

Highlights of the Week

- Coffee prices in Karnataka were seen in mixed trend during this week as buyers are asking for Arabica variety despite Robusta. Increasing international demand may boost up domestic coffee prices.
- In Karnataka, Arabica parchment prices increased by Rs.300 per 50 Kg and were quoted at Rs 9800-10100 per 50 kg. However, Robusta parchment in Karnataka slumped by Rs.50 to Rs 7300-7350 per 50 Kg in this week.
- Tata coffee one of the major Indian company, has reported its consolidated profit of quarter (April 2014-June 2014) down by 25% to Rs. 30.3 crore from 40.4 crore of same quarter previous year due to lower revenue and weak operational performance.
- According to Coffee board of India, total Provisional coffee exports of India declined by -3.58% to 200289 metric tonnes during 1st January 2014 to 24th July 2014 from 207728 metric tonnes of last year corresponding date.
- Brazil is likely to produce total 44.57% million bags due to drought in May 2014, the forecast is down by 9% from last year 2013 as per Brazil's agriculture ministry.

Domestic Export and Import

India has exported its total coffee bean including Arabica and Robusta to its major importing countries like ITALY Germany and Belgium quantity as 51,438 tonnes, 22791 tonnes, 11348 tonnes respectively during the time period from 1st January 2014 to 24th July 2014.

Below Chart shows total export details of India From 1st Jan to 24th July 2014:-

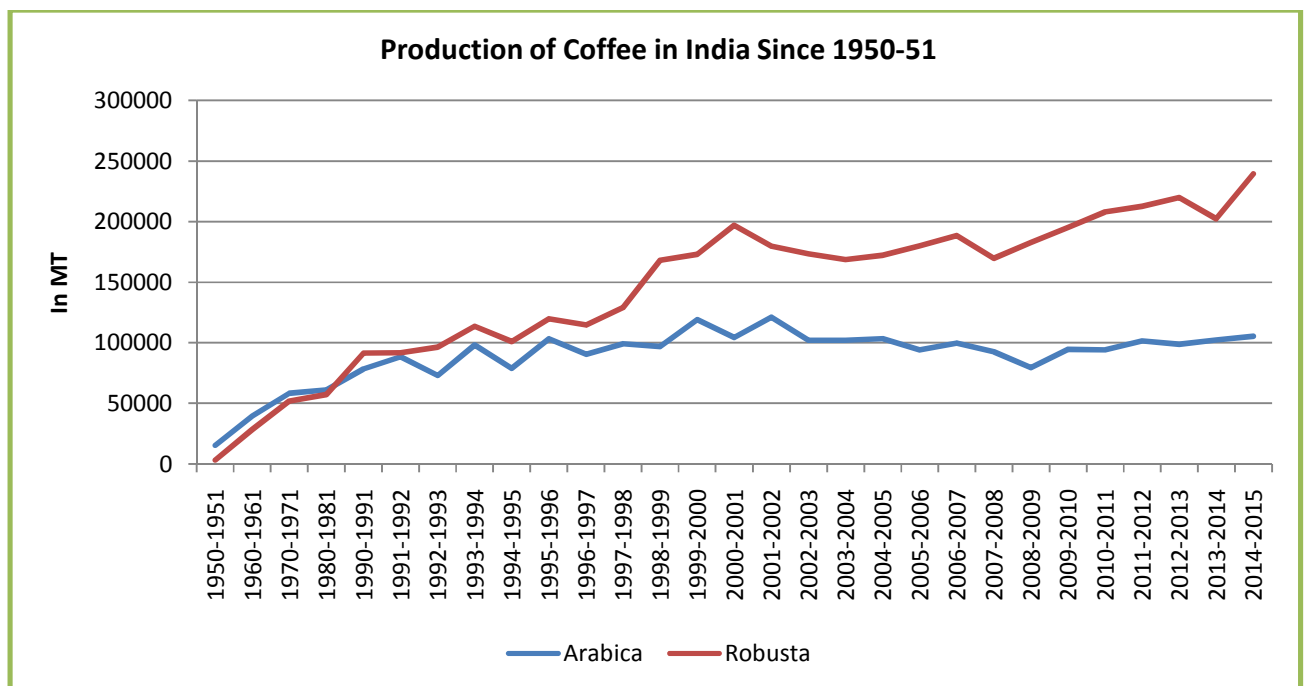
Export update: From 01st January 2014 to 24th July 2014 (in metric tonnes)									
	INDIAN COFFEE	Ar.Pmt	Ar.Chy	Rob.Pmt	Rob.Chy	Roasted seeds	R & G	Instant	Total
1	Provisional exports (Indian coffee)	39774	10759	15659	76195	39	150	24832	167408
2	Provisional exports corresponding period last year	35508	6559	17737	94196	19	95	13543	167657
3	Provisional re-exports	0	0	0	0	0	0	32881	32881
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	40017	40071
5	Total provisional exports (1+3)	39774	10759	15659	76195	39	150	57713	200289
6	Total provisional exports corresponding period last year (2+4)	35508	6559	17737	94196	19	95	53614	207728

Source: Coffee Board Of India

Domestic Crop Condition and Production

In 2014/15, total coffee production of India is predicted at 344,750 MT Vs 304,500 MT of last year estimate as per Coffee Board of India. Where, Arabica production is forecast to produce higher coffee by 3.22% at 105,500 MT against previous year estimate of 102,200 MT and Robusta production is likely to add record 18.26% at 239,350 MT during this session as compare to last year estimate of 202,300 MT. The production of Robusta is continue increasing since 1990/91 on higher demand because Robusta variety is used in instant coffee and blends therefore it is in higher demand by Importers.

Below mentioned chart depicts total India coffee production since 1950-51 onward:-



Sources:- Coffee Board of India

Fundamental Coffee Price Outlook for Coming Week

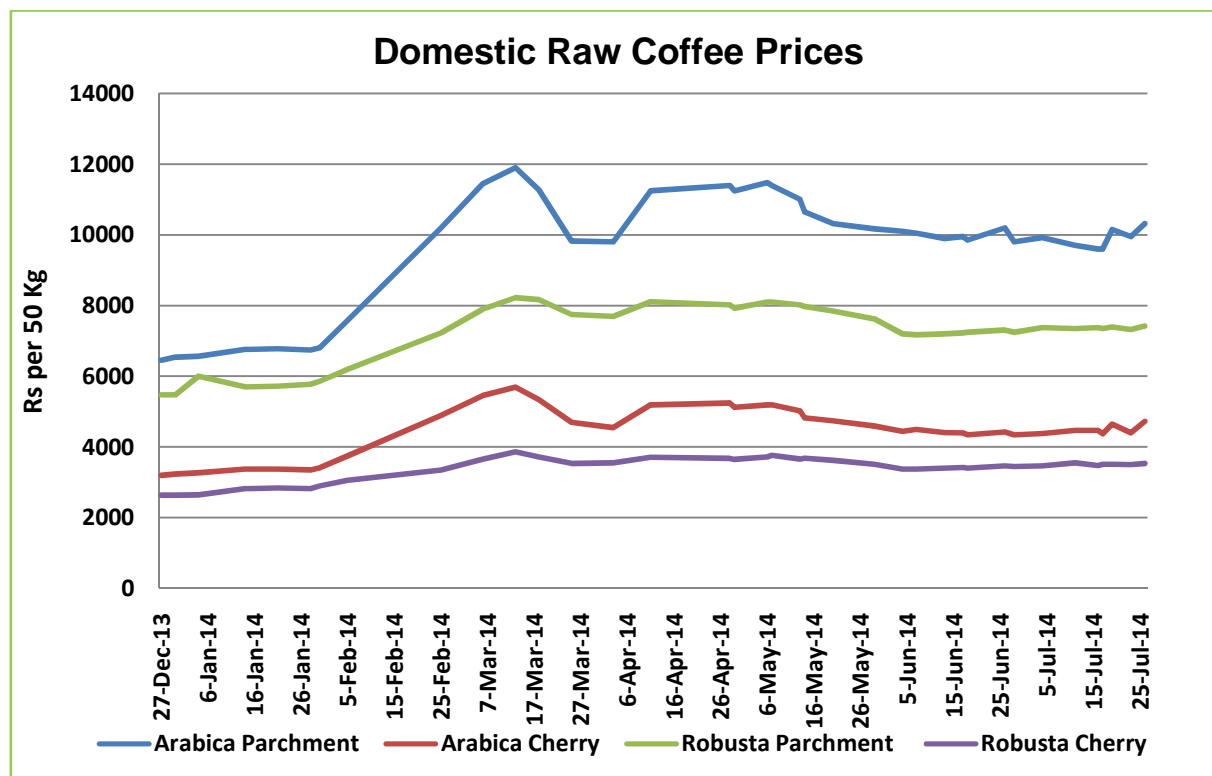
Indian Arabica Variety is likely to further increase supported exporters demand. While, Robusta Variety will trade steady to firm tone in near term on medium to lower demand. In long term, expected overall shortfall production in 2014 will boost up domestic coffee prices.

ICTA Auction Prices (Karnataka):

Grade	24.7.2014	17.7.2014	Change	24.7.2014	17.7.2014	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	278.50	--	--	--	--
AA	280.00	276.00	4.00	--	220.00	--
PB	279.00	274.00	5.00	--	175.00	--
A	278.00	275.00	3.00	--	213.00	--
AB	--	--	--	--	--	--
B	240.00	249.00	9.00	--	--	--
C	215.00	232.00	-17.00	--	--	--
BBB	163.10	157.30	5.80	133.00	--	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	151.46	--	--
PB	--	184.56	--	143.00	143.00	Unch
AA	--	195.00	--	154.00	146.00	8.00
AB	--	192.50	--	146.20	145.00	1.20
B	--	--	--	--	--	--
C	--	170.00	--	141.00	140.50	0.50
BBB	132.50	--	--	132.26	132.00	0.26

Values in Rs per Kg

Domestic Raw Coffee Price Trend (Karnataka)



Domestic Raw Coffee Prices (Karnataka):

Variety	24.7.2014	17.7.2014	Change
Arabica Parchment	9800-10100	9400-9800	300
Arabica Cherry	4200-4600	4200-4550	150
Robusta Parchment	7300-7350	7300-7400	-50
Robusta Cherry	3400-3600	3425-3600	Unch

* Values in Rs per 50 Kg

International Market Updates:

Weekly Futures Review - Both London's Robusta coffee and ICE Arabica Sep contract jumped higher to 2,024/tons. While, ICE Arabica July contract ended higher to US\$ 179.1 per lbs, as on 24th July 2014. Total stock as reported in the warehouses of NYSE Liffe increased to 75900 tonnes as of July 21, 2014 from 68,840 tonnes as of July 7, 2014. Further, all over production shortfall and low quality harvested crop in this year may hit prices in upcoming period of time.

Brazil:- According to Brazil's Agriculture Ministry, Brazil is likely to produce total 44.57% million bags due to drought in May 2014, the forecast is down by 9% from last year 2013.

As per COF/Poll respondents cut Brazil coffee crop production 2014/15 around 10% to 49 million 60-kg bags from the its January forecast of 55 million bags. Respondents pegged the forecast of Vietnam crop at 27.5 million 60-kgs for the year 2014/15.

According to Brazil's largest coffee cooperative Cooxupe, approx. 59.53% harvesting has been completed in Brazil which is higher about 4% from the previous week pace due to clear weather. However, unseasonable rain may disturb Brazil's coffee harvesting in upcoming days.

Vietnam:- As per government, coffee export of Vietnam fell down by 6.3% to 85000 tonnes (1.42 million bags) in July 2014 against previous year in the same period of time. In addition, total export volume of coffee for Oct-2013 to July 2014 period has estimated down 0.7% to 1.40 million bags (23.40 million 60-kg bags) from last year estimate as shown in the statistics office data.

Coffee prices in Vietnam went up by 0.37% to 39,900 dong, due to fresh little demand. While, Vietnam's Robusta beans offered at \$ 1974/tons, on a free-on-board basis (Saigon port as on 22nd July 2014) which is lower than previous week record of \$ 1978/tons. Further, increasing fresh demand may increase coffee prices in next week however local higher stocks, positive weather condition for new crop will curb its higher momentum.

Others:-

As per Uganda coffee Development Authority (UCDA), Uganda has shipped out total coffee bean in June 2014 at 264,611 60-kg bags cutting 27% from last year export due to poor quality of coffee bean as drought during flowering and been formation affected on its quality. Earning profit in June is also lower to \$32.8 million as compared to \$42.7 million of previous year in June month.

First nine months of the coffee year 2013/14 (Oct to Sep.), Uganda's total coffee exports stood at 2.7 million bags which is up from 2.6 million bags in the same period of 2012/13.

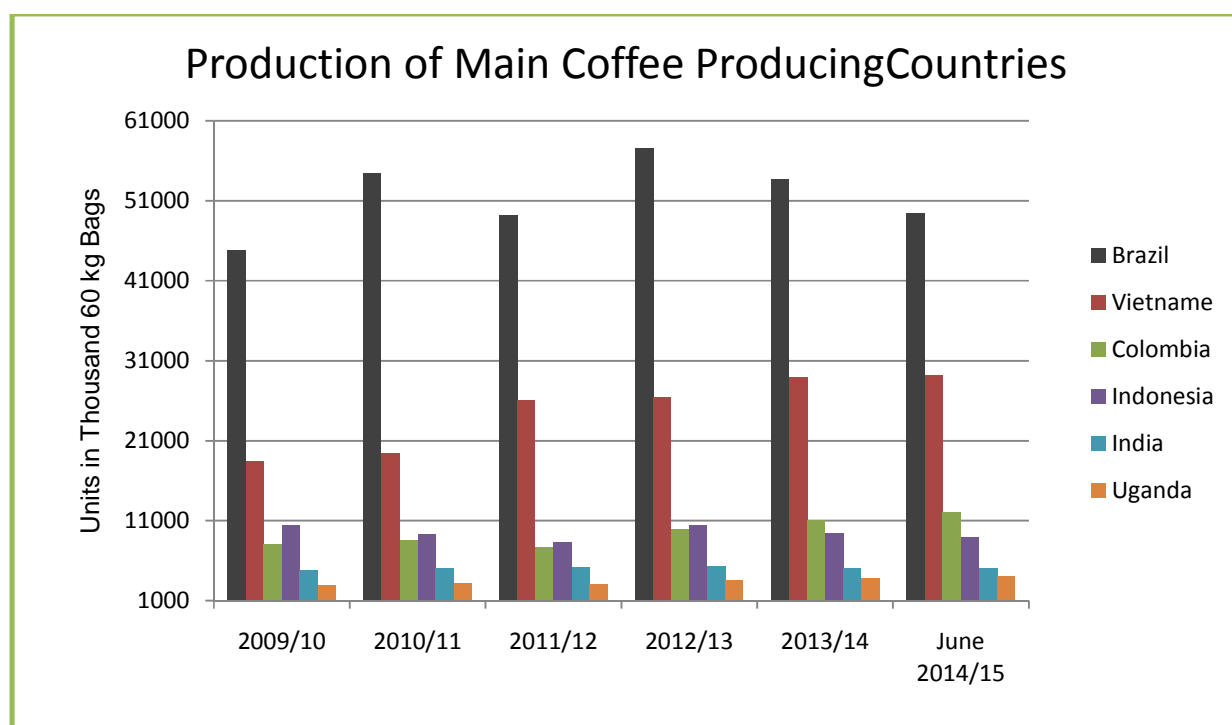
Coffee Futures Market Recommendation:

Market participants are advised to buy Liffe Coffee (Sep) above 2030 levels for a target of 2052 and 2069 with a stop loss at 1978 on closing basis.

World Coffee Production Estimate 2014-15

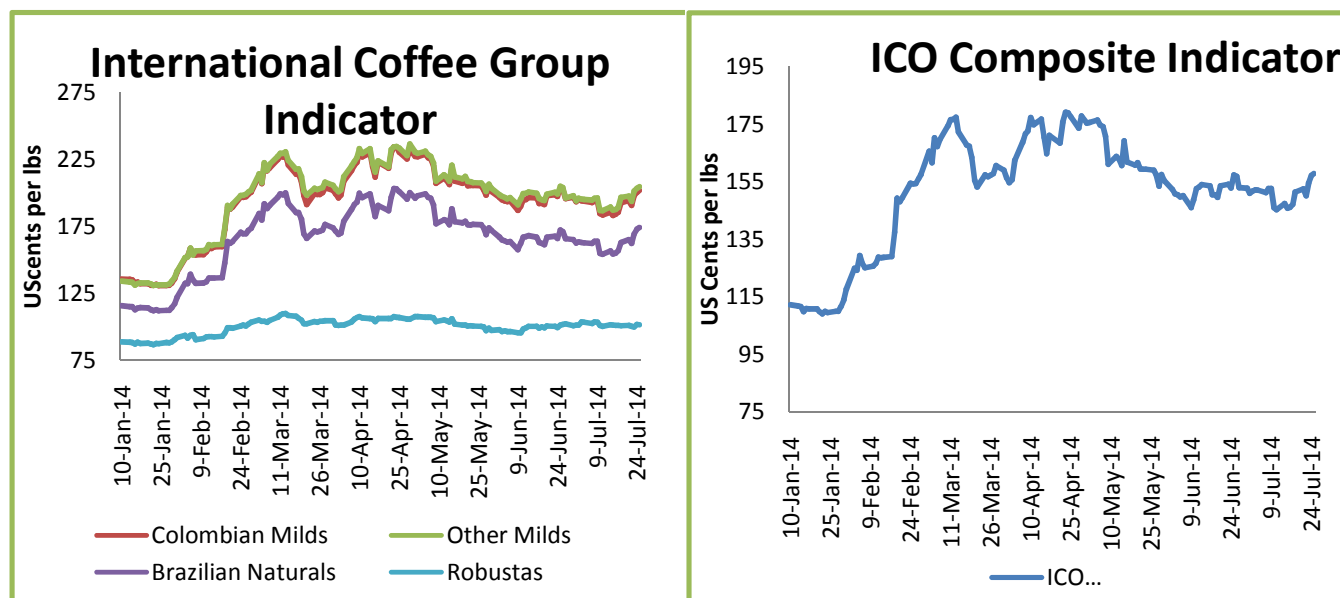
According to USDA report, among major producing countries of the world, Brazil and Indonesia will produce lesser coffee crop rather than previous year. Brazil's production is forecast to decline 8.48% to 49,500 Million bags in 2014/15 against previous year estimate at 53,700 Million bags due to dry weather condition. While, Indonesia's production estimate is predicted lower by 6.74% to 8900 million bags for 2014/15 year as compare to 9500 million bags of 2013/14 record. However, total coffee production estimates of Vietnam, Colombia, India and Uganda is placing up by .94% to 29250 million bags, 8.33% to 12000 million bags, 2.28% to 5125 million bags, 3.75% to 4000 million bags respectively for the year 2014/15.

Below mentioned chart explains the forecast of the production of main coffee producing countries:-



Source: USDA

International Coffee Indicators Trend:



	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	25.7.2014	18.7.2014	25.6.2014	25.7.2013
ICO Composite Indicator	157.69	151.26	157.22	120.20
Colombian Milds				
US	201.25	194.50	205.00	148.75
Europe	202.40	189.85	201.07	148.66
Group Indicator	201.78	192.36	203.19	148.70
Other Milds				
US	205.00	198.50	208.13	139.88
Europe	204.06	195.57	202.69	140.11
Group Indicator		196.88	204.76	140.01
Brazilian Naturals				
US	204.42	154.50	162.00	115.75
Europe	160.25	165.71	175.60	122.29
Group Indicator	178.76	162.80	172.07	120.72
Robusta				
US	173.95	106.08	106.83	102.83
Europe	106.83	99.74	100.19	95.00
Group Indicator	100.50	100.75	101.25	96.26

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	24-July-2014	Week ago (17 July,2014)	Month Ago (24 June,2014)	Weekly Change (%)
September-2014	178.30	163.85	176.25	8.81
December-2014	181.95	167.70	179.80	8.49
March-2015	185.15	171.15	182.90	8.17
May-2015	187.05	163.85	184.70	14.15

Liffe Robusta Coffee Futures Prices				
Contract Months	24-July-14	Week ago (17 July,2014)	Month Ago (24 June,2014)	Weekly Change (%)
July-2014	2041	2002	1954	1.94
September-2014	2032	1999	1972	1.65
November-2014	2028	1995	1980	1.65

International Coffee Prices:

	25.7.2014	18.7.2014	25.6.2014	25.7.2013
Vietnam (Robusta Beans Spot) (Dong/Kg)	39900	39750	39750	43200
Vietnam FOB (2-5 pct)* (Saigon port)	1974	1978	1972	2110
Indonesian FOB (4-80 defects)** (Lampung Port)	2030	1990	1970	1960

*FOB Values are in USD/T

Technical Analysis (Coffee Weekly Charts)



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

- ❖ Weekly chart of Liffe closed minor upside this week on increasing buyers interest. On the other hand, ICE exchanges shows good gain in the prices on strong buying support. Prices are likely to trade upside in upcoming week on both of the exchanges. Breaching resistance level of 2070, Liffe prices may touch 2099 level in next week.
- ❖ However, RSI of Liffe and ICE future is indicating down to 53.75 as compared to previous week i.e 54.31 and 58.46 from last week RSI i.e 57.25 respectively.
- ❖ Expected price band for next week of coffee is USD 1985-2060/T in Liffe and USc 175-185/lbs in ICE exchange.

Strategy:

Market participants are advised to buy Liffe Coffee (Sep) above 2030 levels for a target of 2052 and 2069 with a stop loss at 1978 on closing basis.

Liffe Robusta Coffee

Support and Resistance				
S2	S1	PCP	R1	R2
1931	1976	2024	2070	2099

ICE Arabica Coffee

Support and Resistance				
S2	S1	PCP	R1	R2
167	171.4	179.1	182.5	186.5

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