

### Highlights of the Week

- Coffee prices in Karnataka moved steady to weak zone during this week as exporters are not showing their keen interest to buy higher quantity of both Robusta and Arabica variety.
- In Karnataka, Arabica parchment prices declined by Rs 100 per 50 Kg and were quoted at Rs 9400-9800 per 50 kg. While, Robusta parchment in Karnataka remained at Rs 7300-7400 per 50 Kg in this week.
- According to Coffee board of India, total Provisional coffee exports of India fell down to 197,147 metric tonnes during 1st January 2014 to 18th July 2014 which is -2.90% down from previous year corresponding date i.e. 203038 metric tonnes.
- Weak Monsoon in India has reported by IMD.
- USDA reported World bean export forecast of coffee higher by 2.46% to 106.6 million bags and bean import of the world up by 2.26% to 102.5 million bags for the year 2014-15 against previous year record.
- 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.

### Domestic Export and Import

Below Chart shows total export details of India From 1st Jan to 18th July 2014:-

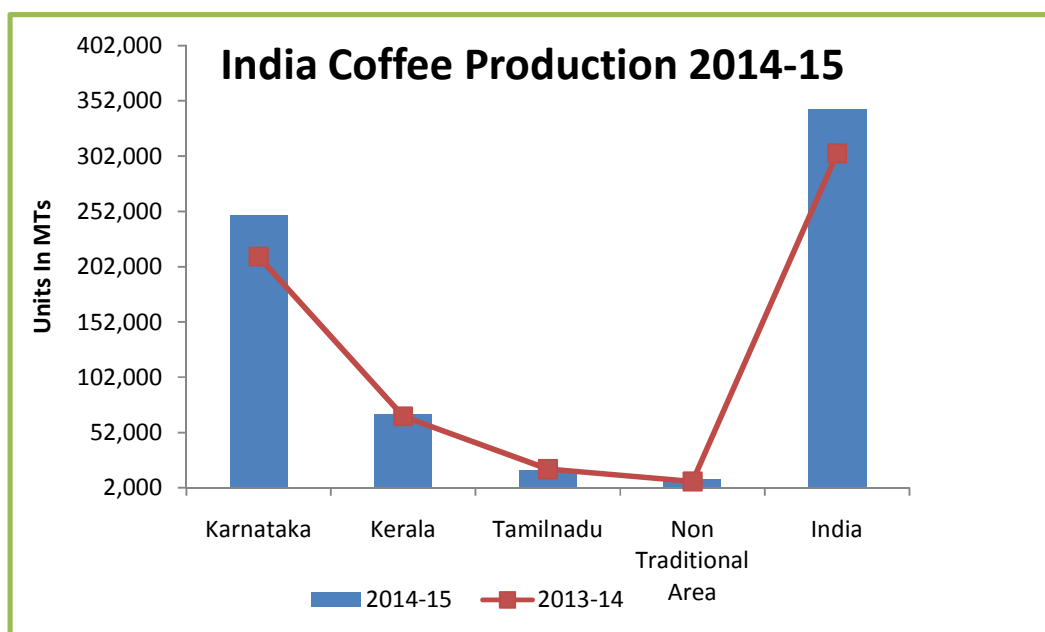
| Export update: From 01 <sup>st</sup> January 2014 to 18 <sup>th</sup> July 2014 (in metric tonnes) |  |              |              |              |              |               |            |              |               |
|--|--|--------------|--------------|--------------|--------------|---------------|------------|--------------|---------------|
|  | INDIAN COFFEE  | Ar.Pmt       | Ar.Chy       | Rob.Pmt      | Rob.Chy      | Roasted seeds | R & G      | Instant      | Total         |
| 1  | Provisional exports (Indian coffee)                            | 39474        | 10587        | 15300        | 74809        | 37            | 147        | 24381        | 164735        |
| 2  | Provisional exports corresponding period last year             | 34718        | 6545         | 17441        | 92210        | 16            | 92         | 13294        | 164316        |
| 3  | Provisional re-exports   | 0            | 0            | 0            | 0            | 0             | 0          | 32412        | 32412         |
| 4  | Provisional re-exports corresponding period last year          | 0            | 0            | 0            | 0            | 0             | 0          | 38722        | 38722         |
| 5  | Total provisional exports (1+3)                                | <b>39474</b> | <b>10587</b> | <b>15300</b> | <b>74809</b> | <b>37</b>     | <b>147</b> | <b>56793</b> | <b>197147</b> |
| 6  | Total provisional exports corresponding period last year (2+4) | <b>34718</b> | <b>6545</b>  | <b>17441</b> | <b>92210</b> | <b>16</b>     | <b>92</b>  | <b>52016</b> | <b>203038</b> |

Source: Coffee Board Of India

**Domestic Crop Condition and Production**

In karnataka, post blossom coffee production of its three districts has forecasted up 17.62% to 248,300 MTs for the year 2014-15 as compared to previous year estimate i. e 211,100 MTs. Despite, Tamilnadu coffee production estimate, all major states are placed up for the year 2014-15 as shown in the data of coffee board of India. In Tamilnadu, Shevroys (-1775 MT) and Nilgiris Zones (-375 MT) are the major declining districts of coffee production as forecasted for 2014-15.

Below mentioned chart depicts post blossom coffee crop production of major states or districts of India:-



Source: The Coffee Board Of India

**Fundamental Coffee Price Outlook for Coming Week**

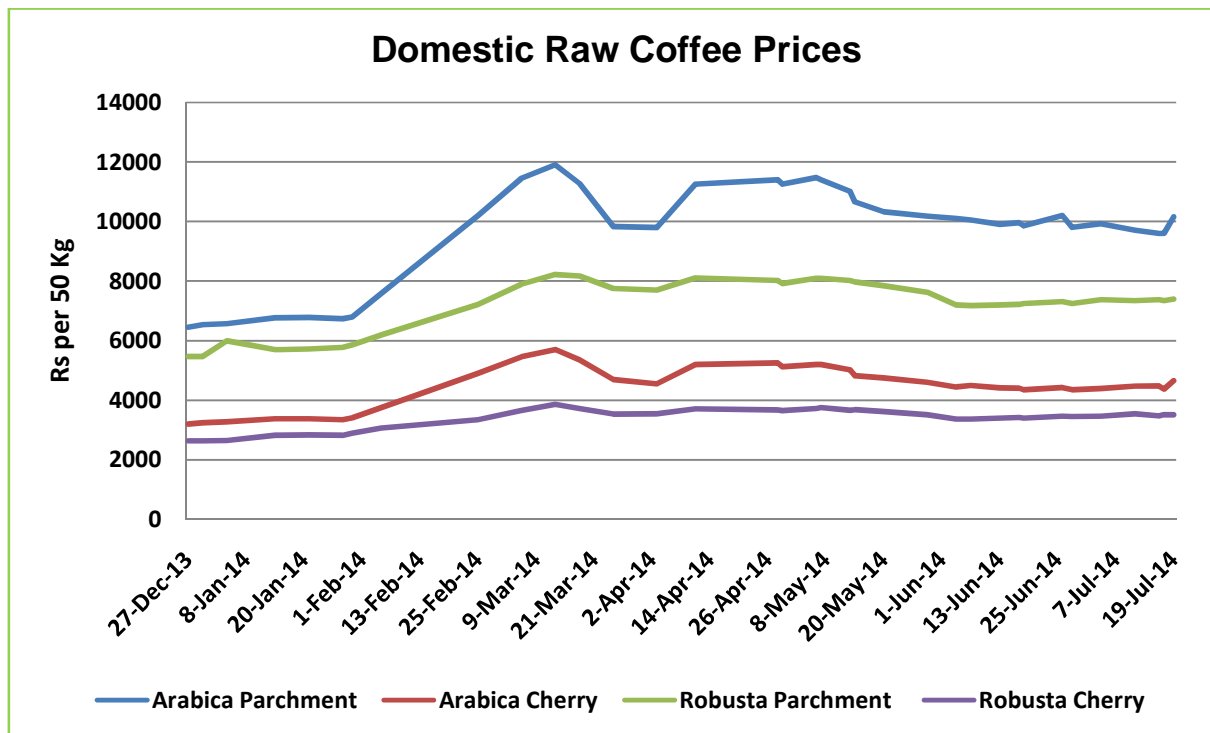
A slight up movement is expected for next week as exporters are likely to increase their stock capacity due to lower prices. However domestic roasters demand will remain steady as they are already having a pile of stock for further processing.

**ICTA Auction Prices (Karnataka):**

| Grade | 17.7.2014          | 10.7.2014          | Change | 17.7.2014      | 10.7.2014      | Change |
|-------|--------------------|--------------------|--------|----------------|----------------|--------|
|       | Arabica Plantation | Arabica Plantation |        | Arabica Cherry | Arabica Cherry |        |
| MNEB  | 278.50             | 283.90             | -5.40  | --             | --             | --     |
| AA    | 276.00             | 277.50             | -1.50  | 220.00         | 245.00         | -25.00 |
| PB    | 274.00             | 276.06             | -2.06  | 175.00         | 177.50         | -2.50  |
| A     | 275.00             | 276.65             | -1.65  | 213.00         | 239.00         | -26.00 |
| AB    | --                 | --                 | --     | --             | 170.00         | --     |
| B     | 249.00             | 247.46             | 1.54   | --             | --             | --     |
| C     | 232.00             | 225.50             | 6.50   | --             | 140.00         | --     |
| BBB   | 157.30             | 157.90             | -0.60  | --             | 129.00         | --     |
|       |                    |                    |        |                |                |        |
| Grade | Robusta Parchment  | Robusta Parchment  |        | Robusta Cherry | Robusta Cherry |        |
| RKR   | --                 | 193.50             | --     | --             | --             | --     |
| A     | --                 | --                 | --     | --             | --             | --     |
| PB    | 184.56             | 184.00             | 0.56   | 143.00         | 144.16         | -1.16  |
| AA    | 195.00             | 194.00             | 1.00   | 146.00         | --             | --     |
| AB    | 192.50             | 190.00             | 2.50   | 145.00         | 148.36         | -3.36  |
| B     | --                 | --                 | --     | --             | --             | --     |
| C     | 170.00             | 170.00             | Unch   | 140.50         | 141.00         | -0.50  |
| BBB   | --                 | 135.70             | --     | 132.00         | 133.50         | -1.50  |

Values in Rs per Kg

### Domestic Raw Coffee Price Trend (Karnataka)



### Domestic Raw Coffee Prices (Karnataka):

| Variety           | 17.7.2014 | 11.7.2014 | Change |
|-------------------|-----------|-----------|--------|
| Arabica Parchment | 9400-9800 | 9500-9900 | -100   |
| Arabica Cherry    | 4200-4550 | 4400-4550 | Unch   |
| Robusta Parchment | 7300-7400 | 7300-7400 | Unch   |
| Robusta Cherry    | 3425-3600 | 3400-3700 | -100   |

\* Values in Rs per 50 Kg

**International Market Updates:**

**Weekly Futures Review** - London's Robusta coffee for July contract settled downside to 2,002/tons. While, ICE Arabica July contract ended higher to USc 161.70 per lbs, as on 17 July 2014.

**Brazil:-** According to the coffee export council Cecafe, Brazil is likely to export 32.5 million bags of coffee in the 2014-15 (July-June) commercial year. The prediction of 2014 coffee exports, is unchanged at 33.5 million bags while carry over stock would be low as added by Cecafe. Coffee trader Comexin gave Brazil's carryover stocks estimate at 12.3 million bags as on 1st July 2014 which is up from its earlier estimate of 11.5 million bags as given in April 2014 on back of lower export demand.

Approx. 50% harvesting has been completed in Brazil supported by dry weather.

As per Port record, Brazil's coffee exports increased by 47.2% to 132,000 tonnes as on 18th July 2014.

**Vietname:-** Vietname has shipped total 1.8 million bags of coffee in June declining around 21.3% against last month export record as stated by Vietname customs.

Coffee prices in Vietnam dropped to 39,750 dong, down by 1.88 percent due to lackluster demand. While, Vietnamese Robusta beans offered at \$ 1978/tons, on a free-on-board basis (Saigon port as on 17th July 2014) which is lower than previous week record of \$ 2008/tons. Further, local higher stocks, positive weather condition for new crop will curb coffee prices in upcoming week.

**Others:-** As per an agriculture ministry official, Indonesia, world's third largest coffee producers, is likely to produce higher coffee beans by 2.9% to 711,000 tonnes in 2014 as compared to last year production i.e 691,000 tonne.

As per Nairobi exchange, the top price of the benchmark Kenyan coffee grade was unchanged at \$340 per 50 kg bag at this week's auction from the level at the last sale held on June 17, 2014 due to steady demand.

As per the National Cocoa and Coffee Board (NCCB) released data, Camroon exported 2,382 tonnes of robusta coffee in June 2014 which is higher from the same month of previous year. While arabica coffee shipment shows lower side to 1,262 tonnes by the end of June against last year record of 1,798 tonnes during the same period of time.

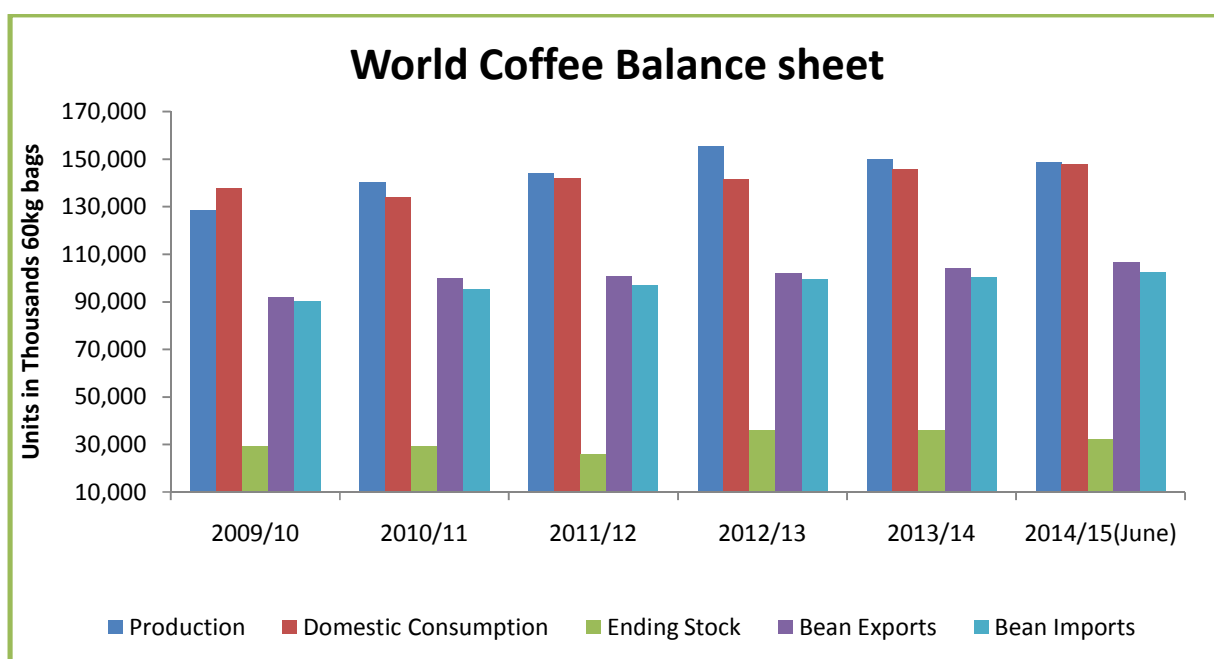
**Coffee Futures Market Recommendation:**

Market participants are advised to buy Liffie Coffee (July) above 2009 levels for a target of 2058 and 2082 with a stop loss at 1982 on closing basis.

### World Coffee Production Estimate 2014-15

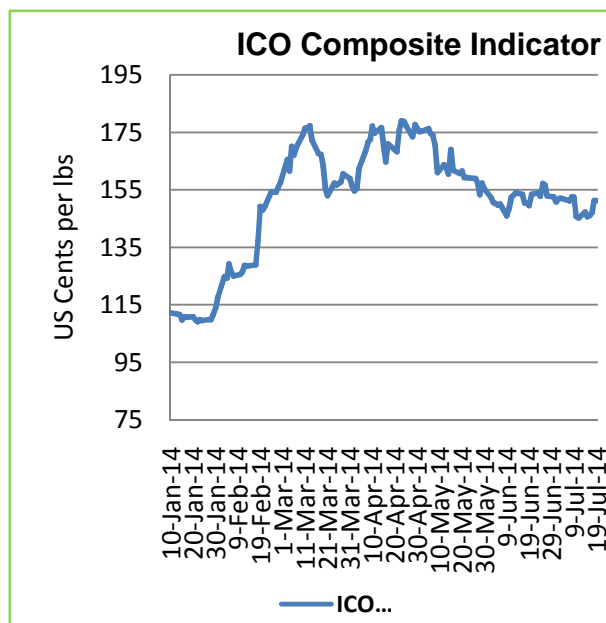
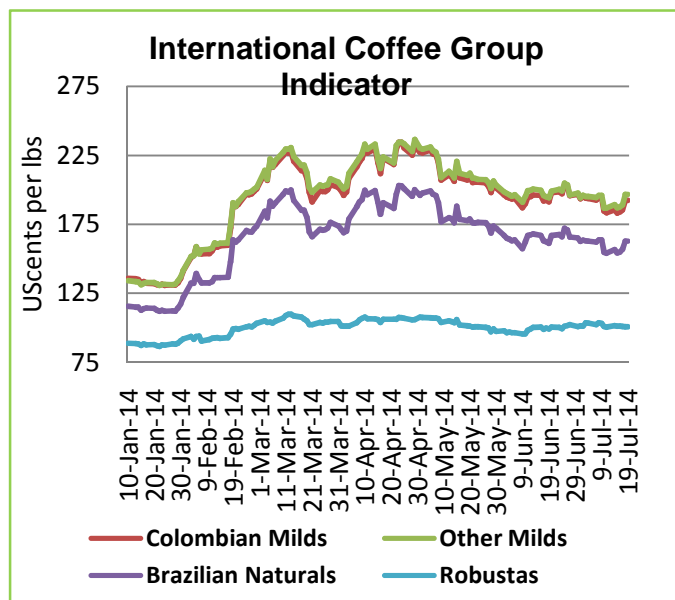
USDA cut the world production estimate of coffee down by 0.98% to 148.6 million bags for 2014-15 from 150 million bags of last year estimate. While total bean export has increased by 2.46% to 106.6 million bags and bean import of the world up by 2.26% to 102.5 million bags for the year 2014-15 against previous year record.

Below mentioned chart explains the forecast of Global Production, Domestic Consumption, Ending stock exports and Imports for 2014/15 :-



**Source: USDA**

International Coffee Indicators Trend:



|                                    | As on            | Week Ago         | Month Ago        | Year Ago         |
|------------------------------------|------------------|------------------|------------------|------------------|
| <b>International Coffee Prices</b> | <b>18.7.2014</b> | <b>11.7.2014</b> | <b>18.6.2014</b> | <b>18.7.2013</b> |
| <b>ICO Composite Indicator</b>     | 151.26           | 145.14           | 150.31           | 123.95           |
| <b>Colombian Milds</b>             |                  |                  |                  |                  |
| US                                 | 194.50           | 184.50           | 193.75           | 152.50           |
| Europe                             | 189.85           | 181.81           | 190.53           | 153.42           |
| Group Indicator                    | 192.36           | 183.26           | 192.27           | 153.00           |
| <b>Other Milds</b>                 |                  |                  |                  |                  |
| US                                 | 198.50           | 188.00           | 195.75           | 143.13           |
| Europe                             | 195.57           | 185.79           | 194.27           | 143.40           |
| Group Indicator                    | 196.88           | 186.63           | 194.83           | 143.29           |
| <b>Brazilian Naturals</b>          |                  |                  |                  |                  |
| US                                 | 154.50           | 143.50           | 151.75           | 118.50           |
| Europe                             | 165.71           | 157.63           | 165.99           | 126.97           |
| Group Indicator                    | 162.80           | 153.96           | 162.29           | 124.94           |
| <b>Robusta</b>                     |                  |                  |                  |                  |
| US                                 | 106.08           | 105.83           | 106.00           | 106.25           |
| Europe                             | 99.74            | 99.33            | 98.65            | 98.47            |
| Group Indicator                    | 100.75           | 100.37           | 99.83            | 99.71            |

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

**International Futures Market Updates:**

| ICE Arabica Coffee Futures Prices |            |                         |                          |                   |
|-----------------------------------|------------|-------------------------|--------------------------|-------------------|
| Contract Months                   | 17-July-14 | Week ago (10 July,2014) | Month Ago (17 June,2014) | Weekly Change (%) |
| July                              | 161.70     | 160.25                  | 169.05                   | 0.90              |
| September                         | 163.85     | 163.00                  | 171.95                   | 0.52              |
| December                          | 167.70     | 166.65                  | 175.50                   | 0.63              |
| March                             | 171.15     | 170.00                  | 178.70                   | 0.67              |

| Liffe Robusta Coffee Futures Prices |            |                         |                          |                   |
|-------------------------------------|------------|-------------------------|--------------------------|-------------------|
| Contract Months                     | 17-July-14 | Week ago (10 July,2014) | Month Ago (17 June,2014) | Weekly Change (%) |
| July                                | 2002       | 2012                    | 1956                     | -0.49             |
| September                           | 1999       | 2009                    | 1970                     | -0.49             |
| November                            | 1995       | 1999                    | 1981                     | -0.20             |

**International Coffee Prices:**

|  | 18.7.2014 | 11.7.2014 | 18.6.2014 | 18.7.2013 |
|--|-----------|-----------|-----------|-----------|
| Vietnam (Robusta Beans Spot) (Dong/Kg)         | 39750     | 40500     | 40050     | 38100     |
| Vietnam FOB (2-5 pct)* (Saigon port)           | 1978      | 2008      | 1984      | 1944      |
| Indonesian FOB (4-80 defects)** (Lampung Port) | 1990      | 2005      | 1970      | 1985      |

\*FOB Values are in USD/T



### Technical Analysis (Coffee Weekly Charts)

Liffie Robusta Coffee (USD/T) July contract chart



ICE Arabica Coffee (USc/lb) July contract chart



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

- ❖ Weekly chart of Liffie shows downward movement during this week on back of sellers pressures. However, ICE exchanges depicts gain in the prices on buyers interest. Prices are likely to trade towards upside in upcoming week on both the exchanges. Breaching resistance level of 2058, Liffie prices may touch 2082 level as trend line explains in the chart.
- ❖ Another, RSI of Liffie indicates upside movement to 51.82 from the previous week i.e 51.46. RSI of ICE exchanges also shows higher trend 52.33 as compare to 44.95 of previous session of the week. The indication of RSI is towards upside in upcoming week.
- ❖ Expected price band for next week for coffee is USD 2005-2082/T in Liffie and USc 165-177.3/lbs in ICE exchange.

#### Strategy:

Market participants are advised to buy Liffie Coffee (July) above 2009 levels for a target of 2058 and 2082 with a stop loss at 1982 on closing basis.

#### Liffie Robusta Coffee

| Support and Resistance |      |      |      |      |
|------------------------|------|------|------|------|
| S2                     | S1   | PCP  | R1   | R2   |
| 1944                   | 1983 | 2005 | 2058 | 2082 |

#### ICE Arabica Coffee

| Support and Resistance |       |        |       |       |
|------------------------|-------|--------|-------|-------|
| S2                     | S1    | PCP    | R1    | R2    |
| 150.7                  | 157.2 | 170.70 | 172.7 | 177.3 |

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