

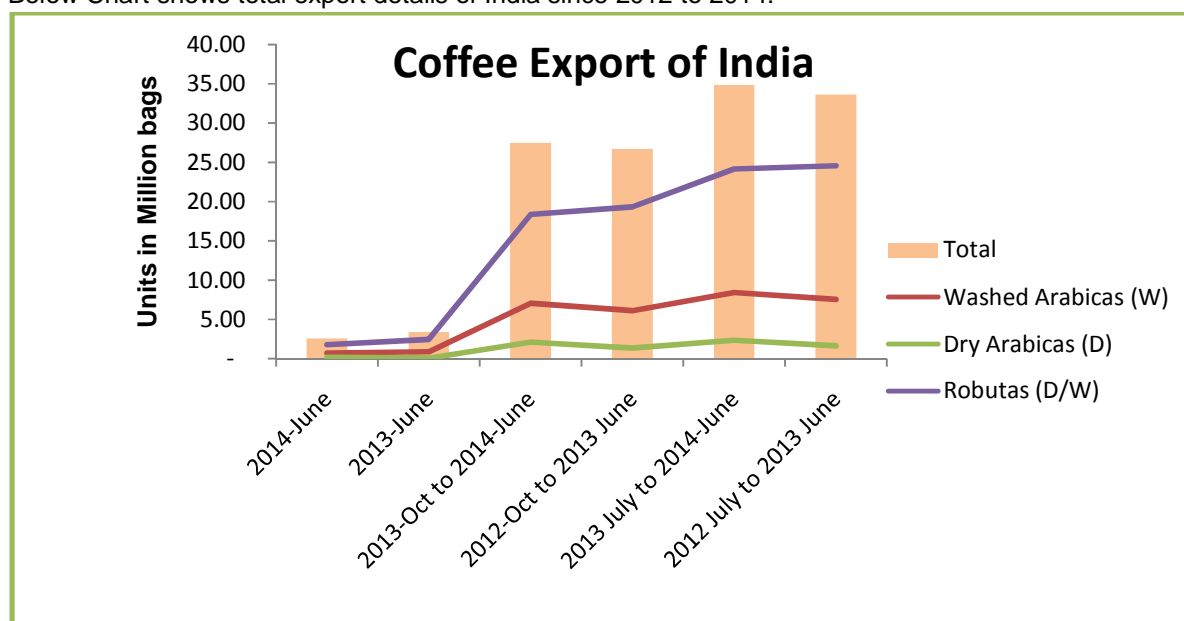
Highlights of the Week

- Coffee auction prices in Karnataka showed a mixed trend during this week following fluctuating supply and demand. In the long run, the current projections of lower production in the world should help prices increase.
- In Karnataka, Arabica parchment went up by Rs.300 to 10300-10800 as compared to previous week prices of 10150-10500. However, Robusta Parchment were quoted lower by Rs.50 to Rs.7350-7400 per 50 kg on the back of sluggish demand.
- According to the Coffee Board of India, post blossom coffee production of Karnataka's three districts is forecast up 17.62% to 248,300 MTs for the year 2014-15 as compared to previous year estimate of 211,100 MTs.
- As per ICO, total world exports in last nine month (Oct-2013 to June-2014) is reported lower by 3.48% to 81.82 million bags compared to previous nine month (Oct-2012 to June-2013) i.e. 84.77 million bags.
- As per the London based International Coffee Organization, Vietnam is expected to produce 27.5 million bags in 2014/15. However, Vietnam Coffee and Cocoa Association put its estimates of Vietnam production at 23.3 million bags for the year 2014/15.

Domestic Export and Import

India has seen a minor dip in export at 2.59 million bags during June-2014 from last year record of 3.37 million bags in June as all the forms of coffee. It exported Washed Arabica, Dry Arabica, Robusta (D/W) exports added to 0.68 million bags, 0.14 million bags, 1.76 million bags respectively as compared to previous year exports of 3.37 million bags, 0.86 million bags, 0.06 million bags, 2.45 million bags respectively as per ICO export data released in July 2014.

Below Chart shows total export details of India since 2012 to 2014:-



Source: ICO

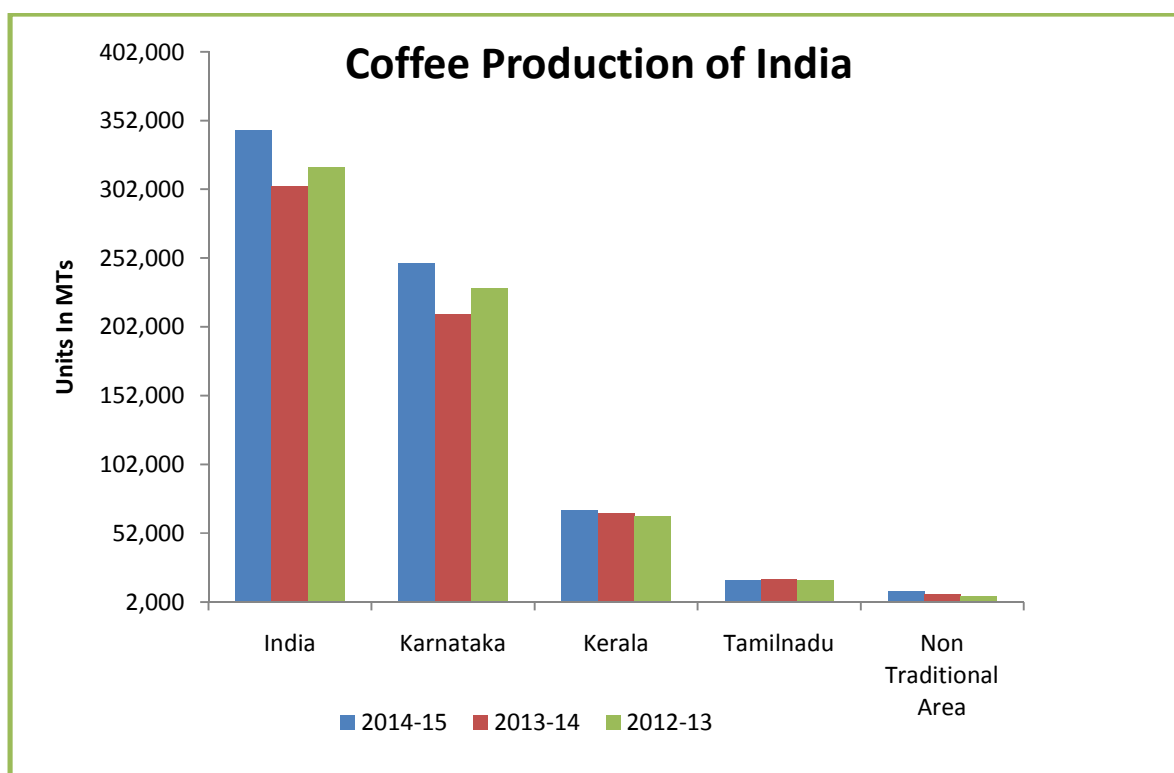
Domestic Crop Condition and Production

As per Coffee Board of India, total coffee production of India is expected to increase by 13.21% to 344,750 MTs for 2014-15 from the estimate of 2013-14 which is 304,500 and the estimate of 2012-13 i. e 318,200 MTs.

Arabica production is forecast to grow by 3.22% at 105,500 MT against previous year estimate of 102,200 MT and Robusta production is likely to grow by 18.26% at 239,350 MT during the session 2014/15 as compared to last year estimate of 202,300 MT. The production of Robusta is continually increasing since 1990/91 on higher export demand.

The post blossom coffee production of India's Major coffee producing state Karnataka is forecast up by 17.62% to 248,300 MTs for the year 2014-15 as compared to previous year estimate i. e 211,100 MTs, provided weather stays favorable.

Below mentioned chart depicts state-wise coffee production of India since 2012:-



Sources:- Coffee Board of India

Fundamental Coffee Price Outlook for Coming Week

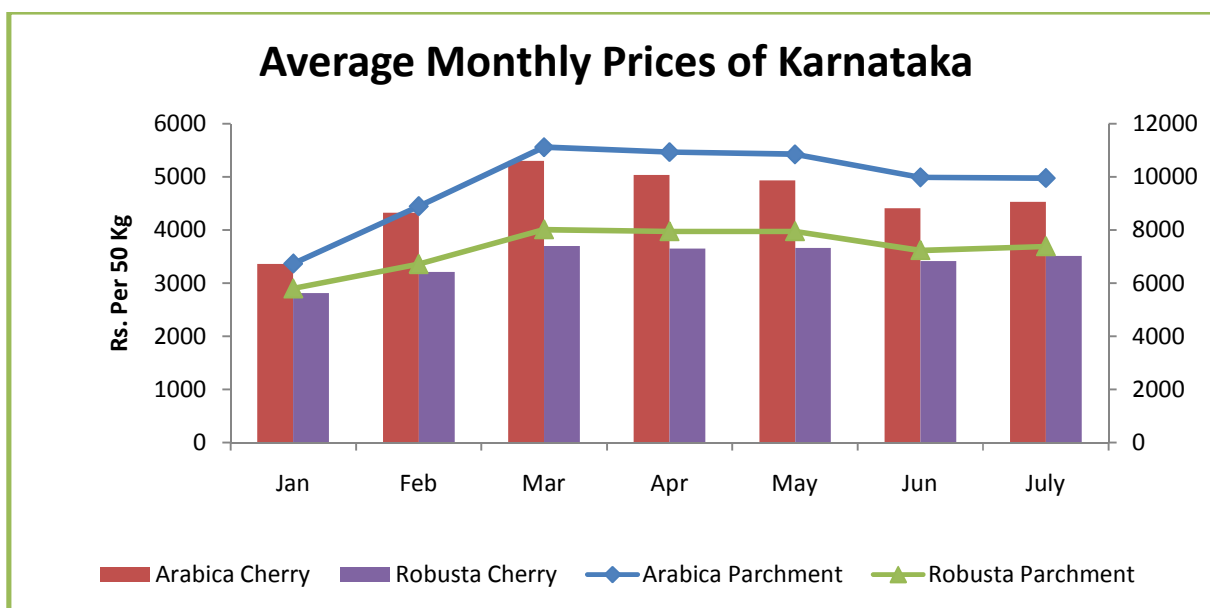
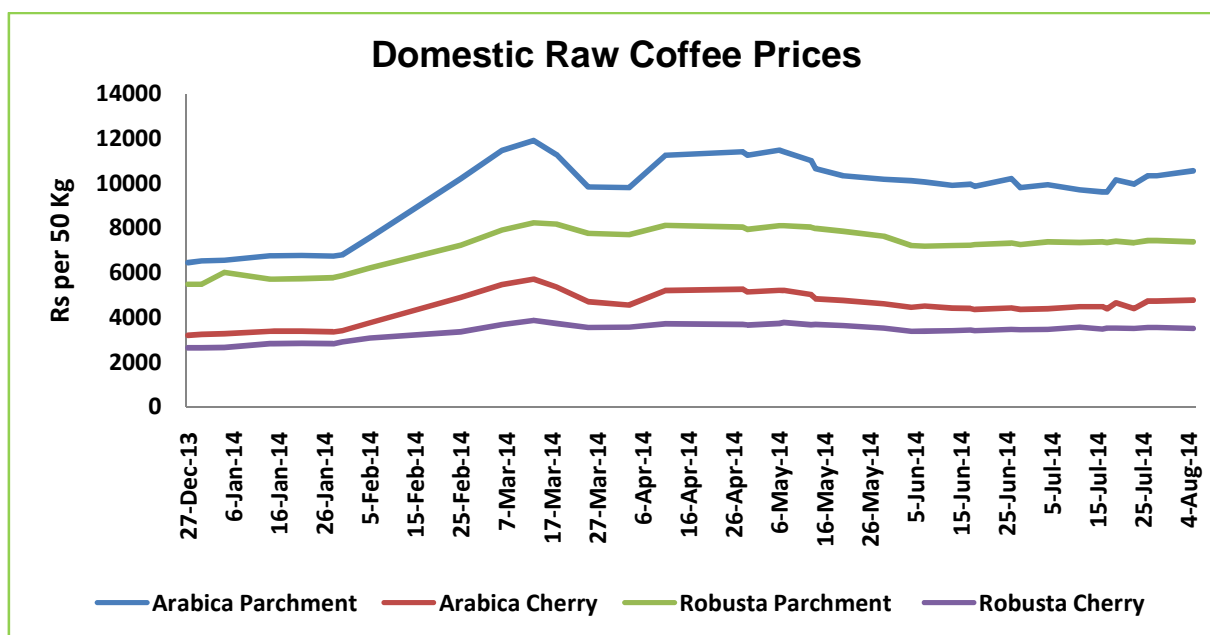
Indian Arabica may further gain due to increasing exporters demand. While, Robusta Variety is expected to trade with steady to slight uptrend as traders may buy fresh but little quantity of Robusta variety. Domestic coffee prices may increase in long run on the back of the lower production estimates of World top Producing country Brazil for the year 2014-2015. Arabica Parchment is likely trade in the range of Rs.9900-10400 per 50 kg and Robusta Parchment Rs.7000-7500 per 50kg in upcoming week.

ICTA Auction Prices (Karnataka):

Grade	4.8.2014	28.7.2014	Change	4.8.2014	28.7.2014	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	--	--	--	--	--	--
PB	--	--	--	--	--	--
A	--	--	--	--	--	--
AB	--	--	--	--	--	--
B	--	--	--	--	--	--
C	--	--	--	--	--	--
BBB	--	--	--	--	--	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	--	--	--
PB	--	--	--	--	--	--
AA	--	--	--	--	--	--
AB	--	--	--	--	--	--
B	--	--	--	--	--	--
C	--	--	--	--	--	--
BBB	--	--	--	--	--	--

Values in Rs per Kg

Domestic Raw Coffee Price Trend (Karnataka)



Domestic Raw Coffee Prices (Karnataka):

Variety	5.8.2014	28.7.2014	Change
Arabica Parchment	10300-10800	10150-10500	300
Arabica Cherry	4750-4800	4700-4750	150
Robusta Parchment	7350-7400	7400-7450	-50
Robusta Cherry	3400-3600	3425-3650	-50

* Values in Rs per 50 Kg

International Market Updates:

Weekly Futures Review -Both ICE Arabica and London's Robusta coffee prices of Sep Contract closed down on profit booking as sellers are expecting prices will trade on lower side from this current level. Traders are suggested to stay away during this upcoming week as unstable demand may change the direction of the market.

Brazil:- Brazil has exported 2.66 million bags of green coffee in July 2014 which is above from last year exports i.e. 1.93 million bags in July of 2013 as stated by the Council of Green Coffee Exporters (Cacafe). They added further exports of Brazil to 18.52 million bags since January to July 2014 up 21% from last year shipment during the same period of time.

Vietnam:- As per the London based International Coffee organization, Vietnam is likely to produce total coffee at 27.5 million bags in 2014/15. However, Vietnam Coffee and Cocoa Association put its estimates of Vietnam production to 23.3 million bags for the year 2014/15.

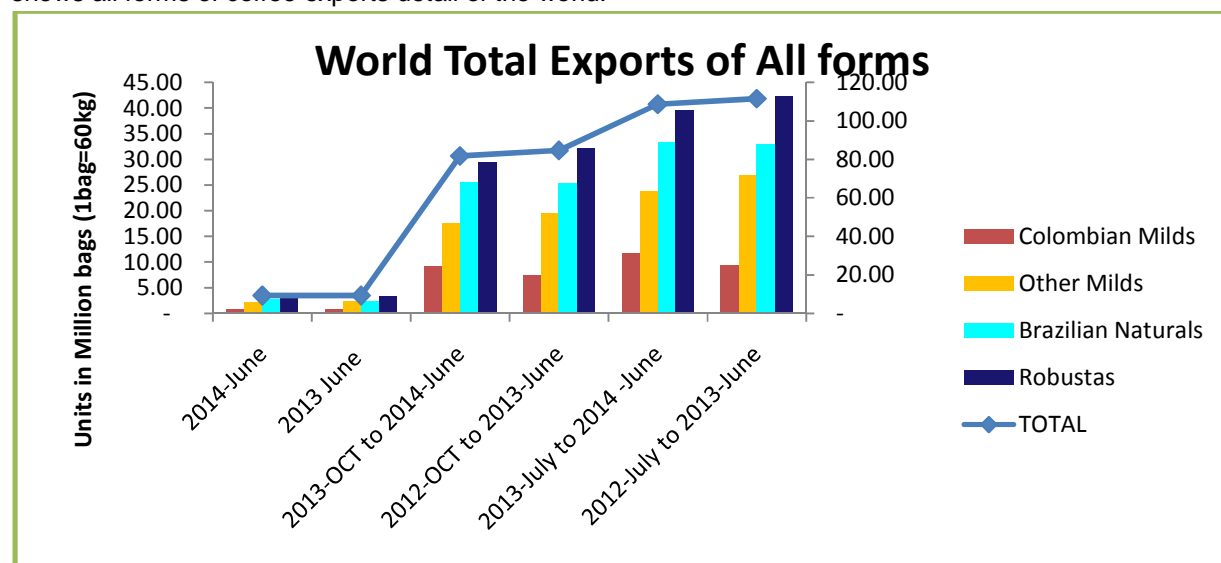
Coffee prices in Vietnam inched down by 0.017% to 39350 dong, on steady demand. While, Vietnam's Robusta beans offered at \$ 1963/tons, on a free-on-board basis (Saigon port as on 5th August 2014) which is lower than previous week record of \$ 1979/tons. Further, Prices could test steady to slight upside momentum in the next week.

Others:- As per Nairobi Coffee Exchange, Kenyan coffee price inched up to \$ 349 per 50kg bag during the week ended 4th August 2014 auction against previous week which stood on \$ 340 due to higher export demand as exporters receive higher quality of coffee beans in Kenya.

According to the National Coffee Growers 'Federation, the output of coffee in Columbia is registered 20% higher to 1.24 million bags in July 2014 against last year record in same month. On the other hand, Columbia's exports increased by 23% to 970,000 bags in July 2014 as compared to July month in 2013.

World Export :-

As per ICO, total world coffee exports stood slight low at 9.19 million bags in June against 9.2 million bags in June 2013. Total exports in last nine month (Oct-2013 to June-2014) is reported lower by 3.48% to 108.6 million bags compared to previous nine month (Oct-2012 to June-2013) record i.e. 84.77 million bags. Below charts shows all forms of coffee exports detail of the world:-

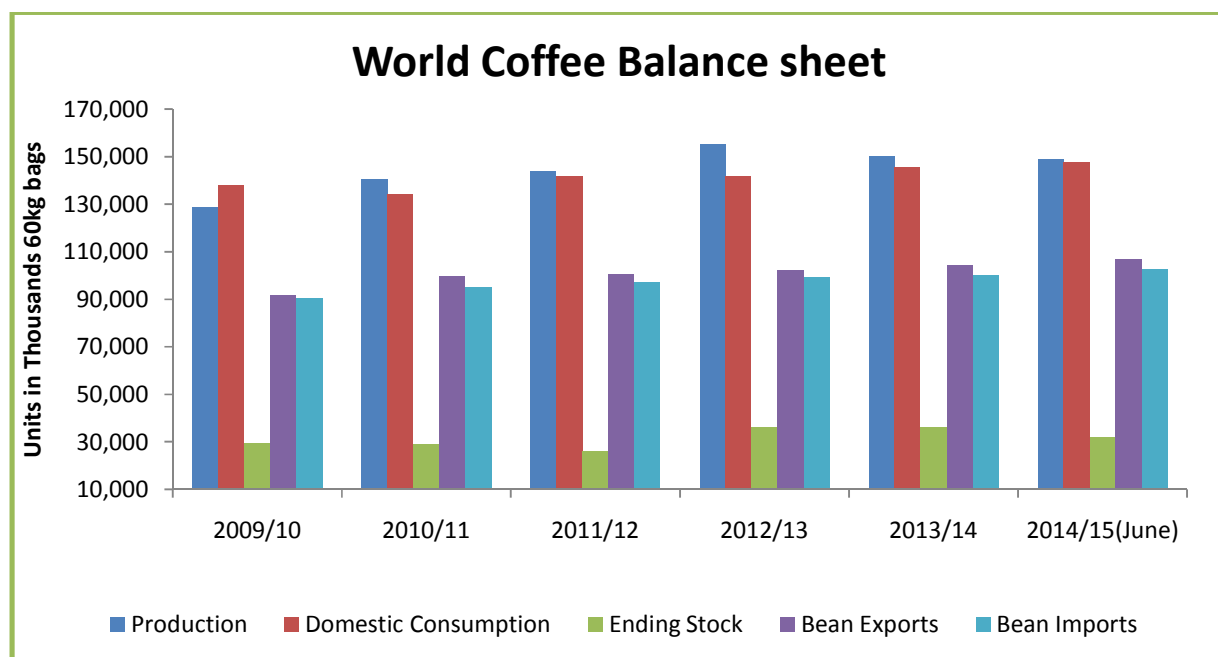


Source:ICO

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 :-

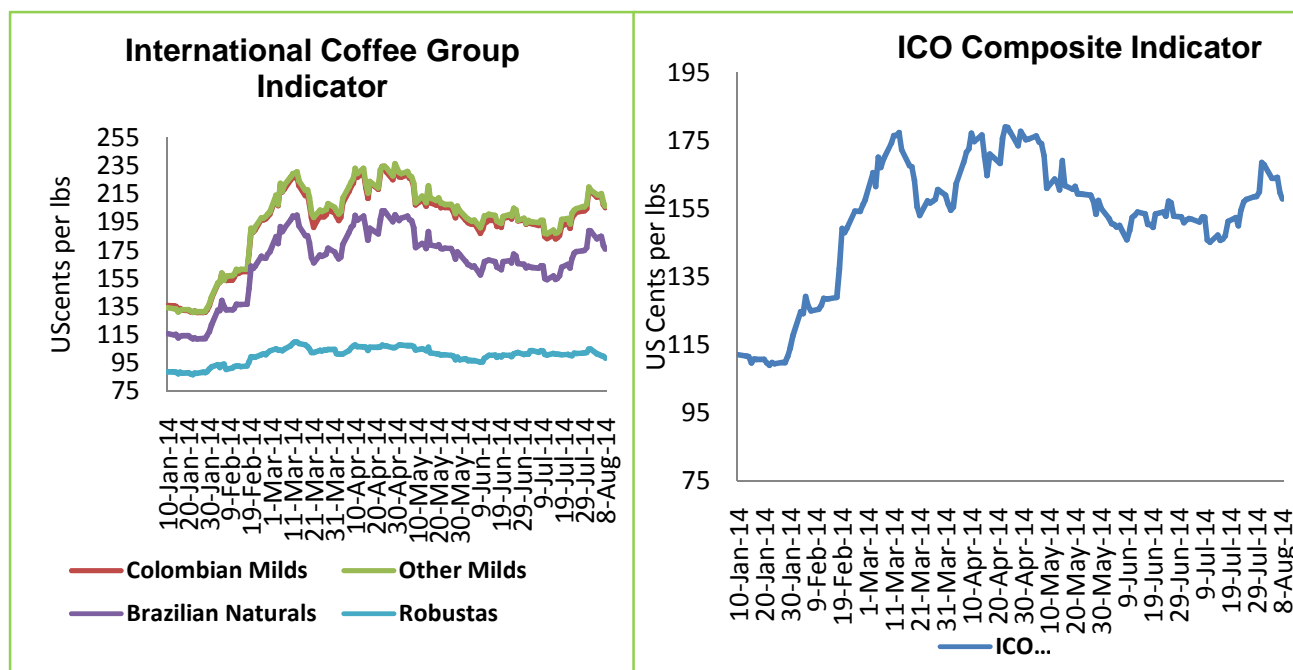


Source: USDA

Coffee Futures Market Recommendation:

Market participants are advised to stay away in upcoming week.

International Coffee Indicators Trend:



	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	8.8.2014	1.8.2014	8.7.2014	8.8.2013
ICO Composite Indicator	157.82	167.84	152.55	119.59
Colombian Milds				
US	203.75	214.25	195.00	147.75
Europe	206.72	219.74	192.60	147.84
Group Indicator	205.12	216.78	193.90	147.80
Other Milds				
US	205.25	218.00	199.00	139.38
Europe	206.76	217.20	194.13	137.72
Group Indicator	206.19	217.50	195.98	138.38
Brazilian Naturals				
US	162.75	174.25	154.00	115.75
Europe	180.32	193.56	167.14	121.27
Group Indicator	175.75	188.54	163.72	119.94
Robusta				
US	102.92	109.33	108.83	104.25
Europe	97.44	103.80	102.66	95.14
Group Indicator	98.31	104.68	103.65	96.60

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	7-August-2014	Week ago (31 July,2014)	Month Ago (7 July,2014)	Weekly Change (%)
September-2014	184.00	195.05	171.10	-5.66
December-2014	188.15	198.75	174.75	-5.33
March-2015	191.75	201.95	178.05	-5.05
May-2015	193.80	203.45	180.00	-4.74

Liffe Robusta Coffee Futures Prices				
Contract Months	7-August-2014	Week ago (31 July,2014)	Month Ago (7 July,2014)	Weekly Change (%)
September-2014	1968	2104	2038	-6.46
November-2014	1974	2089	2023	-5.50
January-2015	1973	2083	-	-5.28

International Coffee Prices:

	8.8.2014	1.8.2014	8.7.2014	8.8.2013
Vietnam (Robusta Beans Spot) (Dong/Kg)	39350	40300	40500	39850
Vietnam FOB (2-5 pct)* (Saigon port)	1963	1976	2008	1950
Indonesian FOB (4-80 defects)** (Lampung Port)	1970	2065	2040	1890

*FOB Values are in USD/T

Technical Analysis (Coffee Weekly Charts)



Outlook – Prices are likely to trade with steady to down zone in the days ahead.

- ❖ Coffee prices at both Liffe and ICE exchanges declined after showing continue two week upside momentum on lackluster demand. Prices may test further downtrend in upcoming week on both of the exchanges. Breaking support level of 1854, Liffe prices may touch second support level of 1812 in next week.
- ❖ In Addition, RSI of both Liffe and ICE future hints downward momentum after showing low movement to 47.07 against previous week movement as 58.32 and 55.6 as compared to previous week i.e. 62.72 respectively.
- ❖ Simple and Exponential moving average indicators are also indication downtrend of ICE future quoting 175.97 and 176.79 respectively in the current week. While Bollinger band shows steady trend of the market in future.
- ❖ Expected price band for next week of coffee is USD 1868-2080/T in Liffe and USc 158-200/lbs in ICE exchange.

Strategy:

Market participants are advised to stay away for the week only:-

Liffe Robusta Coffee

Support and Resistance				
S2	S1	PCP	R1	R2
1812	1854	1948	2098	2146

ICE Arabica Coffee

Support and Resistance				
S2	S1	PCP	R1	R2
157.58	173.44	180.5	200.08	206.11

Disclaimer

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