

Highlights of the Week

- Coffee prices in India stood on lower side in the major key market of karnataka due to lackluster exporters and roasters demand during this week.
- World production of coffee is reported lower to 148.6 million bags for 2014-15 as compare to 150.1 million bags of last year estimate as per USDA released data in June 2014.
- According to the Coffee board of India, Provisional coffee exports of India stood at 159,998 MT during 1st January 2014 to 11th July 2014 which is minor higher than last year corresponding period of time i.e. 159,939 MT.
- As per IMD report as on 16th July 2014, Mansoon is expected to cover India in next 48 hrs. However, rain deficiency could be seen in this session.

Domestic Market Fundamental

In Karnataka, Arabica parchment prices declined by Rs. 250 per 50 Kg and were quoted at Rs 9500-9900 per 50 kg. While, Robusta parchment in Karnataka is offered at Rs 7300-7400 per 50 Kg, decline to Rs 75 per 50 Kg from last week.

On the exports front, as per USDA, India export are forecasted unchanged at 3.7 million bags.

On the production front, USDA has forecasted India coffee output at 5.1 million adding 100,000 bags in 2014/15 against 5 million bags of previous year on higher Robusta output in Karnataka.

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.

Crop Condition Production

According to the Coffee Board of India, the Post blossom coffee crop production of India is estimated at 3,44,750 MT for the year 2014-15 which is higher than last year (2013-14) final coffee production estimate i.e. 3.04.500 MT.

Below mentioned table depicts the production of coffee estimates of major states or districts of India.

Production Of Coffee In Major States/Districts Of India(in MTs)

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Fundamental Coffee Price Outlook for Coming Week

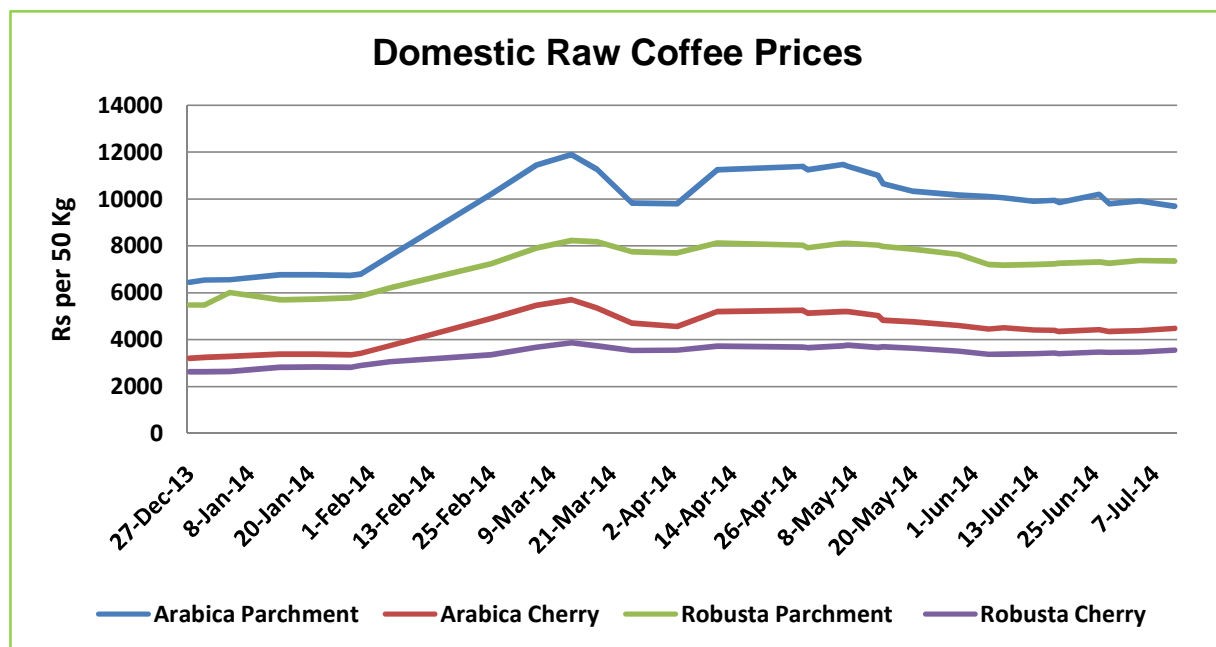
Steady to firm tone could be seen in domestic coffee prices in expectation of good export buying activities in upcoming days.

ICTA Auction Prices (Karnataka):

Grade	10.7.2014	3.7.2014	Change	10.7.2014	3.7.2014	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	283.90	--	--	--	--	--
AA	277.50	--	--	245	--	--
PB	276.06	274.50	1.56	177.50	180.50	-3.00
A	276.50	276.06	0.44	239	--	--
AB	--	--	--	170	--	--
B	247.46	--	--	--	--	--
C	225.50	236.10	-10.60	140	138	2.00
BBB	157.90	158.06	-0.16	129	131.50	-2.50
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	193.50	--	--	--	--	--
A	--	--	--	--	--	--
PB	184	182	2.00	144.16	142.50	1.66
AA	194	--	--	--	147	--
AB	190	190	Unch	148.36	145.50	2.86
B	--	--	--	--	--	--
C	170	--	--	141	140	1.00
BBB	135.70	134.50	1.20	133.50	133.50	Unch

Values in Rs per Kg

Domestic Raw Coffee Price Trend (Karnataka)



Domestic Raw Coffee Prices (Karnataka):

Variety	11.7.2014	4.7.2014	Change
Arabica Parchment	9500-9900	9700-10150	-250
Arabica Cherry	4400-4550	4225-4550	Unch
Robusta Parchment	7300-7400	7275-7475	-75
Robusta Cherry	3400-3700	3325-3600	100

* Values in Rs per 50 Kg

International Market Updates:

Weekly Futures Review - London's Robusta coffee for July contract settled upside to 2,012/tons. While, ICE Arabica July contract ended higher to USc 160.25 per lbs, as on 18 July 2014.

Initial margin for trading Arabica coffee of U.S. future has lowered by 28.8% to \$ 5200 per contract against \$ 7,300 by ICE to support prices.

Forecast of continue dry weather will help harvesting of coffee in Brazil. 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.

As per USDA report, Brazil's combined Arabica and Robusta coffee production is forecast down 4.2 million to 49.5 million bags (60 kg bags) for the year 2014/2015 versus 53.7 million bags in 2013/14 due to adverse weather condition.

Coffee prices in Vietnam plunged to 40,500 dong, down by 1.45 percent on the back of lower roasters demand. While, Vietnamese Robusta beans offered at \$ 2008/tons, on a free-on-board basis (Saigon port as on 8th July). Further, local higher stocks, positive weather condition for new crop will curb coffee prices in upcoming week.

On the export front, total world coffee bean export is forecast higher to 106.6 million bags against previous year estimate of 104.3 million bags as per USDA data released in June 2014.

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.

Coffee Futures Market Recommendation:

Market participants are advised to buy Liffie Coffee (July) above 2009 levels for a target of 2058 and 2075 with a stop loss at 1971 on closing basis.

World Coffee Production Estimate 2014-15

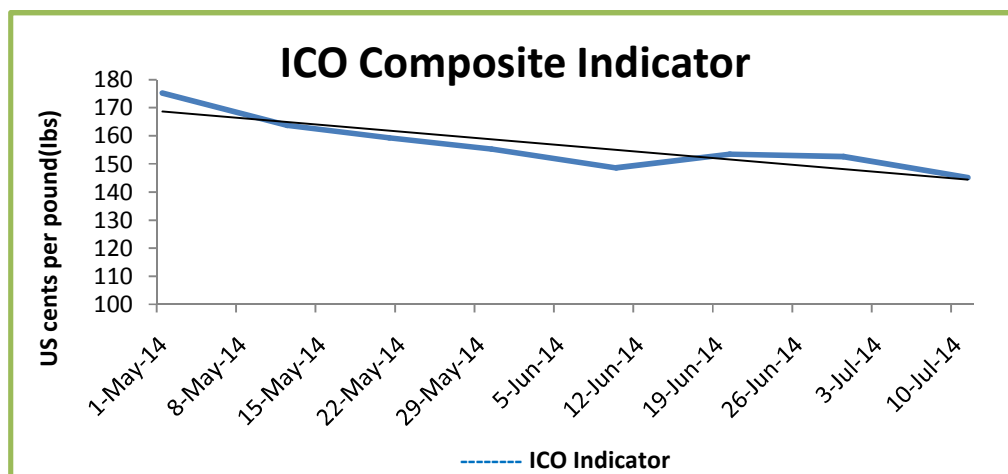
As per USDA released coffee report data, world production and ending stock estimation has forecasted down for 2014/15 year.

Below mentioned data shows Global Production, Domestic Consumption, Ending stock exports and Imports as estimated for 2014/15 :-

World Coffee's Forecast for 2014-15 (Thousand 60-kg bags)						
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15(June)
Production	128,601	140,417	143,897	155,140	150,145	148,671
Domestic Consumption	137,739	134,087	141,656	141,620	145,583	147,710
Ending Stock	29,262	28,955	25,946	36,006	36,029	32,116
Bean Exports	91,745	99,901	100,617	102,079	104,131	106,698
Bean Imports	90,265	95,165	96,995	99,497	100,270	102,545

Source: USDA

International Coffee Indicators Trend:



International Futures Market Updates:

ICE Arabica Coffee Futures Prices				
Contract Months	10-July-14	Week ago (3 July,2014)	Month Ago (10 June,2014)	Weekly Change (%)
July	160.25	169.40	165.65	-5.40
September	163.00	171.80	168.30	-5.12
December	166.65	175.45	171.80	-5.01
March	170.00	178.70	174.85	-4.86

Liffe Robusta Coffee Futures Prices				
Contract Months	10-July-14	Week ago (3 July,2014)	Month Ago (10 June,2014)	Weekly Change (%)
July	2012	2065	1875	-2.56
September	2009	2068	1894	-2.85
November	1999	2051	1906	-2.53

International Coffee Prices:

	11.7.2014	4.7.2014	11.6.2014	11.7.2013
Vietnam (Robusta Beans Spot) (Dong/Kg)	40500	41100	40050	38100
Vietnam FOB (2-5 pct)* (Saigon port)	2008	1976	1919	1937
Indonesian FOB (4-80 defects)** (Lampung Port)	2005	2060	1910	1960

* FOB Values are in USD/T

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	11.7.2014	4.7.2014	11.6.2014	11.7.2013
ICO Composite Indicator	145.14	151.91	152.45	119.00
Colombian Milds				
US	184.50	--	193.50	148.50
Europe	181.81	191.62	195.89	147.34
Group Indicator	183.26	193.69	194.60	147.87
Other Milds				
US	188.00	--	198.00	138.88
Europe	185.79	193.21	200.13	138.81
Group Indicator	186.63	194.99	199.32	138.83
Brazilian Naturals				
US	143.50	--	153.50	115.50
Europe	157.63	166.28	171.58	120.92
Group Indicator	153.96	162.69	166.88	119.62
Robusta				
US	105.83	--	104.25	102.17
Europe	99.33	102.41	97.08	93.44
Group Indicator	100.37	103.46	98.23	94.84

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 shows a little gain in the prices on the support of buyers. We expect prices may trade with a steady to firm note in the near term.
- ❖ 14 days EMA of Liffee indicates slight declining phase of the market during this week.
- ❖ Expected price band for next week for coffee is USD 2009-2058/T in Liffee and USc 159-169/lbs in ICE exchange.

Strategy:

Market participants are advised to buy Liffee Coffee (July) above 2009 levels for a target of 2058 and 2075 with a stop loss at 1971 on closing basis.

Liffee Robusta Coffee

Support and Resistance				
S2	S1	PCP	R1	R2
1973	1999	2012	2059	2076

ICE Arabica Coffee

Support and Resistance				
S2	S1	PCP	R1	R2
138.76	157.38	160.35	170.33	175.47

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