

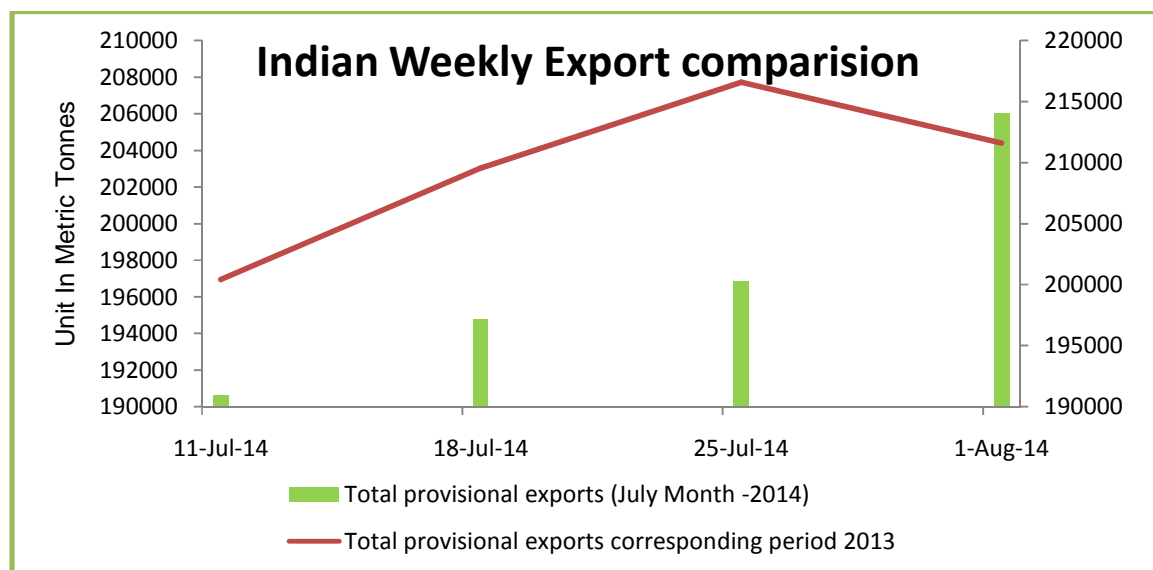
Highlights of the Week

- Steady trend were seen in Karnataka on lackluster demand. Traders are already holding enough stocks for further delivery which is remain indicating lower prices in short term. However, shortfall in production forecast of the world will support prices to inch up in long term.
- In Karnataka, both Arabica parchment and Robusta Parchment are registered unchanged as Rs. 10150-10500 per 50 kg on sluggish trading activities.
- According to Coffee board of India, total Provisional coffee exports of India declined by -4.70% to 204399 tonnes during 1st January 2014 to 30th July 2014 from 207728 tonnes of last year corresponding date.
- Total exports of the Central American country is down 10.5% to 1.16 million bags during the first ten months of the current 2013/2014 harvesting season as compared to the same period during 2012/2013 season.
- According to the sources, Vietnam is likely produce total 22.98 million bags of coffee in this session which is down 1.3% compared to 2013/14 estimates of production due to recent adverse weather condition.

Domestic Export and Import

As per coffee board of India, India has reported lower coffee export to 204399 tonnes as on 30th July 2014 against previous year record i.e.207728 tonnes during the same period of time, following 25.59% major participation of ITALY and 11.31% participation of Germany. Now a days exporters are reluctant to buy heavy quantity of bean due to their already stockpiles. However, total coffee exports from October to July in 2014/15 is reported up by 1.5% against previous session record. India has exported total three quarters of its production.

Below Chart shows total export details of India From 1st Jan to 30th July 2014:-

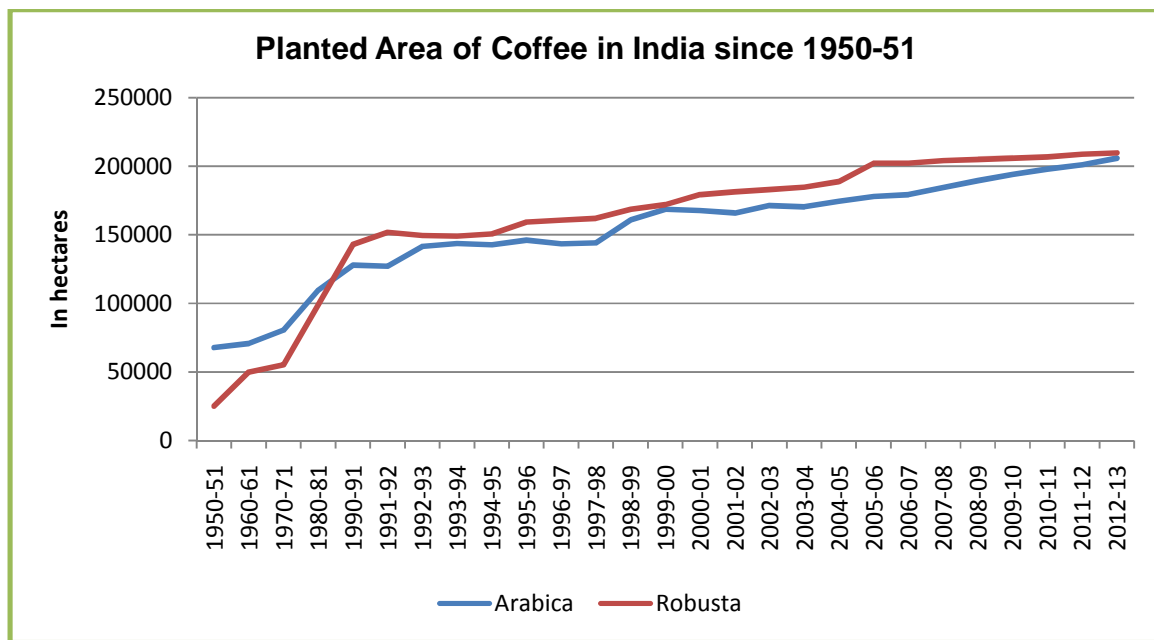


Source: Coffee Board Of India

Domestic Crop Condition and Production

Total coffee plantation of India is increased near 17% to 415341 hectares as compare to 2002/03 record of plantation i.e. 354052 hectares. It is continuously increasing since 1950-51 to 2012/13 source coffee board of India. In future, plantation of coffee is again expected to increase as on good coffee prices and good demand. 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 2014/15 as compared to last year estimate of 202,300 MT. The production of Robusta is continue increasing since 1990/91 on higher demand.

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



Sources:- Coffee Board of India

Fundamental Coffee Price Outlook for Coming Week

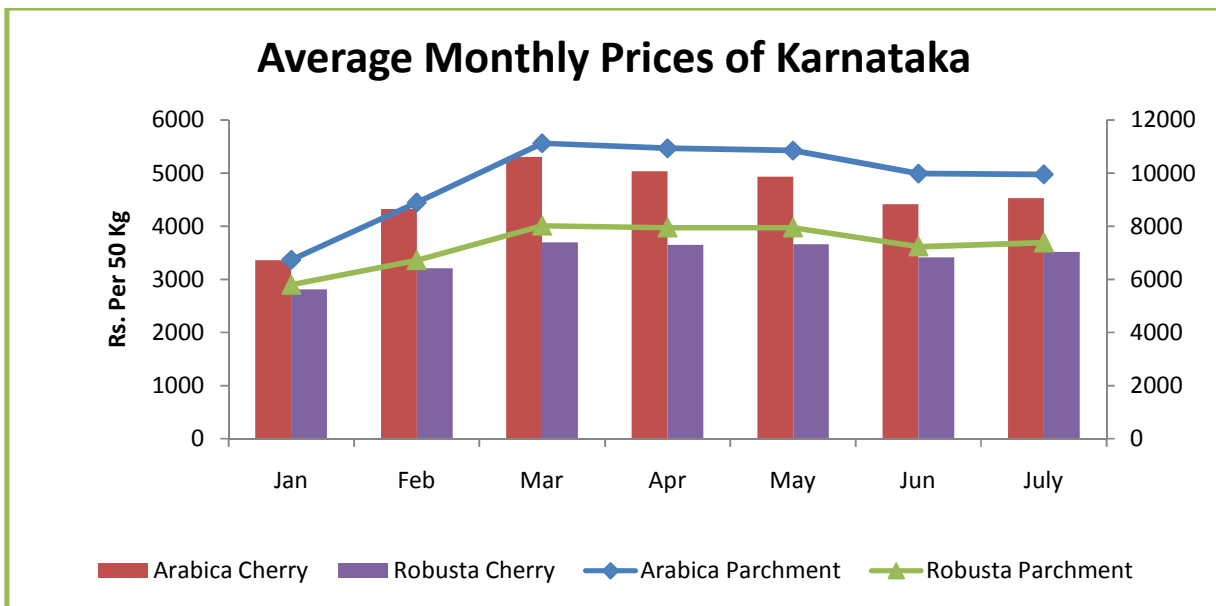
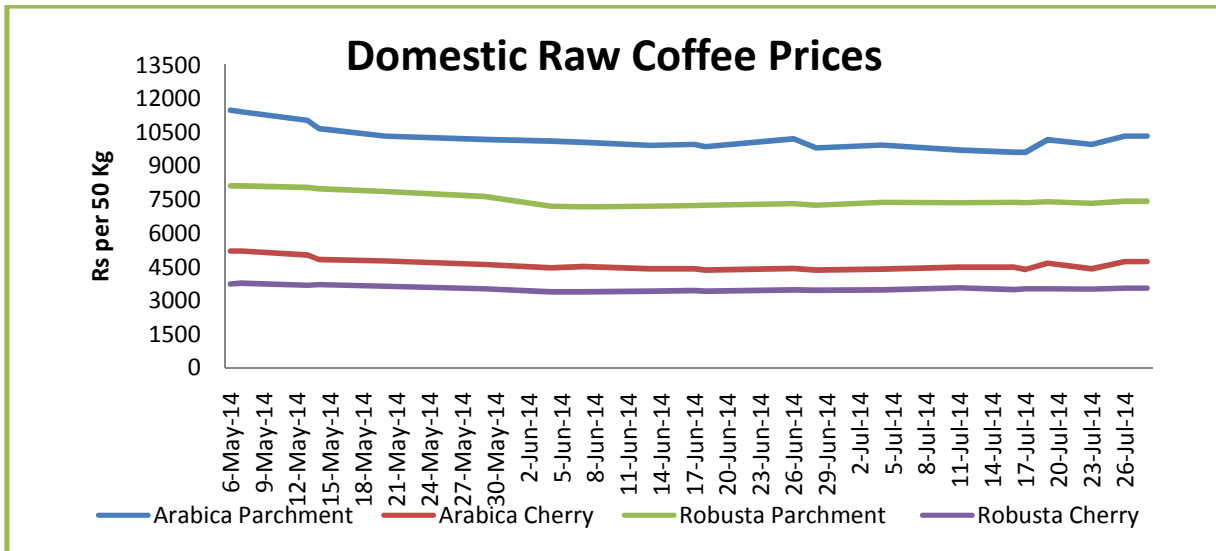
The prices of both Indian Arabica and Robusta Variety is expected to fall down in short run as traders are already having full of stock in their hand. They are waiting for good prices. In long term, expected overall shortfall production in 2014 will boost up domestic coffee prices. Arabica Parchment is likely trade in the range of Rs.9200-10400 per 50 kg and Robusta Parchment Rs.6900-7300 per 50kg in upcoming week.

ICTA Auction Prices (Karnataka):

Grade	28.7.2014	24.7.2014	Change	28.7.2014	24.7.2014	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	--	280.00	--	--	--	--
PB	--	279.00	--	--	--	--
A	--	278.00	--	--	--	--
AB	--	--	--	--	--	--
B	--	240.00	--	--	--	--
C	--	215.00	--	--	--	--
BBB	--	163.10	--	--	133.00	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	--	151.46	--
PB	--	--	--	--	143.00	--
AA	--	--	--	--	154.00	--
AB	--	--	--	--	146.20	--
B	--	--	--	--	--	--
C	--	--	--	--	141.00	--
BBB	--	132.50	--	--	132.26	--

Values in Rs per Kg

Domestic Raw Coffee Price Trend (Karnataka)



Domestic Raw Coffee Prices (Karnataka):

Variety	28.7.2014	24.7.2014	Change
Arabica Parchment	10150-10500	10150-10500	Unch
Arabica Cherry	4700-4750	4700-4750	Unch
Robusta Parchment	7400-7450	7400-7450	Unch
Robusta Cherry	3425-3650	3425-3650	Unch

* Values in Rs per 50 Kg

International Market Updates:

Weekly Futures Review - London's Robusta coffee prices surged on back of rain which has disturbed harvesting which cause slow supplies against demand. Another, ICE Arabica Sep contract fell down on profit booking.

Liffe Sep contract is suppose to increase in upcoming days as slow harvesting in expectation of rain will interrupt fresh supplies in the market on the back of higher demand.

Brazil:- According to Safrase Mercado,74% harvesting has been completed in Brazil as on 28th July 2014 which is lower than 56% of last year harvesting during the same time period of time. While, cooperative Cooxupe said,64.6% coffee has been harvested in Brazil as on July 25th 2014 against 54.9% of last year record. The Past week rain in Brazil', southeast (one of the main coffee producing region) slowed harvesting pace. Upcoming week is expected to support fast harvesting in absence of rain prediction.

However, total coffee output of Brazil is likely to down in 2014/15 due to hot, dry weather from January to March in the coffee belt.

Total Brazil's carry over coffee stock is expected to down to 8.16 million bags in as on 31st July 2014 from 9.84 million bags last year as stated by Terra Forte exporter.

Vietname:- As per Vicofa, coffee export of Vietname fell down by 6.3% to 85000 tonnes(1.42 million bags) in July 2014 against previous year in the same period of time.

According to the sources, Vietname is likely produce total 22.98 million bags of coffee in this session which is down 1.3% compared to 2013/14 estimates of production because recent coffee trees faced drought during the blossom period and recently heavy rain prompted fungus due to which green cherries fell down mainly in the Central Highlands coffee belts of Vietname.

Coffee prices in Vietnam inched small up 0.37% to 40052 dong, on slowly entering demand of exporters. While, Vietname's Robusta beans offered at \$ 1979/tons, on a free-on-board basis (Saigon port as on 29 July 2014) which is higher than previous week record of \$ 1974/tons. Further, Prices could test steady to slight upside momentum in the next week.

Others:-

Total exports of the Central American country is reported down 10.5% to 1.16 million bags during the first ten months of the current 2013/2014 harvesting season as compared to the same period during the 2012/2013 season.

According to Guatemala's national coffee association Anacafe released data, Coffee export from Central America, Colombia, Peru and the Dominican Republic dropped by 8.63% in June 2014 against same month last year.

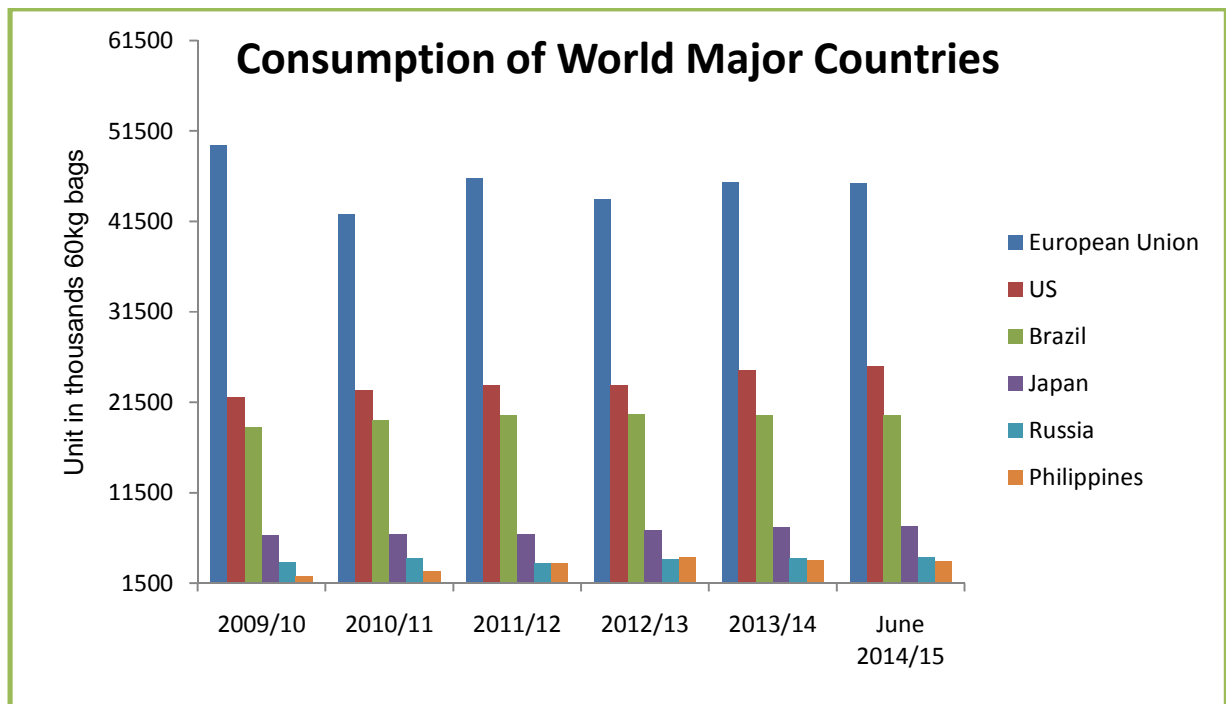
Coffee Futures Market Recommendation:

Market participants are advised to buy Liffe Coffee (Sep) above 2080 levels for a target of 2150 and 2169 with a stop loss at 2005 on closing basis.

World Coffee Production Estimate 2014-15

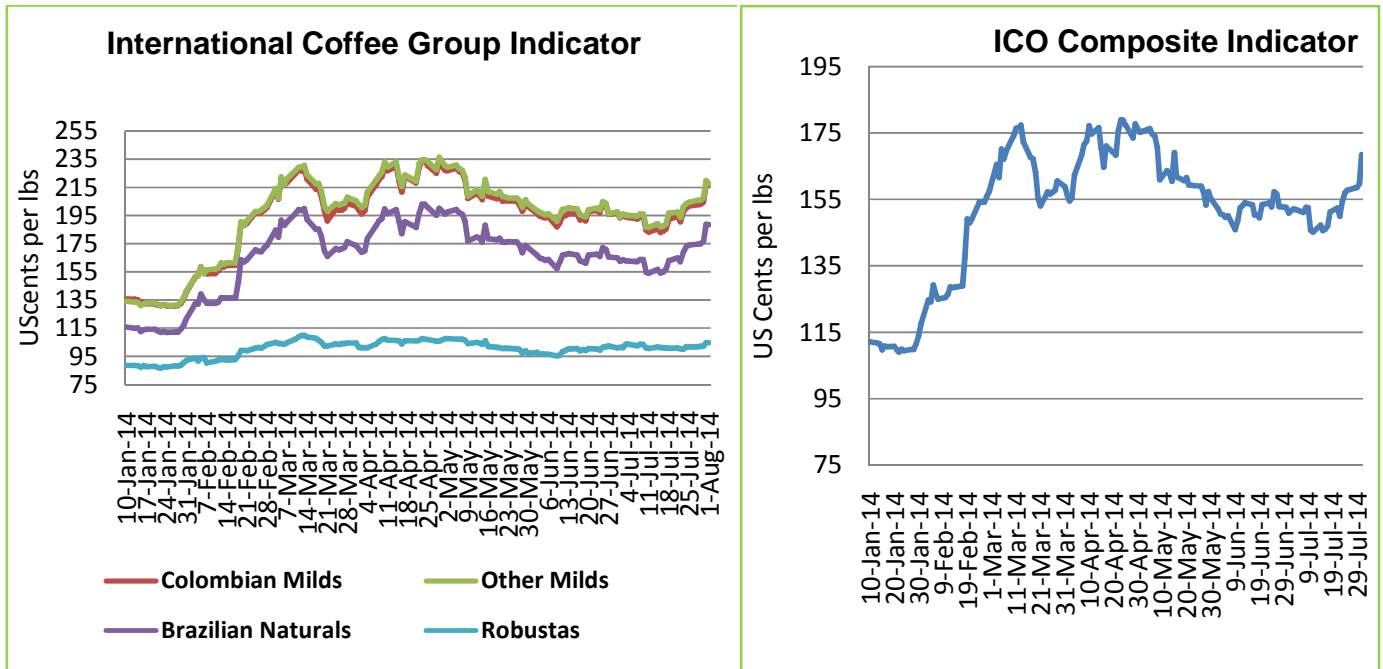
According to USDA report, among major coffee consuming countries of the world, European Union and Philippines are expected to consume lesser coffee bean which is 0.21% to 45700 million bags and 0.75% to 3920 million bags respectively in 2014/15 rather than previous year record. While, US, Japan, Russia and Philippines are forecasted to consume higher coffee bean like 1.78% to 25436, 1.89% to 7800, 4.76% to 4400 million bags respectively for 2014/15 against previous year estimate. Total World consumption for 2014/15 is expected to decline by 1.46% to 147710 million bags against 145583 million bags in 2013/14.

Below mentioned chart explains the forecast of the consumption of major countries:-



Source: USDA

International Coffee Indicators Trend:



	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	1.8.2014	25.7.2014	1.7.2014	1.8.2013
ICO Composite Indicator	167.84	157.69	150.84	114.59
Colombian Milds				
US	214.25	201.25	195.00	139.50
Europe	219.74	202.40	191.59	142.58
Group Indicator	216.78	201.78	193.43	141.16
Other Milds				
US	218.00	205.00	196.75	130.13
Europe	217.20	204.06	192.53	132.05
Group Indicator	217.50	204.42	194.13	131.28
Brazilian Naturals				
US	174.25	160.25	152.00	108.50
Europe	193.56	178.76	166.20	116.20
Group Indicator	188.54	173.95	162.51	114.35
Robusta				
US	109.33	106.83	106.83	101.50
Europe	103.80	100.50	100.23	92.72
Group Indicator	104.68	101.52	101.29	94.13

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

International Futures Market Updates:

ICE Arabica Coffee Futures Prices				
Contract Months	31-July-2014	Week ago (24 July,2014)	Month Ago (30 June,2014)	Weekly Change (%)
September-2014	195.05	178.30	175.10	9.39
December-2014	198.75	181.95	178.70	9.23
March-2015	201.95	185.15	181.90	9.07
May-2015	203.45	187.05	183.75	8.76

Liffe Robusta Coffee Futures Prices				
Contract Months	31-July-2014	Week ago (24 July,2014)	Month Ago (30 June,2014)	Weekly Change (%)
July-2014	2047	2041	1998	0.29
September-2014	2104	2032	2016	3.54
November-2014	2089	2028	2012	3.00

International Coffee Prices:

	1.8.2014	25.7.2014	1.7.2014	1.8.2013
Vietnam (Robusta Beans Spot) (Dong/Kg)	40050	39900	40300	40070
Vietnam FOB (2-5 pct)* (Saigon port)	1979	1974	1976	1970
Indonesian FOB (4-80 defects)** (Lampung Port)	2065	2030	2010	1890

*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.

- ❖ Coffee prices of both Liffe and ICE exchange firmed up this week on higher buying quantity. Prices are likely to remain trade upside in upcoming week on both of the exchanges. Breaching resistance level of 2169.92, Liffe prices may touch 2206.76 level in next week.
- ❖ In Addition, RSI of Liffe also showed up movement to 58.32 against previous week movement as 53.24 and ICE future is indicating upside momentum to 62.72 as compared to previous week i.e. 56.81.
- ❖ Expected price band for next week of coffee is USD 2080-2168/T in Liffe and USc 185-197/lbs in ICE exchange.

Strategy:

Market participants are advised to buy Liffe Coffee (Sep) above 2080 levels for a target of 2150 and 2169 with a stop loss at 2005 on closing basis.

Liffe Robusta Coffee

Support and Resistance				
S2	S1	PCP	R1	R2
1965.25	2004.14	2097	2169.92	2206.76

ICE Arabica Coffee

Support and Resistance				
S2	S1	PCP	R1	R2
171.86	176.48	192.35	201.18	212.35

Disclaimer

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