Executive Summary

Domestic Coffee Market Summary

Weak tone were featured in Karnataka physical market, as on 23rd October 2015 on lackluster trading activities. 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. As on date around 21% of coffee stocks is available with Indian Traders and Farmers. 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. Dry weather with some showers is not a big factor to damage the crop. Indian Arabica coffee growth is normal, which will be picked during November and December. Indian Arabica is shortly in a span of 15 days will be starting to be picked where as Robusta by December 2015. 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. Though Indian crop is said to be a record estimate. However it will depend on the shortage of Brazil, Vietnam, and Indonesia for a price surge and the active participation of roasters and traders.

As per DGCIS latest report, India received around Rs.455.51 crore as the total coffee exports revenue which is 68.79 million in USD in September 2015. This is lower by 3.95 % in Rs. and 11.72% in USD respectively as against Rs. 474.25 crore and USD 77.92 million respectively in the corresponding month of previous year. It stood at Rs. 2225.41 crore and the value in USD at 345.63 million since April-2014 to September 2015 up by 8.28% in Rs. and 1.41% in USD as against the last year revenue i.e. Rs.2055.25 crore and in USD 340.83 million in corresponding period of time.

Recommendation:

Weekly Call - : Market participants are advised to go long above 8550 levels for a target of 9050 and 9200 with a stop loss at 8256 on closing basis.

International Coffee Market Summary

Conab Brazil's official crop supply agency keeps Brazil's crop output lower by 5% to 42.15 million bags 60-kg bags for 2015/16 season as compared to 44.28 million bags from its forecast in June followed by Arabica production at 31.3 million bags against 32.91 million bags and Robusta output at 10.85 million bags against 11.35 on account of a severe drought in January through March of 2014 and ongoing dryness early this year. Other sources estimate Brazil current crop size between 41 to 52.4 million bags for the season 2015/16. It estimated 2014/15 crop size at 45.34 million bags followed by Arabica crop size at 32.31 million bags and Robusta output at 13.04 million bags. 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 began in May 2015. Only 5 to 10% of Brazil's current crops remain to be harvested.

In view of a farmers group, Uganda's coffee exports are predicted to go up by 4% in the 2015/16 (Oct-Sep) crop year, underpinned by a weak local currency which could help boost farm-gate prices and output. According to the the National Union of Coffee Agribusiness and Farmer Enterprises (NUCAFE) shipments from Africa's largest coffee exporter were likely to hit 3.6 million 60-kg bags in the up-coming year, from 3.46 million last year. The value of coffee sold at Kenya's auctions fell 18 percent to $142.5 million in the crop year to September, hit by lower volumes, as per the head of the Nairobi Coffee Exchange (NCE). The east African nation, whose high-quality beans are sought by roasters to blend with beans from other producers, exports much of its coffee through the exchange and the rest is sold by growers directly to foreign buyers. On the other hand Tanzania's average Arabica coffee prices rose at auction last week, buoyed by strong demand from exporters and higher New York markets.

Domestic Export and Import Scenario -:

Domestic Front

As per the Coffee Board of India, provisional Indian green coffee exports from 1st January 2015 to 16th October 2015 is registered significantly down by 3.08% at 206448.44 metric tons as compared to 213009.34 metric tons exported during the corresponding period of previous year. India re-exports maximum Instant type of coffee which is recorded down by 32.11% to 29014.42 metric tons in this year during 1st January 2015 to 16th October 2015 from preceding year instant coffee volume i.e. 42737.56 metric tons. Total provisional exports of Arabica parchment, Arabica cherry is placed down by 32.11% to 29014.42, 30.12% to 8861 metric tons respectively against last year exports volume i.e. 42732.56 metric tons,12698.68 metric tons respectively in the same period of time due to lower demand.

Below table shows Coffee Exports details of India:-

Export update: From 01st January 2015 to 14th 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)	29014.420	8861.450	30254.500	112670.17	33.930	242.740	25371.230	206448.440
2	Provisional exports corresponding period last year	42737.560	12698.680	20647.740	96318.370	45.750	216.560	40344.680	213009.340
3	Provisional re-exports	0.000	0.000	0.000	0.000	118.840	268.000	51488.180	51875.020
4	Provisional re-exports corresponding period last year	0.000	0.000	0.000	0.000	0.000	0.000	40337.080	40337.080
5	Total provisional exports (1+3)	29014.420	8861.450	30254.500	112670.170	152.770	510.740	76859.410	258323.460
6	Total provisional exports corresponding period last year (2+4)	42737.560	12698.680	20647.740	96318.370	45.750	216.560	80681.760	253346.420

Source: The Coffee Board Of India

Weather Updates:-

SUB-DIVISION WISE RAINFALL FORECAST & WEATHER WARNINGS:-

Source: IMD

- The southwest monsoon was vigorous over Rayalaseema on 8th and over Tamilnadu & Puducherry on 12th. It was active over Arunachal Pradesh on 10th; over Assam & Meghalaya on 8th; over Nagaland, Manipur, Mizoram & Tripura on 8th & 9th; over South Interior Karnataka on 12th and over Kerala on 8th, 9th & 10th.
- An Upper air trough extended from eastern parts of Bihar to north Coastal Andhra Pradesh across Jharkhand & Odisha between 3.1 & 4.5 km above mean sea level on 10th and from SubHimalayan West Bengal & Sikkim to North Bay of Bengal across Bangladesh on 11th. It was seen as an upper air cyclonic circulation over North Bay of Bengal & neighborhood and extended upto 3.1 km above mean sea level on 12th, persisted on 13th and laid over North Bay of Bengal & adjoining areas of Bangladesh & West Bengal on 14th.

Domestic Crop Condition And Progress-:

Below table shows Planted Area of Coffee in India since 2010-11:-(Source: The Coffee Board Of India)

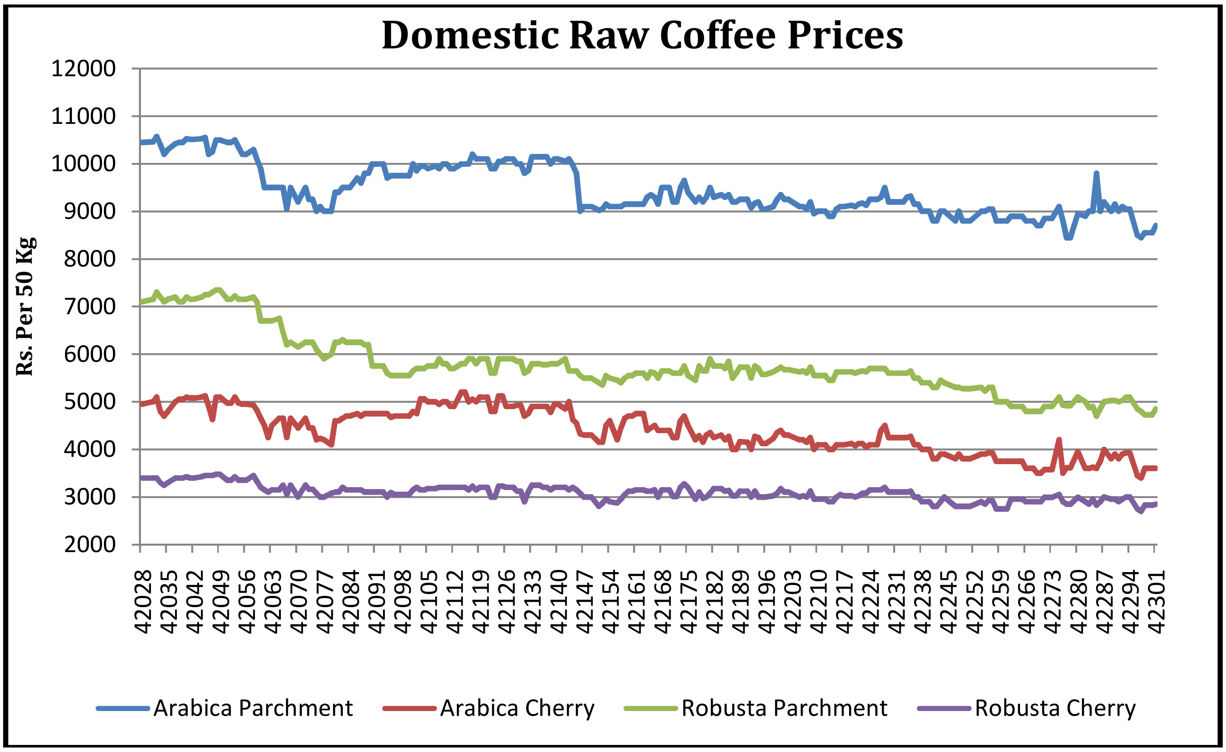
AREA,PRODUCTIONANDPRODUCTIVITY Since 1950-51 (In Hectares)

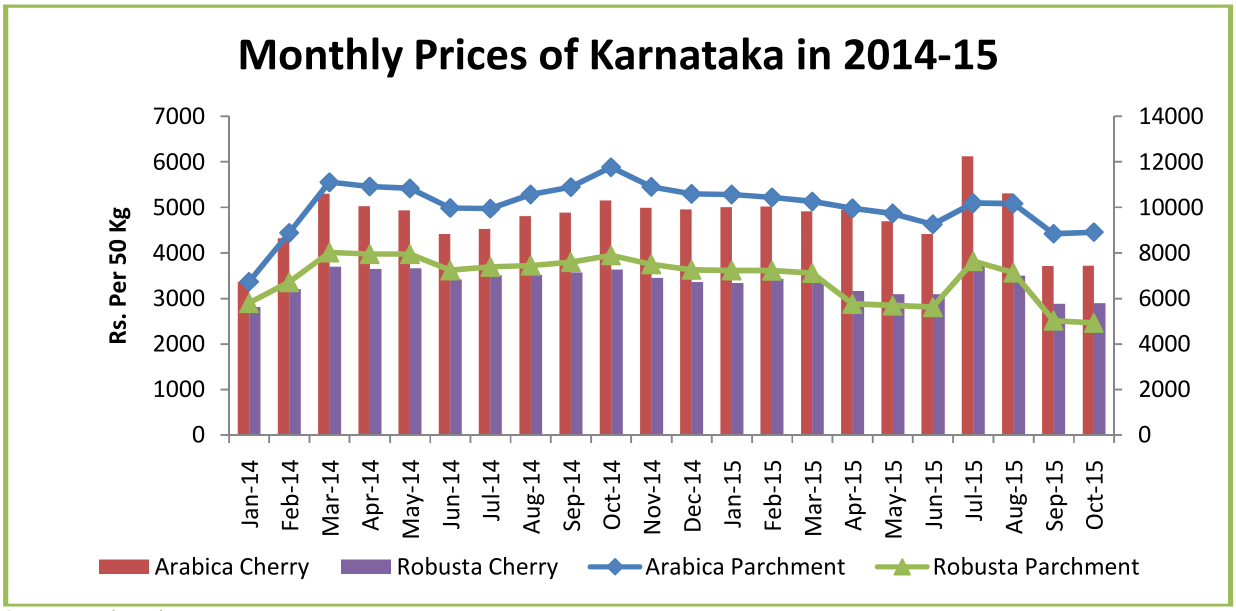
Year	Arabica	%	Robusta	%	Total
1950-51	67613	73	24910	27	92523
1960-61	70650	59	49670	41	120320
1970-71	80433	59	55030	41	135463
1980-81	109454	53	98815	47	208269
1990-91	127934	47	142887	53	270821
1991-92	126889	46	151742	54	278631
1992-93	141546	49	149465	51	291011
1993-94	143491	49	148976	51	292467
1994-95	142644	49	150465	51	293109
1995-96	145901	48	159252	52	305153
1996-97	143239	47	160582	53	303821
1997-98	143928	47	161974	53	305902
1998-99	160671	49	168567	51	329238
1999-00	168453	50	171853	50	340306
2000-01	167679	48	179037	52	346716
2001-02	165892	48	181103	52	346995
2002–03	171180	48	182872	52	354052
2003-04	170294	48	184546	52	354840
2004-05	174315	48	188769	52	363084
2005-06	177728	47	201981	53	379709
2006-07	179096	47	201989	53	381085
2007-08	184418	48	203777	52	388195
2008-09	189511	48	204841	52	394352
2009-10	193995	49	205688	51	399683
2010-11	197930	49	206715	51	404645
2011-12	201070	49	208620	51	409690
2012-13	205775	50	209566	50	415341
2013-14	209385	50	209590	50	418975

PlantedAreabyStates-2013-2014 (In Hectares)

State	Arabica	%	Robusta	%	Total India	%
Karnataka	109003	26.0	121330	29.0	230333	55.0
Kerala	4175	1.0	81184	19.4	85359	20.4
Tamilnadu	25939	6.2	5605	1.3	31544	7.5
NonTraditionalAreas	65141	15.5	268	0.1	65409	15.6
NorthEasternRegion	5127	1.2	1203	0.3	6330	1.5
Total(India)	**209385**	**50.0**	**209590**	**50.0**	**418975**	**100.0**

Coffee Prices Of Auction Market & State Wise Market





Source: Agriwatch

Domestic Raw Coffee Prices (Karnataka):-

Variety	23.10.2015	16.10.2015	Change
Arabica Parchment	8550	9050	**-500**
Arabica Cherry	3600	3925	**-325**
Robusta Parchment	4725	5100	**-375**
Robusta Cherry	2825	3000	**-175**

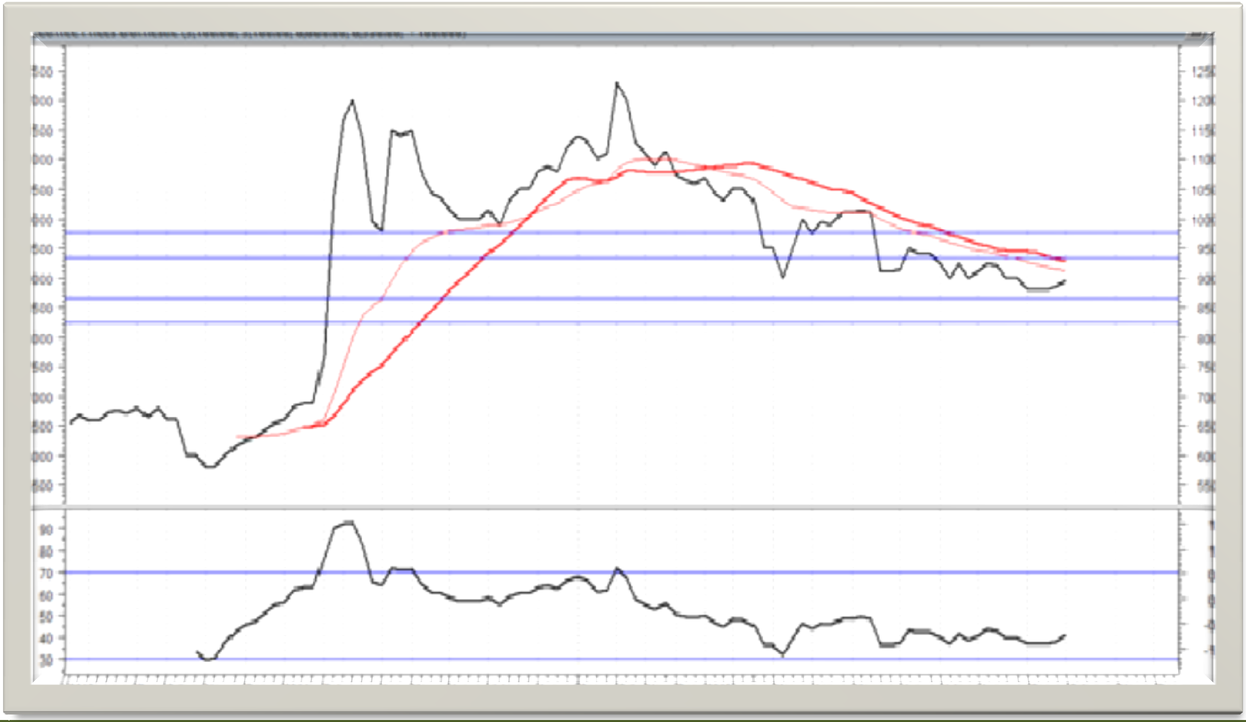
*** Values in Rs per 50 Kg**

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

Grade	23.09.2015	16.9.2015	Change	23.09.2015	16.9.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	-	--	--	-
AA	--	--	-	--	170	-
PB	207.5	210	-2.5	162	--	-
A	--	--	-	--	--	-
AB	--	--	-	--	--	-
B	--	--	-	--	--	-
C	--	148	-	--	--	-
BBB	114.5	125	-10.5	--	--	-
Grade	**Robusta Parchment**	**Robusta Parchment**		**Robusta Cherry**	**Robusta Cherry**	
RKR	--	--	-	--	--	-
A	--	--	-	--	--	-
PB	--	--	-	--	121	-
AA	--	--	-	--	126	-
AB	--	--	-	--	122	-
B	--	--	-	--	--	-
C	122	--	-	--	118	-
BBB	--	--	-	--	108	-

Values in Rs. per kg

Technical Analysis(Domestic Arabica Parchment Coffee At Karnataka Market)



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

- *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.*

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**
7800	8256	8550	9050	9200

Units in Rs./50 kg.

International Market Updates

ICE Arabica coffee future prices of December contract declined by 11.41% to 118.45 USC cents per Ib from 133.70 USC cents per Ib on weak demand. The coffee market decreased further in September, following a slight rally in August, on account of weakness of the Brazilian real and Colombian peso again proving the most influential factor, along with a general bearish trend across commodities.

Brazil:- 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 remains 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.

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.

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. Farmers could sell some of the remaining stocks 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.

Overall Crop Scenario:-

- According to the National Coffee Institute IHCAFE, Honduras may ship9% higher coffee beans to 7.2 million bags per 46 kg bags or 5.52 million 60 kg bags as plantations recover from the Roya fungus that damaged crops in previous harvests. Honduras is Central America's biggest coffee exporter and its production has been badly damaged by the Roya fungus over the last two years.

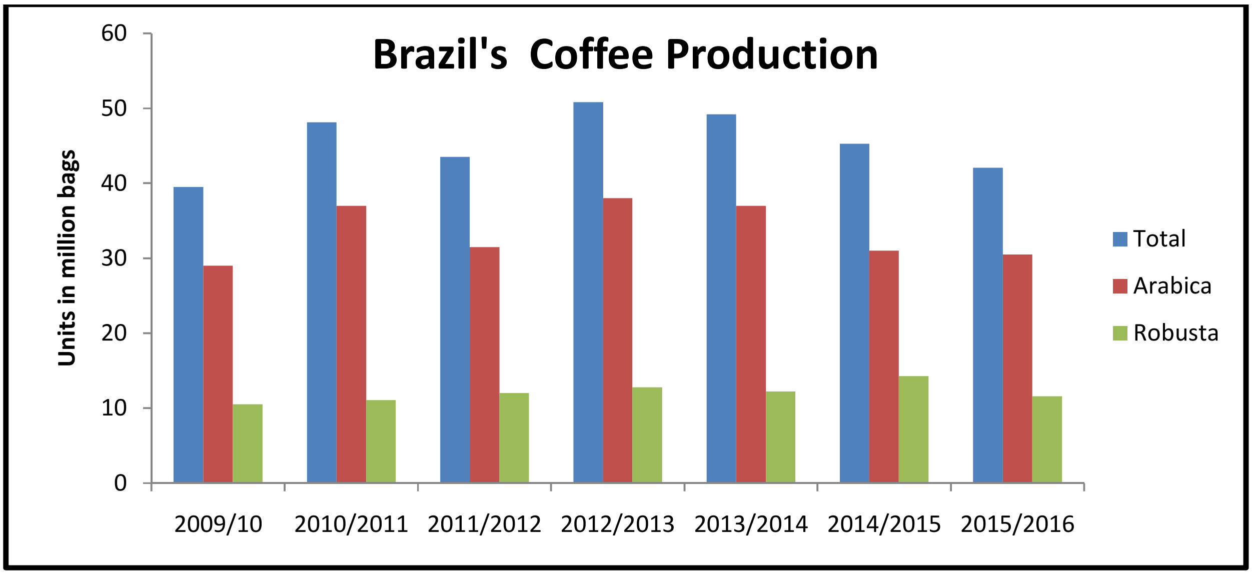
- According to recently released data by USDA, World coffee production is expected to touch the level of 152.65 million bags in 2015/16 which is higher by 4.36% against 2014/15 coffee crop estimates i.e. 146.26 million bags due primarily to record output in Indonesia and Honduras as well as strong recovery in Brazil. World coffee production forecast in June 2015 is revised down from December -2015 estimate by 3.5 million bags to 146.3 million bags followed by lower output estimates of central America &Mexico, Vietnam and Peru.
- 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.

Coffee Production Of The World:-

Below are estimates for coffee output (in millions of 60-kg bags) for the current crop:

Conab Brazil's official crop supply agency keeps Brazil's crop output lower by 5% to 42.15 million bags 60-kg bags for 2015/16 season as compared to 44.28 million bags from its forecast in June followed by Arabica production at 31.3 million bags against 32.91 million bags and Robusta output at 10.85 million bags against 11.35 on account of a severe drought in January through March of 2014 and ongoing dryness early this year. Other sources estimate Brazil current crop size between 41 to 52.4 million bags for the season 2015/16. It estimated 2014/15 crop size at 45.34 million bags followed by Arabica crop size at 32.31 million bags and Robusta output at 13.04 million bags. 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 began in May 2015. Only 5 to 10% of Brazil's current crops remain to be harvested.

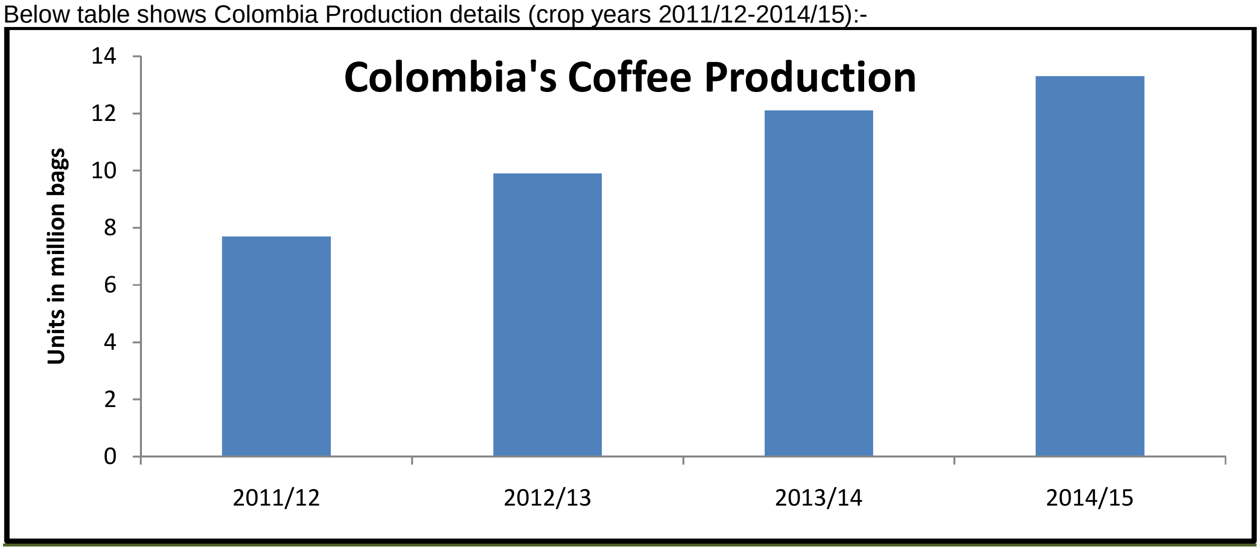
Below table shows Brazil's coffee production details :-



Source: ICO

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.

Below table shows Colombia Production details (crop years 2011/12-2014/15):-



Source: ICO

International Coffee Price Trend:-

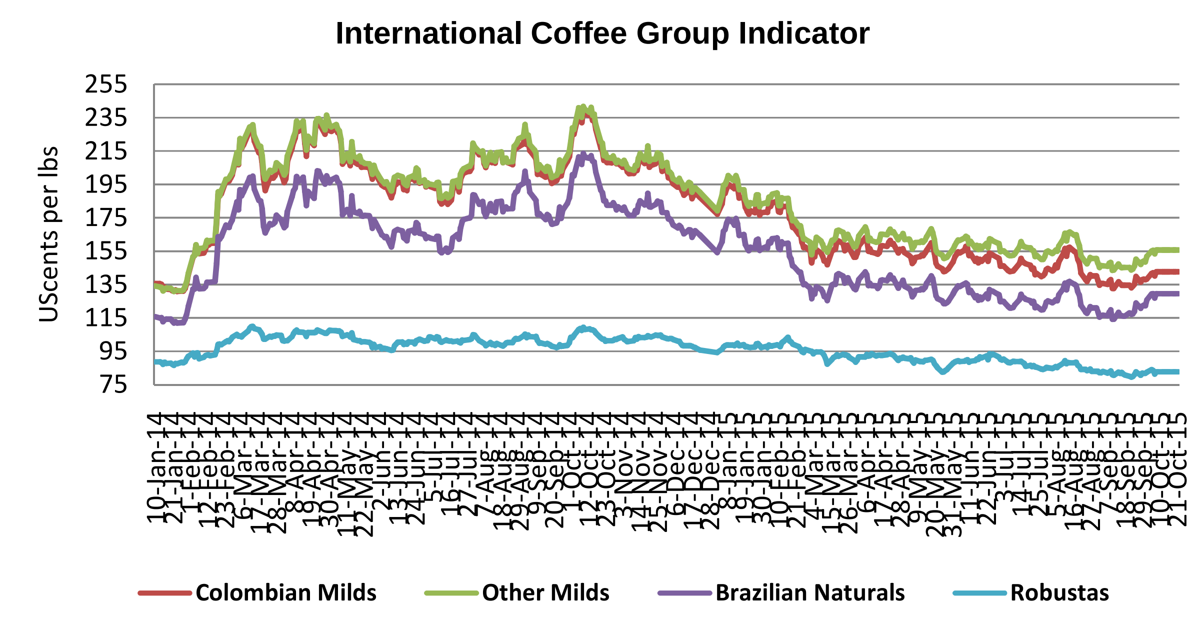
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	**22.10.2015**	**15.10.2015**	**15.9.2015**	**22.10.2014**
ICO Composite Indicator	114.71	124.47	112.72	181.26
Colombian Milds				
US	134.75	147.75	133.75	229
Europe	141.61	154.90	137.55	238.43
Group Indicator	137.91	151.04	135.50	233.34
Other Milds				
US	147.69	161.69	147.44	237.94
Europe	148.62	161.21	144.75	235.23
Group Indicator	148.24	161.41	145.77	236.26
Brazilian Naturals				
US	110.75	125.75	108.75	192
Europe	126.07	139.20	119.32	218.82
Group Indicator	122.09	135.71	116.57	208.89
Robusta				
US	87.08	91.83	87.83	112.08
Europe	80.49	84.19	80.50	106.95
Group Indicator	81.61	85.49	81.67	107.77

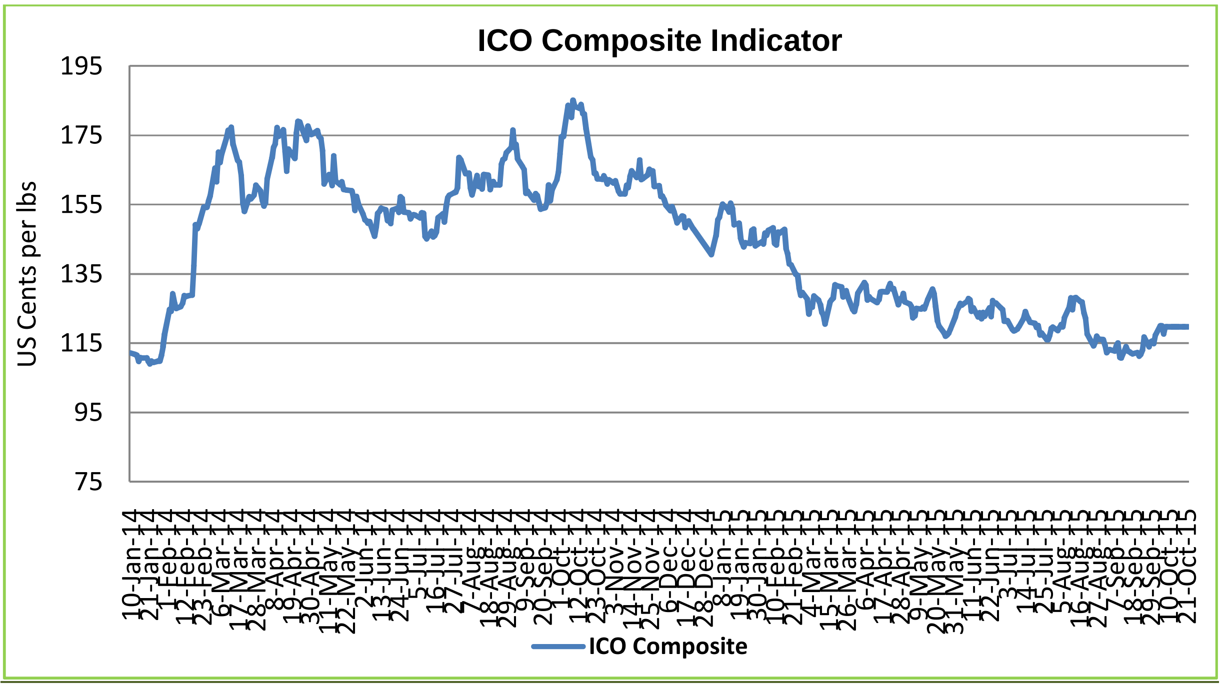
US cents/lb

International Coffee Indicators Charts:-

Below Table shows New York and London Future Price and Spread:-



Source: ICO



Source: ICO

International Future Market Prices :-

ICE Arabica Coffee Futures Prices				
Contract Months	**Today(22-October-2015)**	**Week ago(15-October-2015)**	**Month Ago(15-September-2015)**	**Weekly Change (%)**
15-Dec	118.45	133.70	118.70	**-11.41**
16-Mar	121.80	137.10	122.05	**-11.16**
16-May	124.00	139.00	124.30	**-10.79**

Liffe Robusta Coffee Futures Prices				
Contract Months	**Today(22-October-2015)**	**Week ago(15-October-2015)**	**Month Ago(15-September-2015)**	**Weekly Change (%)**
15-Nov	1527	1661	1576	**-8.39**
16-Jan	1558	1676	1589	**-6.20**
16-Mar	1571	1695	1605	**-4**

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 (12/10/2015)**	**Average Prices In**	**Prices Last Auction In (05/10/2015)**
Arabica AA	180-297	226.28	179-255
Arabica AB	121-271	218.9	128-302
Arabica C	71-205	173.69	70-193
Arabica PB	140-233	205.91	191-225
Arabica T	24-174	96.79	49-161
Arabica TT	127-211	168.24	66-201

Units in $ per 50 kg bags

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

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

- Candlestick chart depicts downtrend in the market.
- 14 days EMI hints slight low momentum at 123.82 against 124.65 in the market.
- Slight down volume and prices indicates short build up phase of the market.
- RSI is remain down at 42.69 compared to 47.22 of last week momentum indicating steady to weak tone in the next week.

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

Coffee Future Market(ICE Market)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
101.64	112.46	118.45	131.13	149.37

Technical Analysis Of Coffee Future Market (Dec'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 downside momentum in the market on sellers' interests.
- On the other hand, 14-days EMI is moving lower at 1625 from 1640 of last week, indicating further fall in the market.
- However, RSI is up at 45.84 in neutral region against 44.62 of last week hinting a further upward 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**
1419	1433	1527	1670	1722

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