

**Domestic Market Updates:**

Coffee prices in India quoted higher at a weekly auction owing to recovery in the international coffee market and El Nino concern.

About 51 tons coffee of the total 197.22 tons on offer was sold. Arabica accounted for 140.988 tons, while Robusta were 51 tons.

In Karnataka, Arabica parchment prices rose by Rs 500 per 50 Kg and were quoted at Rs 9900-10500 per 50 kg. While, Robusta parchment in Karnataka is offered at Rs 7200-7425 per 50 Kg, up Rs 25 per 50 Kg from last week.

On the exports front, as per Coffee Board of India, India exported 1.53 lakh tons during the January-July 2014 (Provisional data), up 0.10 percent from the corresponding period of the last year. However, re-exports (provisional data) declined to 29,901 tons during January-July, 2014, down 16.5 percent from same period of the last year.

Of total coffee exports from India, the coffee exports fell by 2.9 per cent to 183,808 tons during January-July, 2014 ((Provisional data) compared to the same period year-ago.

On the production front, Coffee Board pegged coffee output at 3,11,500 tons for 2013-14 crop year (Oct-Sept), down by 2.1 per cent from 3,18,200 tons in 2012-13. While, India produces 102,000 tons of Arabica and 209,500 tons of Robusta coffee in 2013-14.

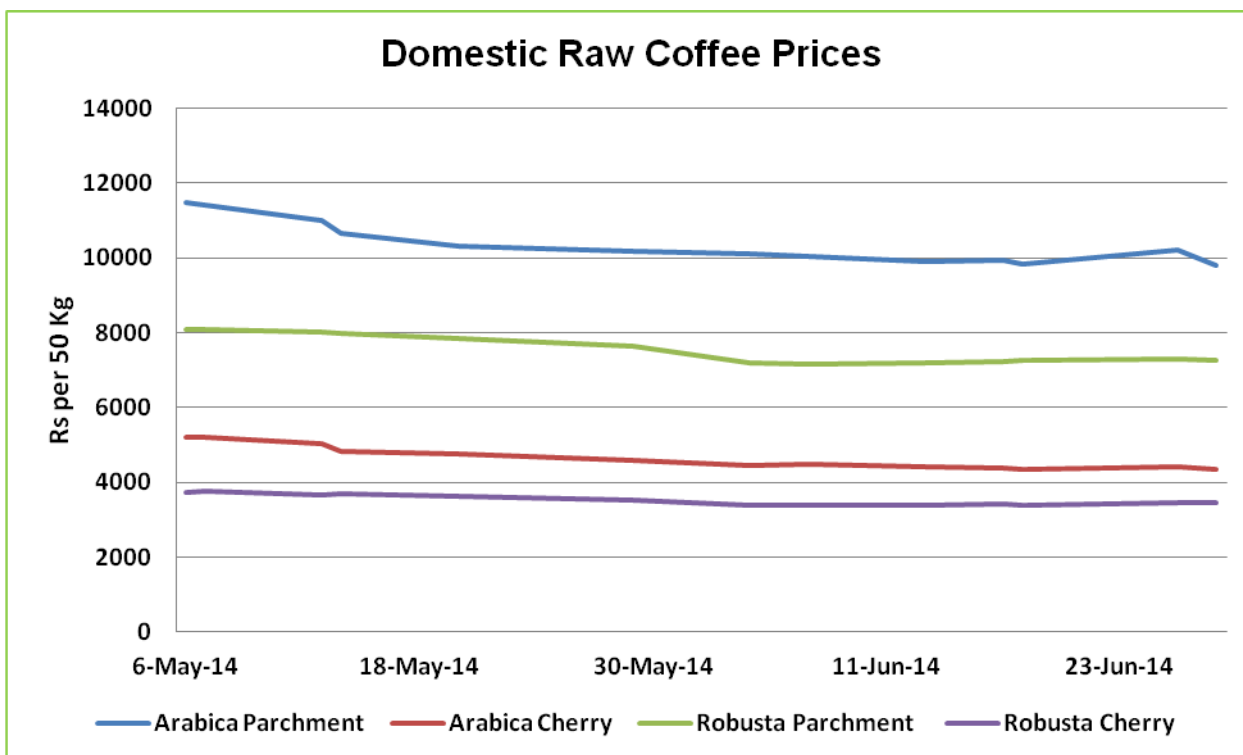
On the currency front, Indian rupee against USD closed (27 June. 2014) at 60.08, up 0.18 percent as compared to the previous week. Factors to watch in the coming week will be on Vietnam's Robusta coffee export demand, Brazil's coffee harvesting pace and weather over major coffee bean producing regions of India.

We expect domestic coffee is likely to trade with sideways to firm bias in the days ahead owing to El Nino concern, recovery in the international coffee market. However, new supplies from Latin American countries may limit the excessive gains in the medium term.

**ICTA Auction Prices (Karnataka):**

| Grade | 26.6.2014          | 19.6.2014          | Change | 26.6.2014      | 19.6.2014      | Change |
|-------|--------------------|--------------------|--------|----------------|----------------|--------|
|       | Arabica Plantation | Arabica Plantation |        | Arabica Cherry | Arabica Cherry |        |
| MNEB  | --                 | --                 | --     | --             | --             | --     |
| AA    | 270.50             | --                 | --     | --             | --             | --     |
| PB    | 260.50             | --                 | --     | 182            | 182            | Unch   |
| A     | 266.40             | --                 | --     | --             | --             | --     |
| AB    | --                 | --                 | --     | 177            | --             | --     |
| B     | 248.50             | --                 | --     | --             | --             | --     |
| C     | --                 | 215                | --     | 140            | 137            | 3      |
| BBB   | --                 | 151                | --     | 132.76         | 130.50         | 2.26   |
|       |                    |                    |        |                |                |        |
| Grade | Robusta Parchment  | Robusta Parchment  |        | Robusta Cherry | Robusta Cherry |        |
| RKR   | --                 | --                 | --     | --             | --             | --     |
| A     | --                 | --                 | --     | --             | --             | --     |
| PB    | 178                | --                 | --     | --             | 138.76         | --     |
| AA    | 188                | --                 | --     | --             | 144            | --     |
| AB    | 182                | --                 | --     | --             | 142.50         | --     |
| B     | --                 | --                 | --     | --             | --             | --     |
| C     | 166                | --                 | --     | --             | 137            | --     |
| BBB   | --                 | --                 | --     | --             | 133            | --     |

**Values in Rs per Kg**

**Domestic Raw Coffee Price Trend (Karnataka)**

**Domestic Raw Coffee Prices (Karnataka):**

| Variety           | 26.6.2014  | 18.6.2014  | Change |
|-------------------|------------|------------|--------|
| Arabica Parchment | 9900-10500 | 9700-10000 | 500    |
| Arabica Cherry    | 4200-4650  | 4200-4500  | 150    |
| Robusta Parchment | 7200-7425  | 7100-7400  | 25     |
| Robusta Cherry    | 3325-3600  | 3275-3525  | 75     |

\* Values in Rs per 50 Kg

**International Market Updates:**

Weekly Futures Review - London's Robusta coffee for July contract settled up 39 points at USD 1,998/tons. While, ICE Arabica July contract ended higher to USc 178.80 per lbs, as on 26 June.

As per Brazilian trade ministry, Brazil's coffee exports eased to 2.62 million bags (60 kg bags) in June versus 2.69 million bags in May.

On the harvesting front, Brazil's National Coffee Council reported that Brazilian farmers had harvest around 35-40 percent of the total coffee crop which is estimated at 40.1-43.3 million 60-Kg bags for 2014.

Coffee prices in Vietnam rose to 39,750 dong, down 0.74 percent from week owing to easing export demand. While, Vietnamese Robusta beans offered at \$1,947/tons, on a free-on-board basis (Saigon port as on 26 June).

On the export front, as per Vietnam Customs Department, Vietnam exported 110,000 tonnes (1.83 million bags) each bag 60 kg of coffee in June 2014, down 19.7 percent from last month. While, during (Oct-Jun) 2013-2014 Vietnam exported 1.32 million tons (22.04 million 60-kg bags), up 11.6 percent from a year ago. Market participants are expecting 0.90-1.2 lakh tons (1.5-2.0 million bags) of coffee exports in July.

As per International Coffee Organization, World coffee exports in the month of May were 9.62 million 60-kg bags, down 5.6 percent on y-o-y basis. While, coffee exports were down by 3.9 percent at 72.83 million bags during Oct-May 2013-14 compared to the same period of the last year.

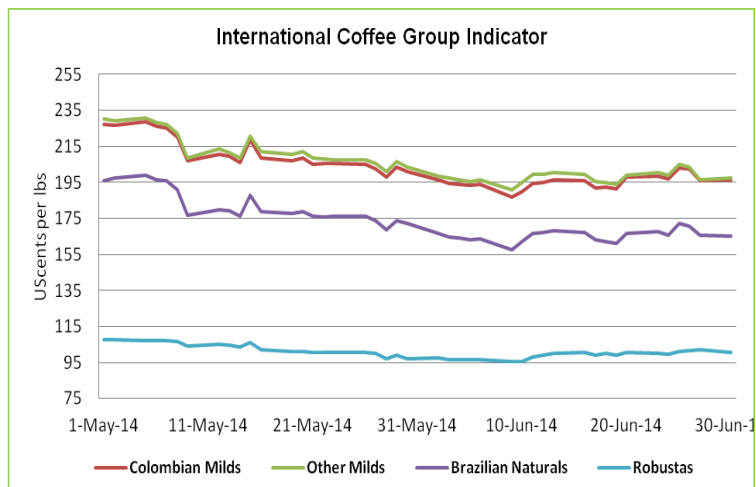
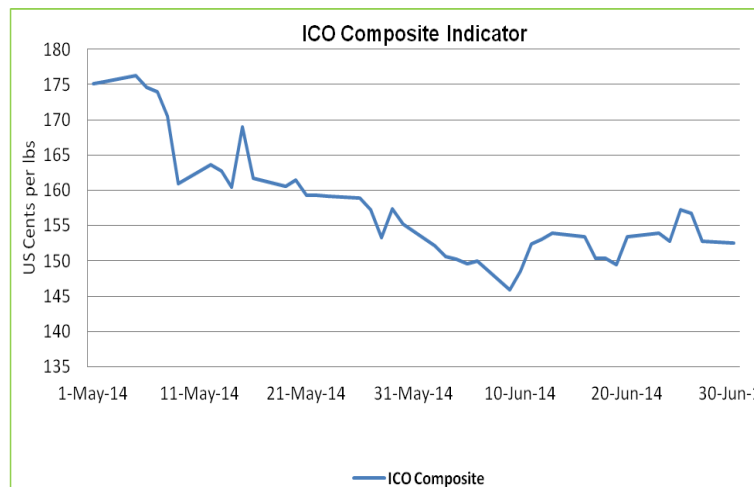
World Robusta coffee exports in May were 3.38 million bags, down 0.63 million bags and Arabica coffee exports were 6.25 million bags, up 0.07 million bags in the same month last year.

Indonesia's Robusta coffee bean exports fell 41 percent to 6,897.62 tons in June on y-o-y basis. While, 56002.20 tons of coffee beans were exported during (Jan-Jun), down 40.4 percent from same period of the last year.

**Coffee Futures Market Recommendation:**

Market participants are advised to buy Liffie Coffee (July) above 2000 levels for a target of 2060 and 2080 with a stop loss at 1970 on closing basis.

### International Coffee Indicators Trend:



### International Futures Market Updates:

| ICE Arabica Coffee Futures Prices |           |                        |                         |                   |
|-----------------------------------|-----------|------------------------|-------------------------|-------------------|
| Contract Months                   | 26-Jun-14 | Week ago (19 Jun,2014) | Month Ago (26 May,2014) | Weekly Change (%) |
| July                              | 178.80    | 167.00                 | 181.90                  | 7.06              |
| September                         | 180.85    | 169.10                 | 184.25                  | 6.94              |
| December                          | 184.35    | 172.60                 | 187.50                  | 6.80              |
| March                             | 187.40    | 175.80                 | 190.15                  | 6.59              |

| Liffe Robusta Coffee Futures Prices |           |                        |                         |                   |
|-------------------------------------|-----------|------------------------|-------------------------|-------------------|
| Contract Months                     | 26-Jun-14 | Week ago (19 Jun,2014) | Month Ago (26 May,2014) | Weekly Change (%) |
| July                                | 1998      | 1959                   | 2003                    | 1.99              |
| September                           | 2016      | 1966                   | 2017                    | 2.54              |
| November                            | 2012      | 1972                   | 2029                    | 2.02              |

**International Coffee Prices:**

|  | 26.6.2014 | 19.6.2014 | 26.5.2014 | 26.6.2013 |
|--|-----------|-----------|-----------|-----------|
| Vietnam (Robusta Beans Spot) (Dong/Kg)         | 39750     | 40050     | 39500     | 38450     |
| Vietnam FOB (2-5 pct)* (Saigon port)           | 1947      | 1984      | 1972      | 1846      |
| Indonesian FOB (4-80 defects)** (Lampung Port) | 2015      | 1970      | 2040      | 1850      |

\* FOB Values are in USD/T

|                                | As on     | Week Ago  | Month Ago | Year Ago  |
|--------------------------------|-----------|-----------|-----------|-----------|
| International Coffee Prices    | 26.6.2014 | 19.6.2014 | 26.5.2014 | 26.6.2013 |
| <b>ICO Composite Indicator</b> | 156.70    | 149.48    | 158.93    | 113.56    |
| <b>Colombian Milds</b>         |           |           |           |           |
| US                             | 204.75    | 193       | --        | 144.50    |
| Europe                         | 199.82    | 189.31    | 203.58    | 142.51    |
| Group Indicator                | 202.48    | 191.30    | 205.12    | 143.42    |
| <b>Other Milds</b>             |           |           |           |           |
| US                             | 207       | 195.50    | --        | 133.88    |
| Europe                         | 201.64    | 193.33    | 207.31    | 133.24    |
| Group Indicator                | 203.68    | 194.16    | 207.34    | 133.50    |
| <b>Brazilian Naturals</b>      |           |           |           |           |
| US                             | 160.75    | 151       | --        | 110.50    |
| Europe                         | 174.49    | 164.74    | 180.05    | 116.10    |
| Group Indicator                | 170.92    | 161.16    | 176.06    | 114.75    |
| <b>Robusta</b>                 |           |           |           |           |
| US                             | 107.33    | 105.25    | --        | 94.25     |
| Europe                         | 100.62    | 98.01     | 99.52     | 87.35     |
| Group Indicator                | 101.69    | 99.17     | 100.36    | 88.45     |

Germany Market – Hamburg and Bremen, France Market – (Le Havre and Marseilles) \* Values in US cents/lb

### Technical Analysis (Coffee Weekly Charts)



**Outlook – Prices are likely to trade with a steady to firm note in the days ahead.**

- ❖ Weekly chart in both exchanges depicts gains in the prices. We expect prices may trade with a steady note in the near term.
- ❖ Expected price band for next week for coffee is USD 2000-2800/T in Liffe and USc 165-175/lbs in ICE exchange.

#### Strategy:

Market participants are advised to buy Liffe Coffee (July) above 2000 levels for a target of 2060 and 2080 with a stop loss at 1970 on closing basis.

#### Liffe Robusta Coffee

| Support and Resistance |      |      |      |      |
|------------------------|------|------|------|------|
| S2                     | S1   | PCP  | R1   | R2   |
| 1930                   | 1945 | 1998 | 2090 | 2115 |

#### ICE Arabica Coffee

| Support and Resistance |        |        |        |        |
|------------------------|--------|--------|--------|--------|
| S2                     | S1     | PCP    | R1     | R2     |
| 163.50                 | 167.00 | 178.80 | 184.00 | 188.00 |

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