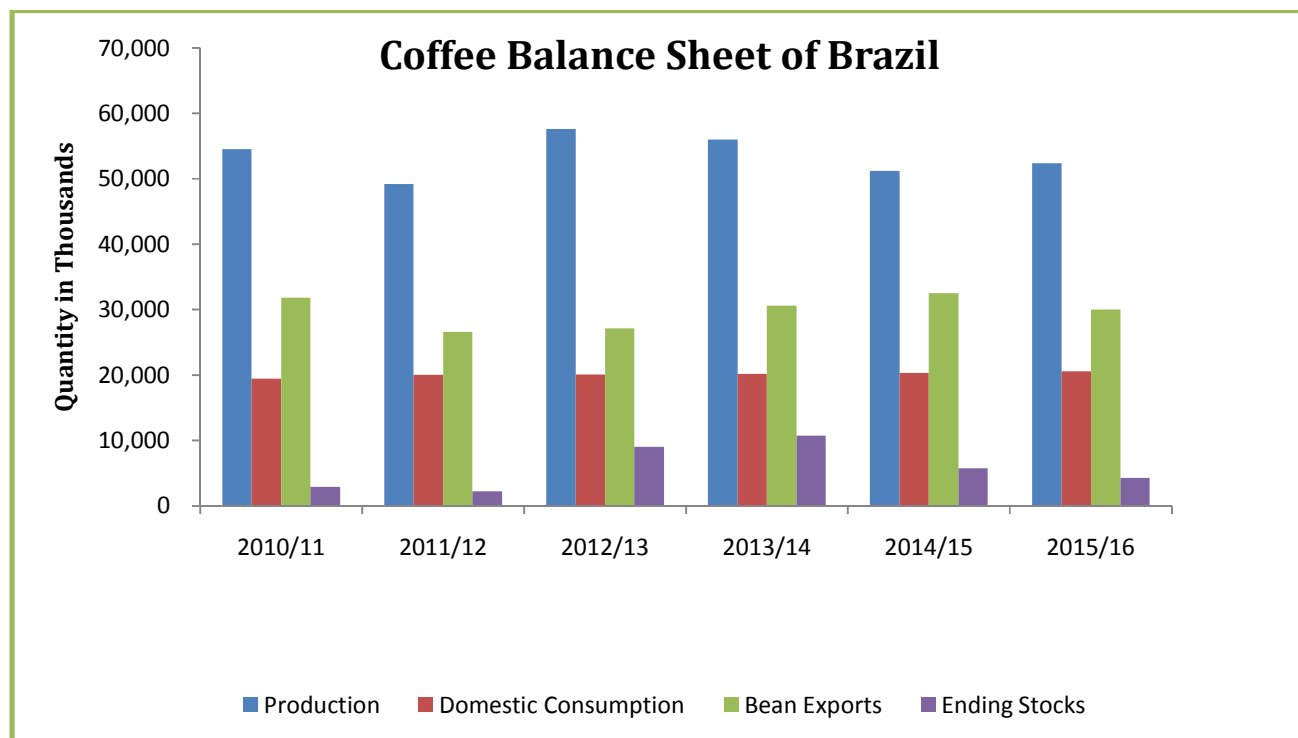
**Vietnam:-** As per Vietnam customs, Vietnam shipped 92600 tonnes(1.54 million 60 kg bags) of coffee in August 2015 with an decrease of 13.6% than the last month. Total exports in the first eight months of 2015 stood down 32.2% to 879,400 tonnes as compared to last year record.

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.

**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.

### Coffee Balance Sheet Of Brazil

Below chart and table shows Coffee Balance sheet of Brazil:-



Source: USDA

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

Source: USDA

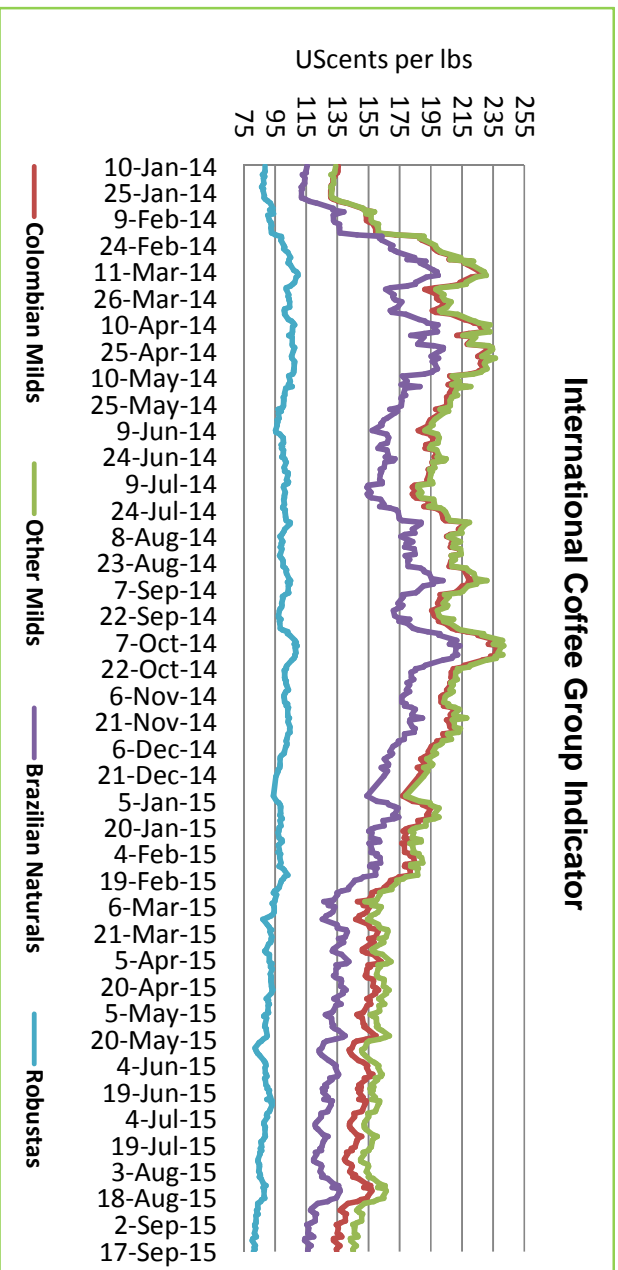
**International Coffee Price Trend**

**Germany Market – Hamburg and Bremen, France Market – (Le Havre and Marseilles) \* Values**

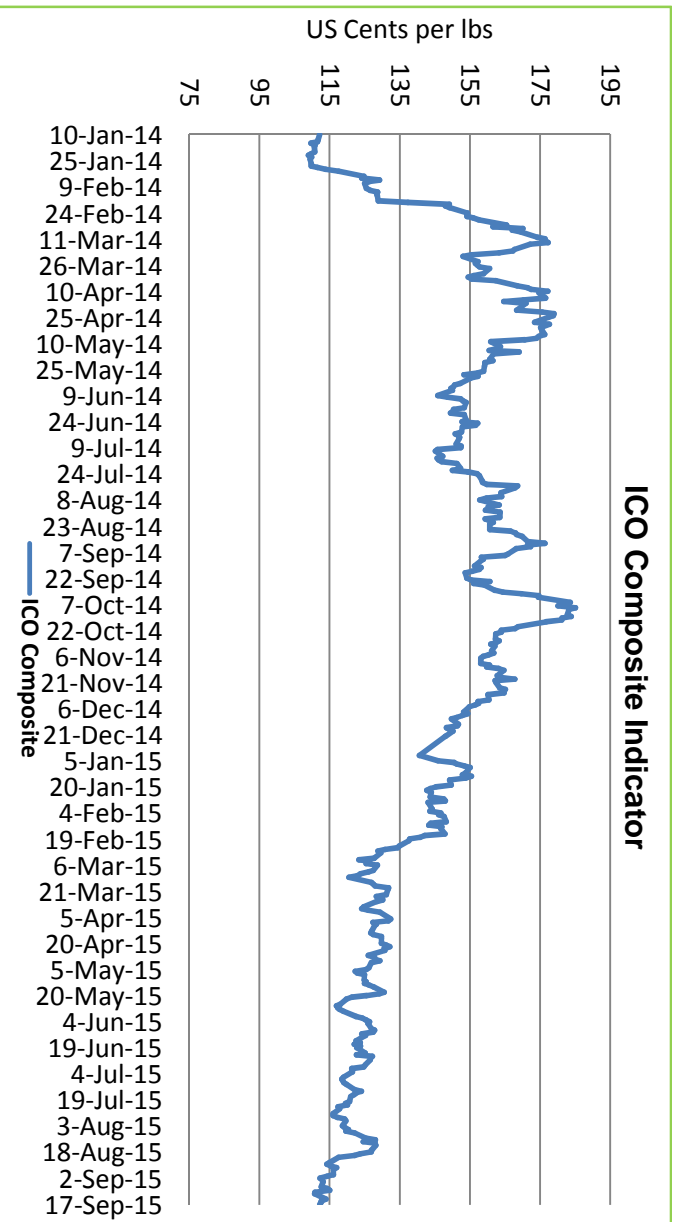
	<b>As on</b>	<b>Week Ago</b>	<b>Month Ago</b>	<b>Year Ago</b>
<b>International Coffee Prices</b>	<b>17.9.2015</b>	<b>10.9.2015</b>	<b>17.8.2015</b>	<b>17.9.2014</b>
<b>ICO Composite Indicator</b>	112.16	110.87	126.93	157.65
<b>Colombian Milds</b>				
US	132.50	130.50	152.50	198.75
Europe	136.97	135.18	157.29	204.03
Group Indicator	134.56	132.65	154.70	201.18
<b>Other Milds</b>				
US	147.44	145.19	166.69	207.69
Europe	143.80	142.39	163.05	203.74
Group Indicator	145.18	143.45	164.43	205.24
<b>Brazilian Naturals</b>				
US	108.50	106.50	125.50	164.75
Europe	118.71	116.84	138.43	180.03
Group Indicator	116.06	114.15	135.07	176.06
<b>Robusta</b>				
US	88.00	87.33	94.08	104.75
Europe	79.88	79.64	86.80	98.11
Group Indicator	81.18	80.87	87.97	99.17

in US cents/lb

## International Coffee Indicators Chart:-



Source: ICO



Source: ICO



**International- Future Market Prices:-**

ICE Arabica Coffee Futures Prices				
Contract Months	Today(17-September-2015)	Today(10-September-2015)	Month Ago(17-August-2015)	Weekly Change (%)
Sep-15	113.50	113.05	134.75	0.39
Dec-15	118.55	116.40	138.55	1.84
Mar-15	121.95	119.90	141.95	1.70

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(17-September-2015)	Today(10-September-2015)	Month Ago(17-August-2015)	Weekly Change (%)
Sep-15	1564	1557	1704	0.44
Nov-15	1564	1566	1715	-0.12
Jan-15	1578	1581	1731	-0.18

USD/T

**International Coffee Prices**

	17.9.2015	10.9.2015	17.8.2015	17.9.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	35400	35900	36700	39150
Vietnam FOB (2-5 pct)* (Saigon port)	1669.50	1675	1785	1905.50
Indonesian FOB (4-80 defects)** (Lampung Port)	1620	1650	1730	1990

\*FOB Values are in USD/T

**Weekly Auction Prices Of Kenya**

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (14/09/2015)	Average Prices In	Prices Last Auction In (07/09/2015)
Arabica AA	141-264	230.54	158-270
Arabica AB	125-244	216.40	126-242
Arabica C	79-205	168.37	58-205
Arabica PB	103-239	209.93	160-234
Arabica T	57-169	108.65	58-170
Arabica TT	78-219	153.96	128-215

Units in \$ per 50 kg bags

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



**Weekly Technical Outlook:-**

- Candlestick chart shows steady momentum in the market.
- 14 days EMI hints steady momentum in the market.
- Falling volume and steady prices indicates bearish phase of the market.
- RSI is remain at 36.91 compared to last week indicating steady to 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>	109-119

US cents/lb

**Expected Support and Resistance**

S2	S1	PCP	R1	R2
103.49	108.21	113.35	120.93	132.12

US cents/lb

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

**Weekly Technical Outlook:-**

- Candlestick chart depicts upside momentum in the market on buying interests.
- On the other hand, 14-days EMA is moving lower at 1668 from 1685 of last week, indicating further fall in the market.
- However, RSI is down at 36.12 in neutral region against 34.85 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>	1535-1620

**USD/T**
**Expected Support and Resistance**

S2	S1	PCP	R1	R2
1503	1534	1556	1621	1654

**USD/T**
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