

Executive Summary

Domestic Coffee Market Summary

Firm tone were witnessed in Karnataka physical market, as on 9th September 2015 on improved demand. Arabica green coffee beans are ready to move from green color to red color which will be possibly harvested from the first week of November 2015. The standing crop is not facing any danger of damage, except for the unprecedented rains during the south west monsoon which is in the offing. 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 per source, Coffee shop chain operator Cafe Coffee Day Enterprises has reported a file with SEBI for an IPO in request to raise an estimated Rs. 1150 crore fixing the price band at Rs. 316-328 for its initial share sale. It is likely to open on October 14, 2015. The issue will close on October 16, 2015. The minimum bid lot is 45 equity shares and in multiples of 45 shares therein.

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 6th September 2015 is registered significantly down by 2.39% at 200319 metric tons as compared to 205229 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 34.38% to 24810 metric tons in this year during 1st January 2015 to 6th September 2015 from preceding year instant coffee volume i.e. 37814 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 32.58% to 28427, 29.79% to 8666 metric tons respectively against last year exports volume i.e. 42165 metric tons, 12344 metric tons respectively in the same period of time due to lower demand.

Recommendation:

Weekly Call - : Market participants are advised to go long above 9000 levels for a target of 9353 and 9765 with a stop loss at 8648 on closing basis.

International Coffee Market Summary

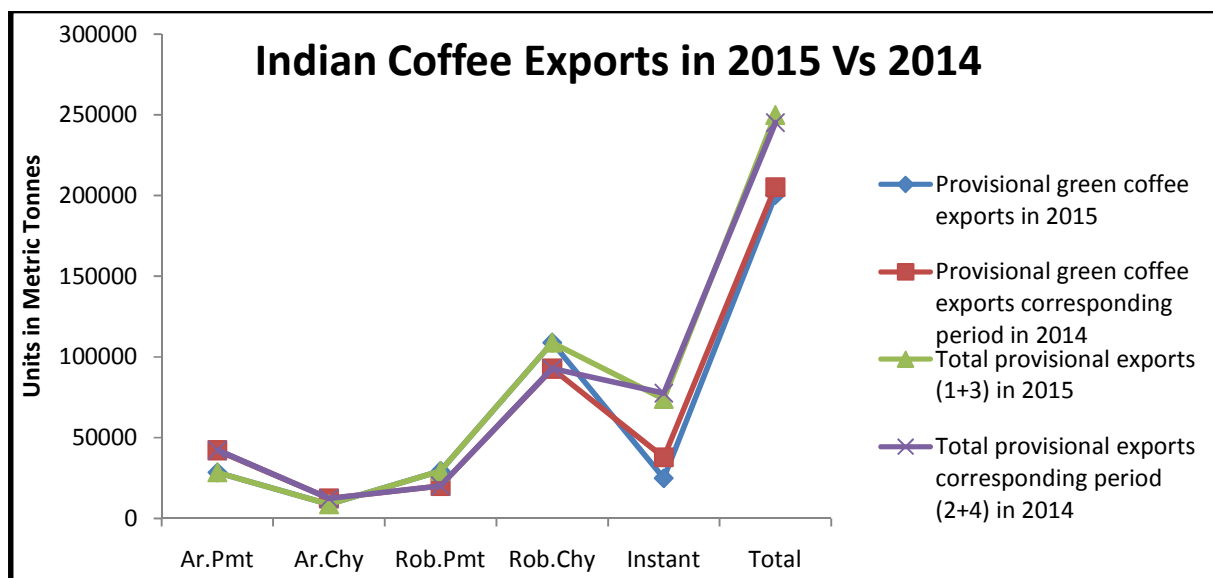
Robusta coffee future prices were little changed after an expectation of a higher crop size in top grower Vietnam from around November 2015 and a huge carryover of old-crop Vietnamese stocks. Resultantly, prices may curb in future as well. Coffee trade in Vietnam was moderate this week at the start of the new 2015/2016 season, while Indonesian traders said the recent strengthening of the rupiah had squeezed profits amid light buying. According to weather forecaster, an interval rains could be seen in Vietnam's Central Highlands coffee belt this month however more sunny days is expected by late October 2015. Currently, Vietnam is offering little fresh but good quality of cherries in the market. ICE Arabica future prices were quoted upside on forecasts for dry weather in Brazil, which could reduce crop flowering in the world's biggest producer..

According to recently released data of ICO, global coffee exports of this month slipped in August 2015 by 2.6% to 9.10 million bags against 9.35 million bags in August 2014 followed by Arabica exports i.e. 1.1% to 5.47 million bags and Robusta coffee exports volume i.e. 7.7% to 3.63 million bags. While, total coffee exports in the first eleven months of coffee year 2014/15 (October-2014 to August 2015) declined by 2.8% to 101.95 million bags compared with 104.83 million bags during the corresponding period of time last year followed by total Arabica coffee exports i.e. 62.91 million bags against 64.37 million bags and Robusta coffee exports volume which stood 39.04 million bags against 40.46 million bags.

As per Export Association Cecafe, Brazil's coffee exports in September month is registered at 2.83 million bags of green coffee higher than 2.66 million bags a year ago and 2.58 million bags in August month 2015. After a favorable rains in early September 2015, Brazil's coffee crops are progressing good on flowering stage. As per Cecafe, Brazil is likely to export total 34.5 million bags in 2015 against 35 million bags due to smaller beans size in this current season. On the other hand, total crop size of Brazil is forecasted at 42.15 million 60 kg bags for 2015 year down by 5% against 45.34 million in 2014.

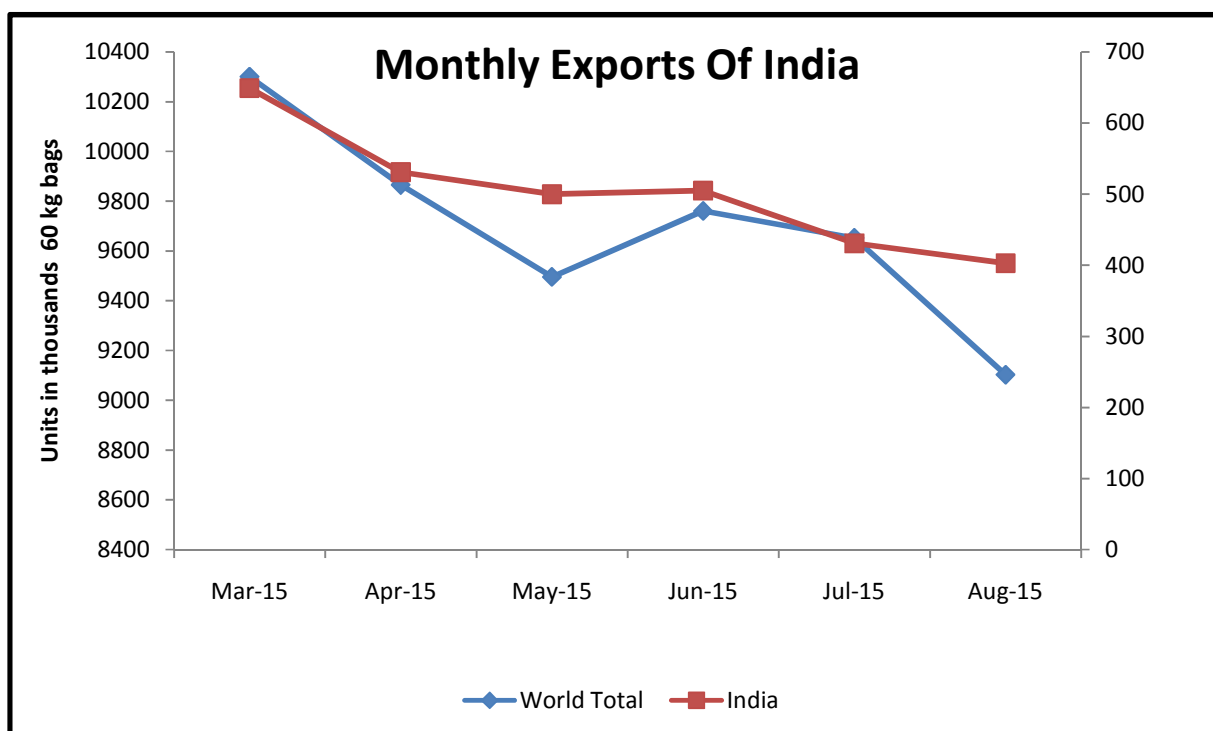
Domestic Export and Import Scenario :-

Below charts shows Coffee Exports Details of India from 1st January to 06th October 2015

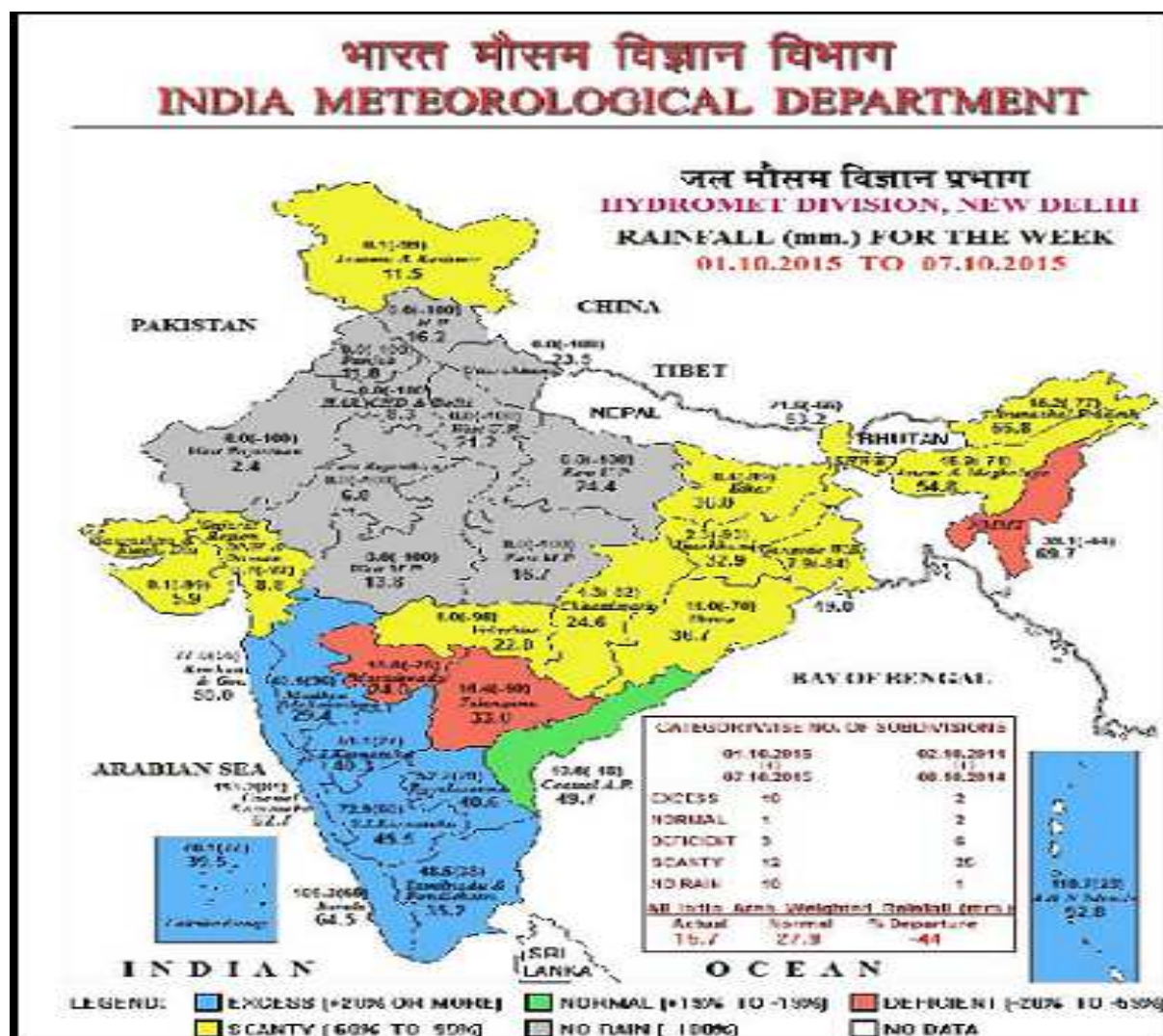


Source: The Coffee Board Of India

Below Charts shows monthly coffee exports details of India in 2015 (Source: ICO):-



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



Source: IMD

- The southwest monsoon was vigorous over Coastal Karnataka on 6th and over interior Karnataka on 5th. It was active over Andaman & Nicobar Islands on 3rd, 4th & 5th; over Nagaland, Manipur, Mizoram & Tripura on 5th; over Sub-Himalayan West Bengal & Sikkim on 3rd; over Konkan & Goa on 2nd, 3rd, 4th & 6th; over Madhya Maharashtra, Rayalaseema on 3rd & 5th; over Tamilnadu & Pudducherry on 1st, 5th & 6th; over Coastal Karnataka on 1st & 5th and over Kerala on 1st, 4th, 5th & 6th.
- A Western Disturbance as an upper air cyclonic circulation laid over north Afghanistan & neighbourhood extending up to 3.1 km above mean sea level on 3rd and over north Pakistan & neighbourhood on 4th. It moved away east north eastwards on 5th.
- Rainfall was excess/normal in 11, deficient/scanty in 15 and no rain in 10 out of 36 meteorological sub-divisions. (All India Actual: 15.7 mm, Normal: 27.9 mm and Departure: -44%).

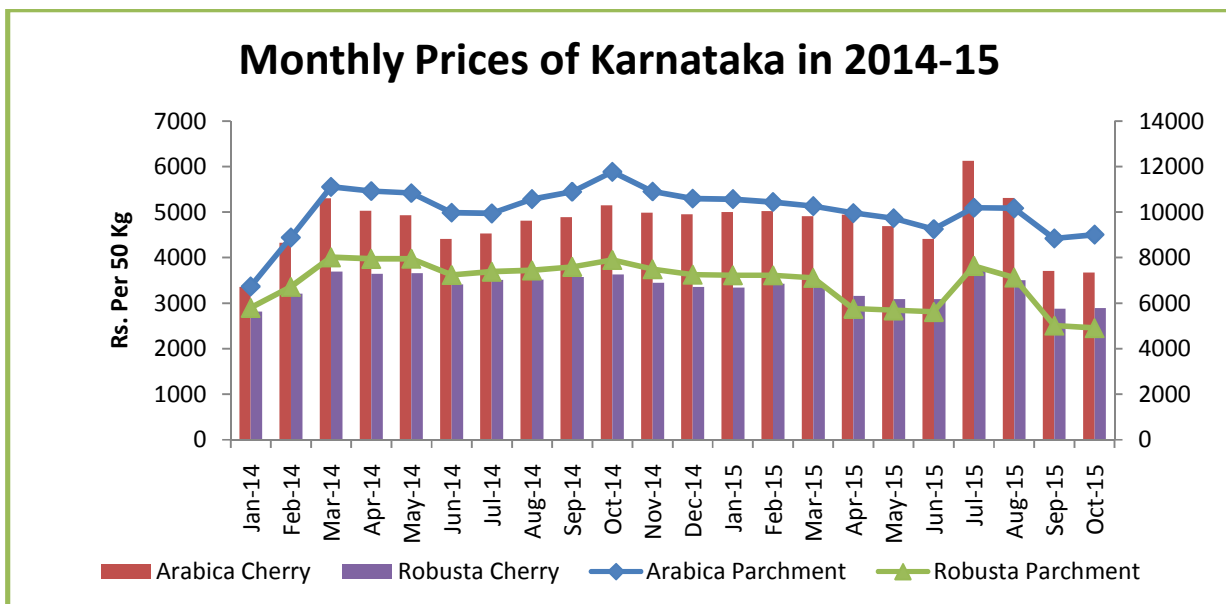
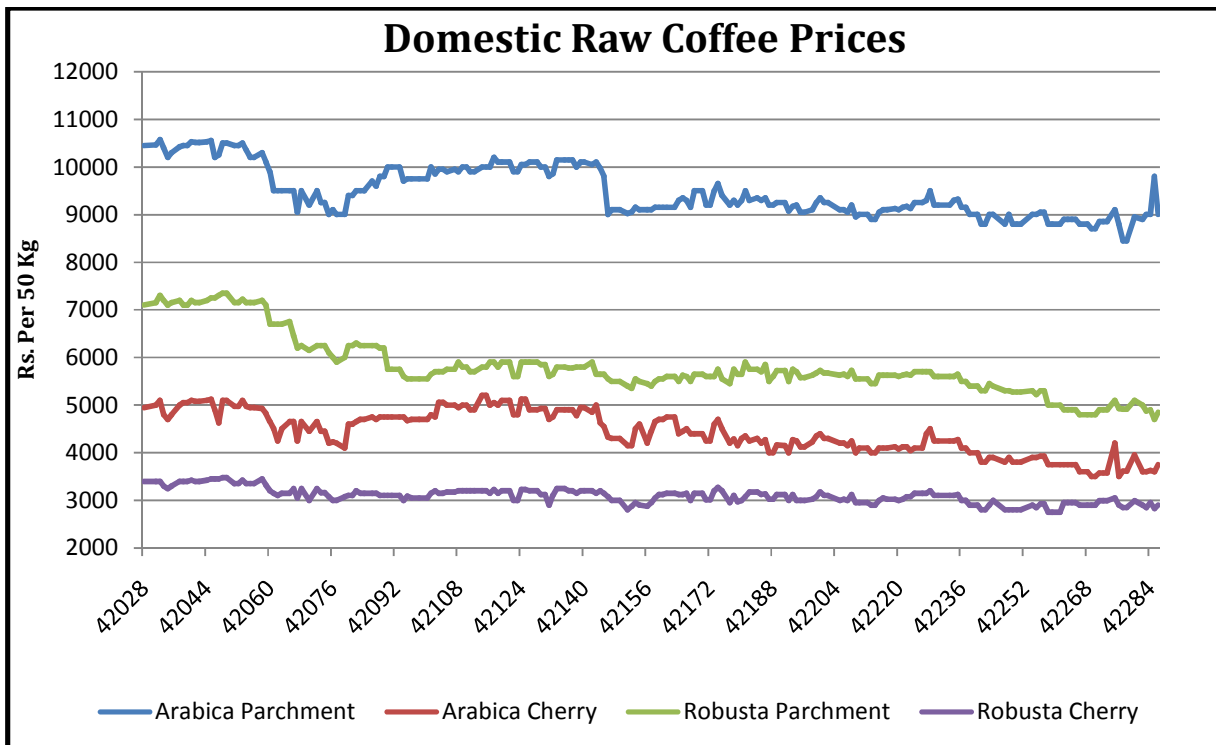
Domestic Crop Condition And Progress:-

Most of the beans of Arabica and Robusta in India are still in green color due to good sunlight and spray of Bordeaux mixture. Now it will start ripening or will move to red color for final picking which will begin in November 2015 for Arabica crop and in February 2016 for Robusta crops.

Below Pictures are Arabica Robusta Standing Crop Details:-



Current Crop Situation of Coorg district in Karnataka

Coffee Prices Of Auction Market & State Wise Market


Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

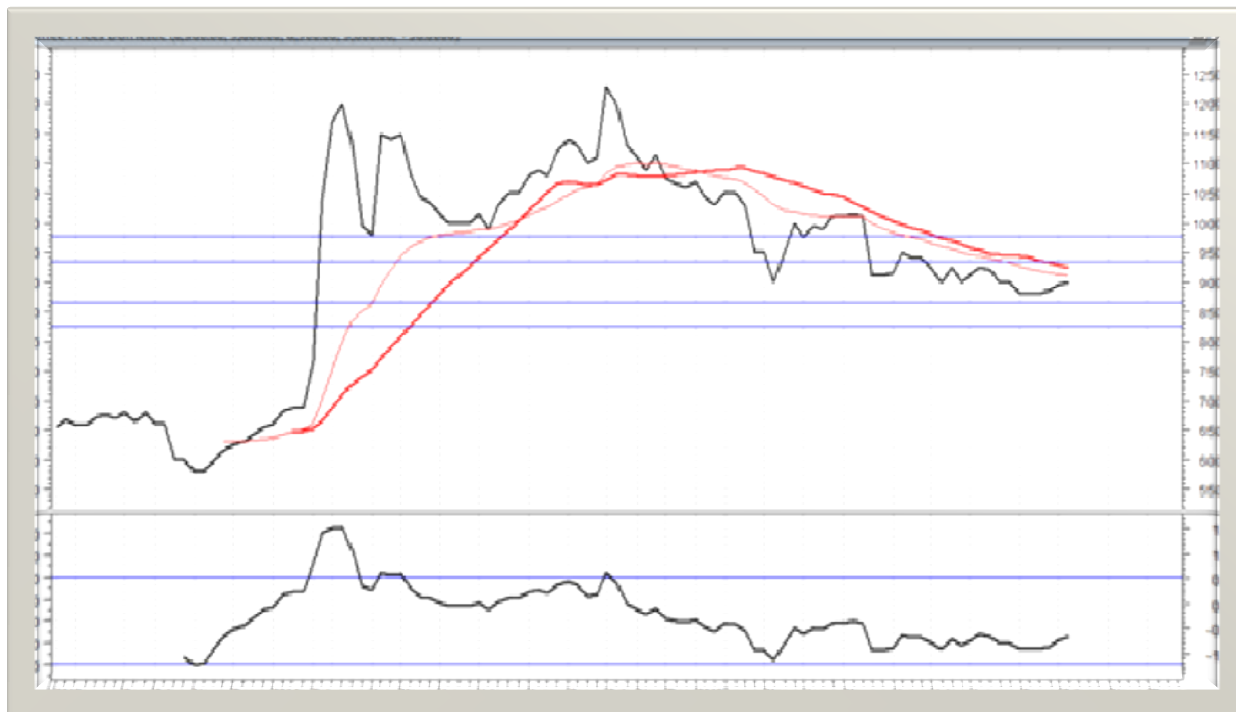
Variety	9.10.2015	1.10.2015	Change
Arabica Parchment	9000	8800	200
Arabica Cherry	3750	3500	250
Robusta Parchment	4850	4925	-75
Robusta Cherry	2900	2900	Unch

* Values in Rs per 50 Kg

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

Grade	30.9.2015	23.9.2015	Change	30.9.2015	23.9.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	-	--	--	-
AA	--	--	-	--	--	-
PB	193.00	207.50	-14.50	--	162.00	-
A	--	--	-	166.80	--	-
AB	--	--	-	151.00	--	-
B	--	--	-	--	--	-
C	--	--	-	121.00	--	-
BBB	--	114.50	-	--	--	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	-	--	--	-
A	--	--	-	--	--	-
PB	--	--	-	117.00	--	-
AA	--	--	-	122.00	--	-
AB	--	--	-	119.76	--	-
B	--	--	-	--	--	-
C	--	122.00	-	114.00	--	-
BBB	--	--	-	107.00	--	-

Values in Rs. per kg

Technical Analysis(Domestic Arabica Parchment Coffee At Karnataka Market)


Outlook -Prices show upside momentum during the week. We expect prices to trade sideways to strong note.

- Technical chart depicts upward momentum in the market.
- RSI is also moving in steady zone in neutral region at 42.72 in this week , hinting further steady to upward momentum in the next week.
- Relatively, simple moving average also supports falling zone of the market.
- We expect further steady to uptrend in the market in coming days.

Strategy: Market participants are advised to go long for the short period of time.

Arabica Parchment (Karnataka Spot Market Price)

Support and Resistance				
S2	S1	PCP	R1	R2
8256	8648	9000	9353	9765

Units in Rs./50 kg.

International Market Updates

ICE Arabica coffee future prices of December contract rose by 3.34% to 128.45 USC cents per lb from 124.30 USC cents per lb on back of dry weather condition in Brazil and stronger Brazilian currency. Robusta coffee futures could be set to rally if investors start to cover the largest net short position in more than one year but aggressive selling of old-crop Vietnamese stocks is likely to slow any advance.

Investors had been net long of Robusta coffee for most of the last year but switched to a net short last month as economic woes in China helped to diminish the appetite for commodities. Dry weather and lingering effects of a leaf rust disease known as Roya have hurt production of these beans, prized for their quality.

Vietnam:- In view of traders, new coffee season started on Oct.1.2015. Vietnam is likely to export 80000 to 140,000 tonnes in October month end. It exported total 1.26 million tonnes in 2014/15 season which is lower than five years records as well. Vietnam is likely to hold 500,000 tonnes in carryover stocks, a record high, based on an output of 1.63 million tonnes (27.2 million 60-kg bags) in a Reuters poll and the government's estimated exports of 1.26 million tonnes. While, local tradres expects total carryover stocks in the range of 350,000-480,000 tonnes for 2015/16 season which is higher from 300,000 tonnes in the 2014/15 season.

Indonesia:-As per an Industry ministry official, Indonesia is predicted to export around 400,000 tonnes of coffee beans this year with a rise of 4% as compared to 385,000 tonnes in 2014 due to good crop size in the season 2014/15. Dry weather is lending support to farmers while harvesting.

Brazil:-As per Cecafe, Brazil is likely to export total 34.5 million bags in 2015 against 35 million bags due to smaller beans size in this current season. *On the other hand, total crop size of Brazil is forecasted at 42.15 million 60 kg bags for 2015 year down by 5% against 45.34 million in 2014.*

As per Source, coffee harvest of Brazil for 2014/15 is almost finished with good quality coffees supported by dry weather over most of the harvest period that begin in May 2015. Only 5 to 10% of Brazil's current crops remain to be harvested. Recent rains in September will help flowering stage of coffee plants in Southeastern Brazil. Coffee trees in Southern Minas Gerais and Sao Paulo are now on flowering stage in the past few days after a cold front which is a good indication for the 2016 crop.

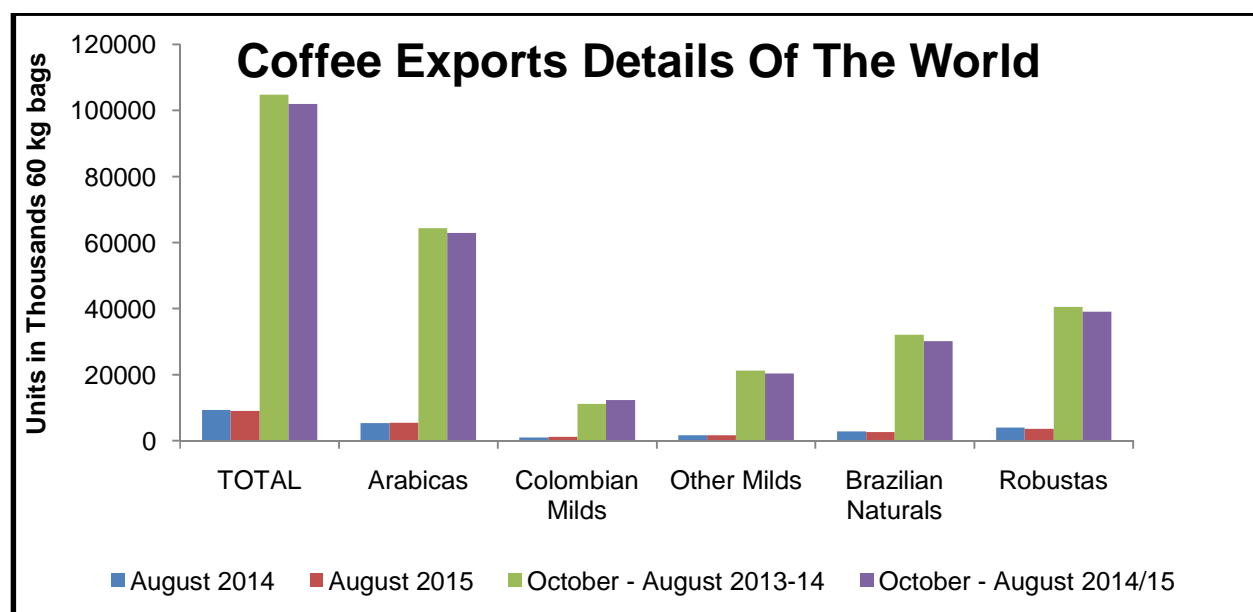
Others :-

- As per ICAFE, Costa Rica coffee exports for 2014-15 season declined by 6.8% to 1.16 million 60 kg bags against 1.25 million bags in 2014-15 harvesting season.
- As per the Colombian Coffee Growers, coffee production in Colombia went up by 16% last month to 1058000 60 kg bags against 912,000 bags in September 2014. While, the production is registered at 13.3 million bags with an increase of 13% during January 2015 to September 2015 as compared to 12.1 million bags in the same period of last year. Coffee production between October 2014 and September 2015 amounted to 13.3 million bags, up 10 percent from the 12.1 million bags registered in the prior 12-month period. Along with this, coffee exports of Colombia increase by 32% to 1093000 bags in September month 2015 from last year exports volume during the same period of time. Exports in the 12 months that ended on Sept. 30, 2015, climbed to 12.3 million bags, up 13 percent from the period that ran from October 2013 to September 2014.
- According to the Nairobi Coffee Exchange (NCE), the top price of Kenya's benchmark grade AA coffee increased at this week's sale from last week's auction. The East African country grows specialty coffee that is in high demand from roasters worldwide for blending with beans from other countries.
- 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 Of The World:-

Below table and chart shows August month coffee exports details of the world:-

Monthly export statistics - August 2015 in thousands 60kg bags						
	August 2014	August 2015	% change	October - August 2013-14	October - August 2014/15	% change
TOTAL	9346	9103	-2.6%	104839	101951	-2.8%
Arabicas	5411	5472	1.1%	64376	62909	-2.3%
Colombian Milds	943	1132	20.1%	11141	12286	10.3%
Other Milds	1638	1678	2.5%	21201	20424	-3.7%
Brazilian Naturals	2830	2661	-6.0%	32034	30199	-5.7%
Robustas	3935	3631	-7.7%	40463	39041	-3.5%



Source :ICO

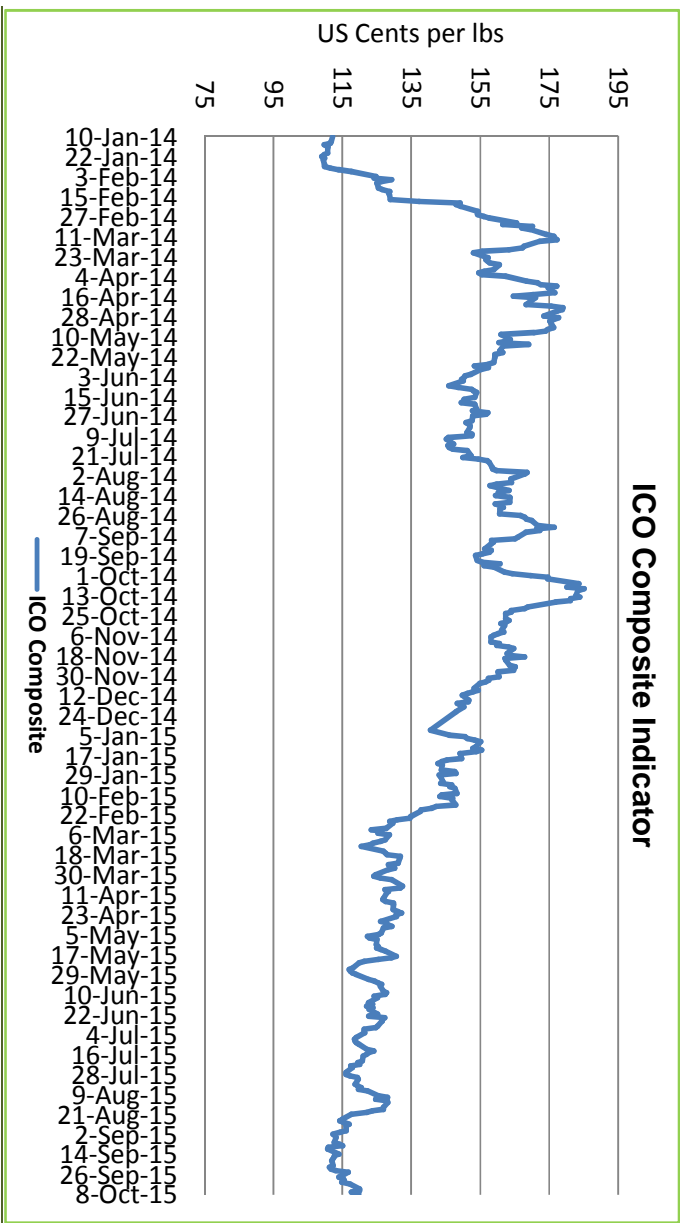
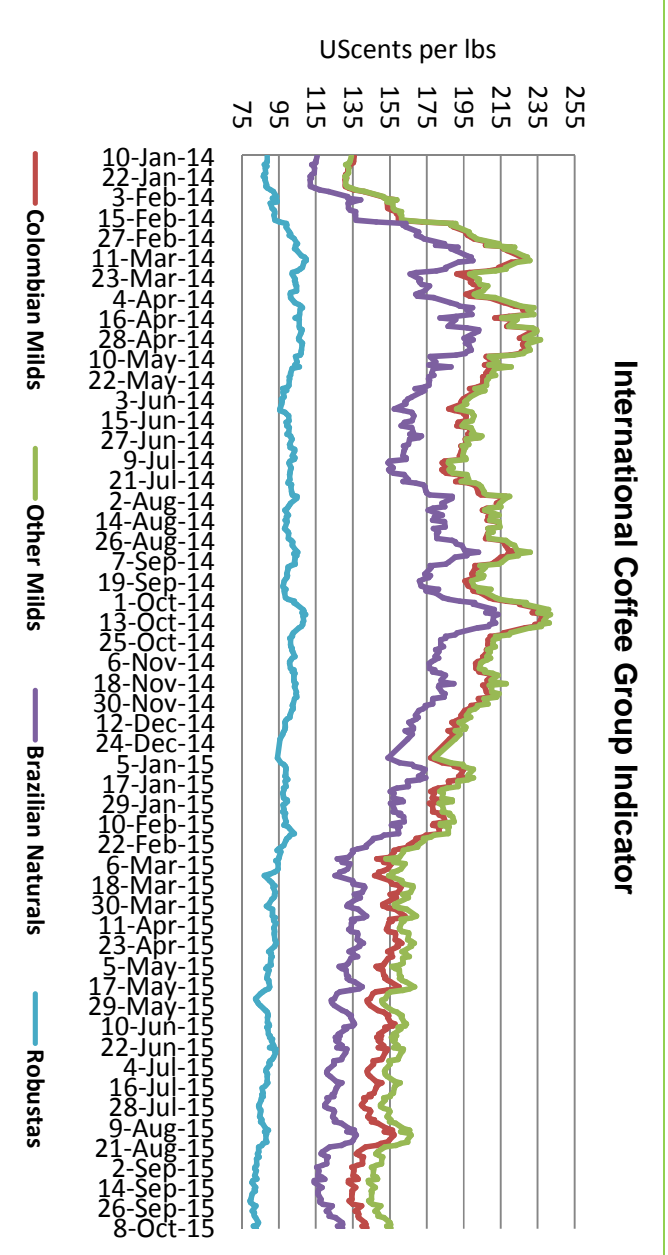
International Coffee Price Trend:-

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

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	8.10.2015	1.10.2015	8.9.2015	8.10.2014
ICO Composite Indicator	119.72	114.80	114.18	183.28
Colombian Milds				
US	142.50	134.75	135.00	234.5
Europe	148.92	141.48	139.44	240.29
Group Indicator	145.45	137.85	137.04	237.16
Other Milds				
US	156.69	149.44	149.69	242.44
Europe	154.81	147.92	146.59	238.49
Group Indicator	155.58	148.54	147.77	239.99
Brazilian Naturals				
US	120.50	113.75	111.00	195.5
Europe	132.45	125.07	120.95	216.68
Group Indicator	129.34	122.13	118.36	211.17
Robusta				
US	88.42	87.83	88.58	112.33
Europe	81.49	80.41	81.30	107.16
Group Indicator	82.67	81.67	82.46	107.99

US cents/lb

International Coffee Indicators Charts:-



International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(30-September-2015)	Week ago(24-September-2015)	Month Ago(30-August-2015)	Weekly Change (%)
15-Dec	121.35	118.3	124.30	2.58
16-Mar	124.40	121.5	127.75	2.39
16-May	126.50	123.65	129.95	2.30

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(30-September-2015)	Week ago(24-September-2015)	Month Ago(30-August-2015)	Weekly Change (%)
15-Sep	1552	1566	1581	-0.89
15-Nov	1557	1566	1611	-0.57
16-Jan	1564	1567	1628	-0.19

USD/T

International Coffee Prices

	01.10.2015	24.9.2015	01.9.2015	01.10.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	--	35100	35550	39100
Vietnam FOB (2-5 pct)* (Saigon port)	--	1608	1693	1928
Indonesian FOB (4-80 defects)** (Lampung Port)	1590	1555	1640	1980

***FOB Values are in USD/T**

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (05/10/2015)	Average Prices In	Prices Last Auction In (28/09/2015)
Arabica AA	179-255	226.28	85-253
Arabica AB	128-302	201.13	110-261
Arabica C	70-193	160.23	46-192
Arabica PB	191-225	206.11	97-273
Arabica T	49-161	87.17	10-165
Arabica TT	66-201	161.64	72-229

Units in \$ per 50 kg bags

Technical Analysis Of Coffee Future Market (Sep'2015 Contract At ICE Future Market)



Outlook -Prices show upside momentum during the week. We expect prices to trade upside.

- Candlestick chart depicts uptrend in the market.
- 14 days EMI hints slight up momentum at 124.47 against 123.37 in the market.
- Higher volume and prices indicates long build up phase of the market.
- RSI is up at 51.30 compared to 48.85 of last week momentum indicating strong tone in the next week.

Strategy: Market participants are advised to go long for the short period of time.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
112.73	118.30	131.60	142.45	148.46

Technical Analysis Of Coffee Future Market (Sep'2015 Contract At LIFFE Future Market)



Outlook -Prices show steady momentum during the week. We expect prices to trade sideways to weak note.

- Candlestick chart shows upside momentum in the market on buyers' interests.
- On the other hand, 14-days EMI is moving lower at 1644 from 1647 of last week, indicating further fall in the market.
- However, RSI is down at 43.22 in neutral region against 45.84 of last week hinting a further downward momentum of the market in upcoming week.

Strategy: Market participants are advised to stay away in the short period of time.

Coffee Future Market(ICE Market)

Support and Resistance				
S2	S1	PCP	R1	R2
1420	1500	1623	1748	1850

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