

### Highlights of The Week

**Coffee auction prices in Karnataka market fetched downtrend in line with declining global prices.** New supplies and widespread rain in Brazil may cause further to pull down global prices which may slid Indian exports demand as added by the Indian Coffee industry in the short run.

**Total Indian exports declined by 5% to 2,35,796 tonne from January to September in 2014** due to tepid demand and higher prices on the back of lower Robusta cherry exports demand which fell by 19% during the period as per the Coffee Board of India. Indian Robusta prices are comparatively higher in the global market due to its better quality. However lower prices of Robusta in Vietnam attracted foreigners as a result Indian exports suffered as said by one of the major Indian exporter. Exports demand for new crops will be able to fulfill from December 2014 by Indian Exporters. Coffee shipment of India is likely to improve in Western Europe for new crop.

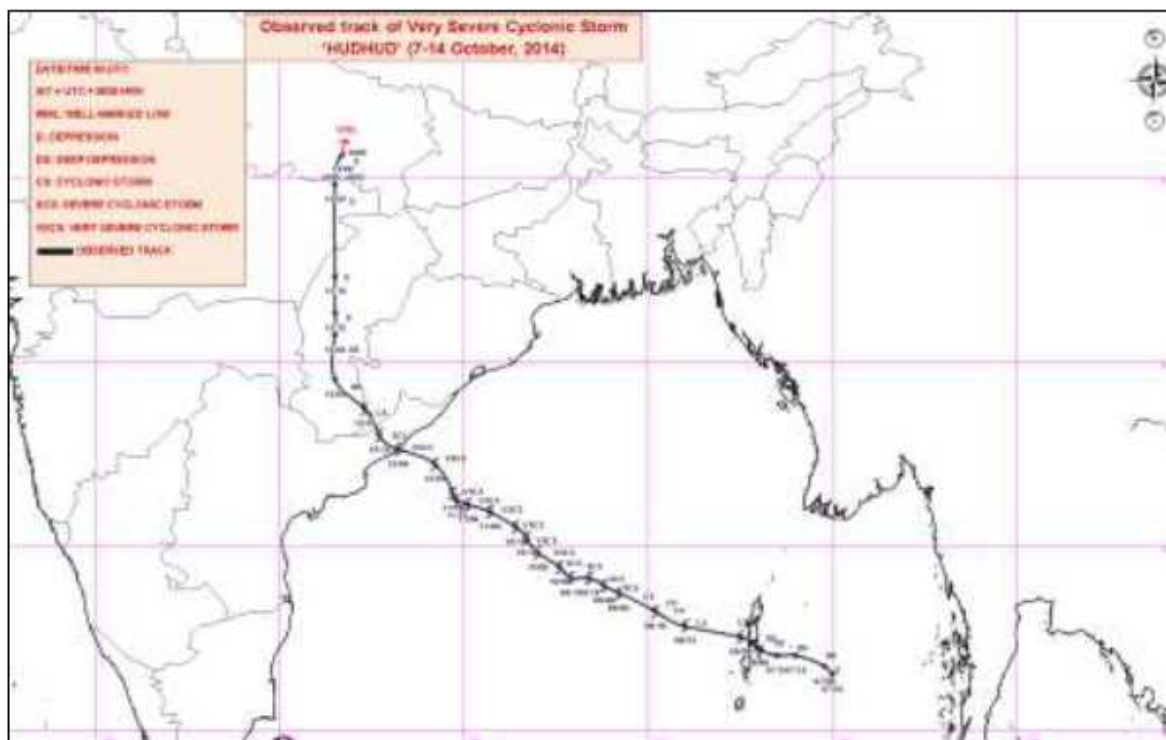
**In the views of Traders, harvesting pace for Arabica in India is begun slowly and will be on** peak during third week of Nov. Arabica crops are currently in average condition if we compare to the last year crops. Meanwhile, farmers have already replanted all those coffee plants which were damaged by diseases for the season 2014/15. Robusta crops are in good condition as on date and growers will proceed its harvesting from end of December. They are expecting total Indian coffee production around 3.20 million bags to 3.30 million bags in 2014/15 following 2.20 lakh tonne of Robusta crops. Estimated Production is lower than the prediction of the coffee board of India i.e. 3.44 million bags for total crop size of India and 2.39 lakh tonnes for Robusta. Further, they added that there is a little Robusta crops available with some of the farmers which they are willing to release after getting much higher prices from the current level. While, The Coffee Exporters Association gave a figure of carryover stocks around 20,000 tonne.

**As per DGCIS report, India has received total coffee exports revenue around Rs. 354.62 crore** which is in USD 58.26 million in Sep 2014 higher by 8.25% in Rs. and 13.39% in USD respectively against Rs. 237.59 crore and USD 51.38 million respectively of previous year in Sep month. It stood at Rs.2493.03 crore and the value in USD at 414.57 million since April-Sep in 2014 up by 2.53% in Rs. however minor down by 0.27% when the value is counting in USD against last year revenue at Rs.2431.57 crore and in USD 415.69 million in corresponding period of time.

**As per IMD, India has received below cumulative rainfall by 24% to 59.4 mm as** compared to normal rain 77.8 mm from 1st Oct to 29th Oct 2014 followed by Coastal Karnataka down by 27% to 7 mm normal rain from 10 mm, Kerala down by 23% to 43 mm from 55 mm normal rain.

**According to Somar, Coffee belts of Southeast areas in Brazil is expected to stay dry this** week. Wet condition may continue through most of next week and is expected to bring 2 inches to 3 inches after a new cold front across the country's coffee.

**Weather Updates of India**



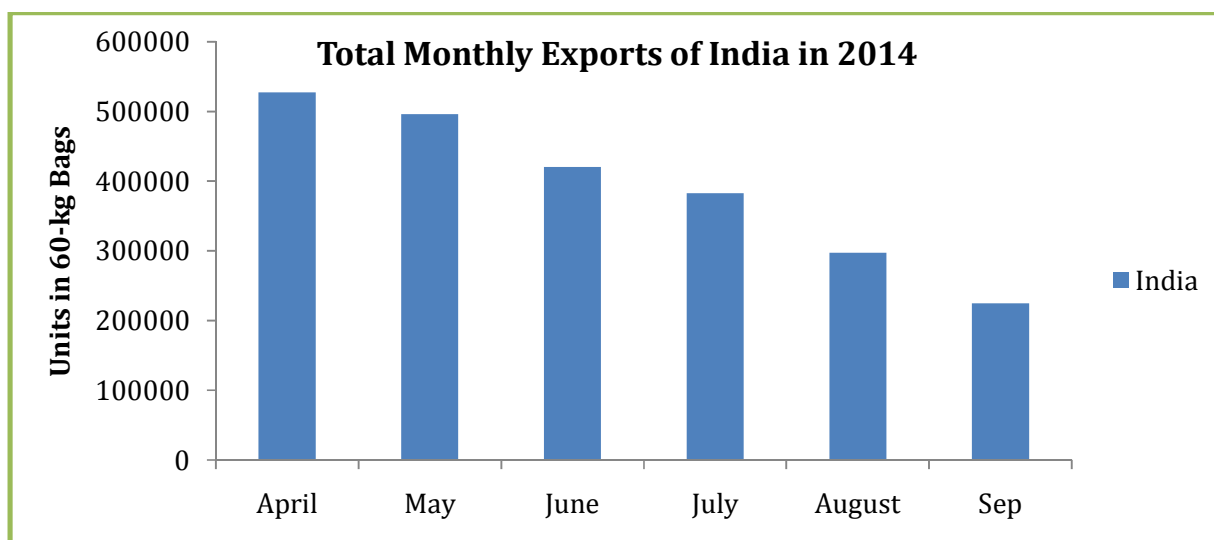
**Observed track of VSCS HUDHUD during 7<sup>th</sup>-14<sup>th</sup> Oct. 2014**

- HUDHUD is the first cyclone that crossed Visakhapatnam coast in the month of Oct., after 1985 and it made landfall on the same day as VSCS Phailin did in 2013.
- At the time of landfall on 12th Oct, the estimated maximum sustained surface wind speed in association with the cyclone was about 100 Knots.
- It caused very heavy to extremely heavy rainfall over North Andhra Pradesh and South Odisha and strong gale winds leading to large scale structural damage over North Andhra Pradesh and adjoining districts of South Odisha and storm surge over North Andhra Pradesh coast.
- Maximum 24 hour cumulative rainfall of 38 cm ending at 0830 hrs IST of 13 October was reported from Gantyada (dist Vizianagaram) in Andhra Pradesh. Maximum of storm surge of 1.4 meters above the astronomical tide has been reported by the tide gauge at Visakhapatnam.
- The VSCS HUDHUD originated from a low pressure area over Tenasserim coast and adjoining North Andaman Sea on 6th Oct. 2014. It concentrated into a depression over North Andaman Sea on 7th Oct. morning over the North Andaman Sea while moving west-northwestwards. On 7th Oct. morning, scatterometry data indicated the cyclonic circulation over the region and associated wind speed was about 25-30 knots. The wind speed was relatively higher in northern sector of the system.
- Another cyclonic circulation extending between lower & mid tropospheric levels lay over southwest Rajasthan and neighborhood on 26th, over Haryana and neighborhood on 27th and became less marked on 28th.

### Exports and Imports of India

Indian exports showed a major dip at 225000 (60-kg bags) during Sep-2014 from 297328 (60-kg bags) in August 2014. Indian exports are continuously falling down due to low availability of stocks and low demand. Total exports volume in April 2014 is registered at 527619 which is higher from May to Sep month in 2014 as per recently released data of ICO.

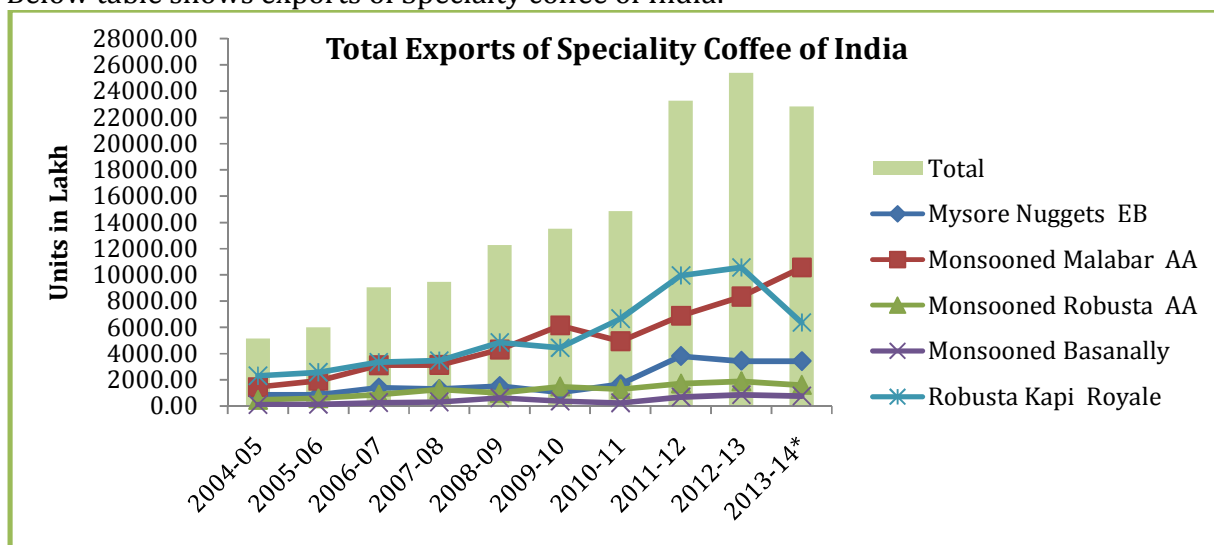
Below Chart shows Monthly Coffee exports of India in 2014:-



Source: ICO

According to the Coffee Board of India combined exports volume of specialty coffee for India is noted down at 22846.10 lakh in 2013-14\* against 25402.30 lakh due to lower stocks and sluggish demand due to higher prices.

Below table shows exports of Specialty coffee of India:-



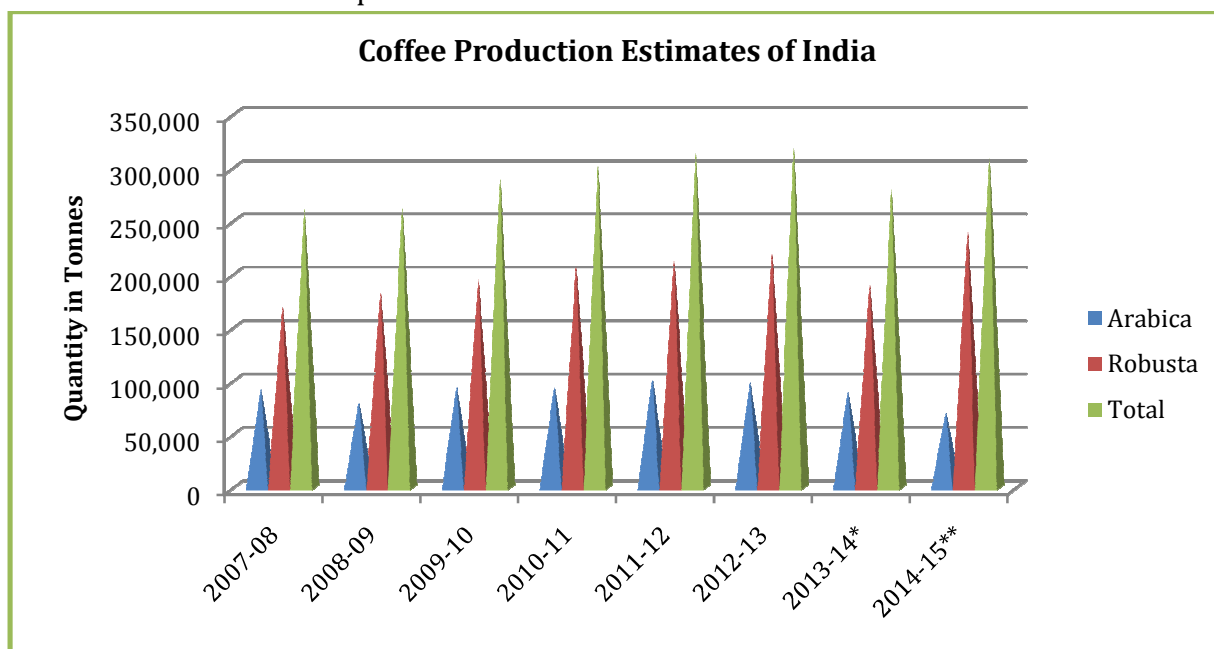
Source:-The Coffee Board of India

### Domestic Crops Condition and Production

According to the Karnataka Planters Association, India's coffee output for 2014/15 is likely to stand around 309,250 tonnes following the projection of Robusta crop around 239,250 tonnes similar to the projection of the coffee board of India for Robusta crop and Arabica crop 70,000 tonnes lower due to widespread damage caused by white stem borer pest. However, KTP projection of India coffee crop for 2014/15 is lower than the forecast of the Coffee Board of India i.e. 344,750 tonnes. On the other hand, coffee Growers expect poor Arabica crops and improved Robusta crop in the next season.

Total coffee planted area of India for 2012-13\* stood marginally up by 1.37% to 415341 hectares from 409690 hectares of last year following higher area in North Eastern Region and Non Traditional Area like Andhra Pradesh and Odisha as reported by the Coffee Board Of India.

Below mentioned chart depicts Production of India since 2007-2008:-

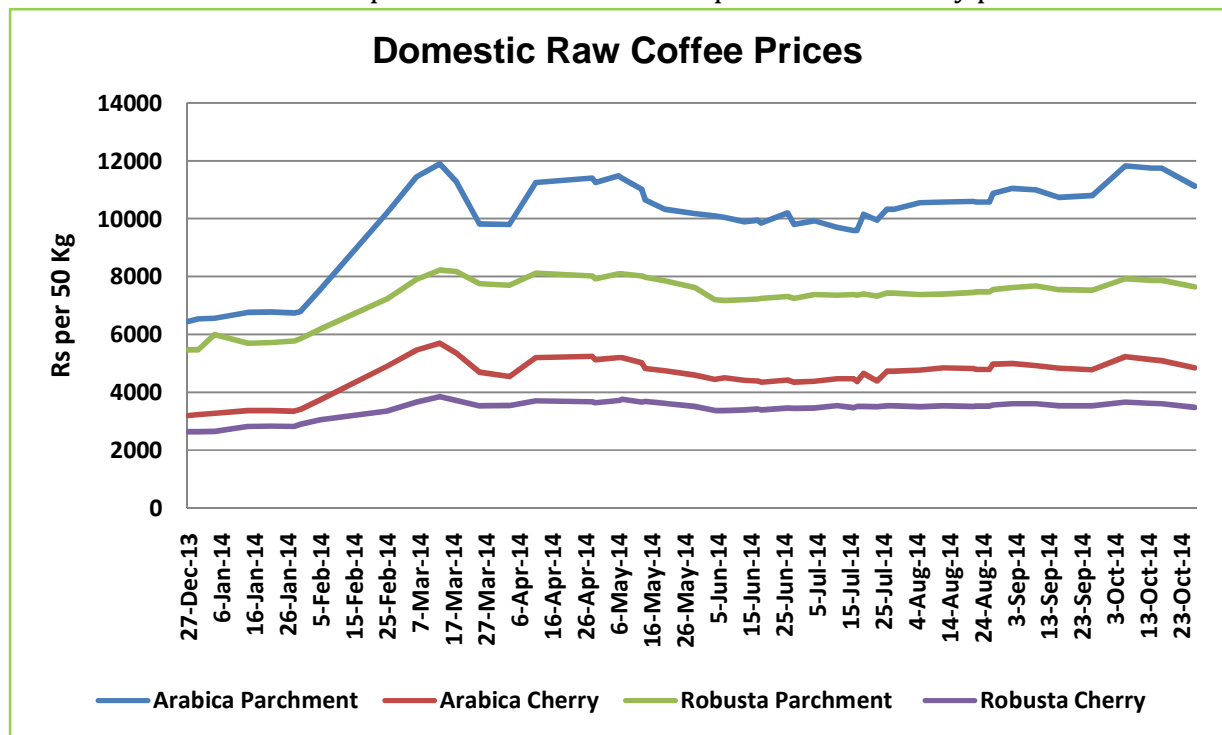


\*Harvest estimates by Karnataka Planters Association, \*\* Predictions by KPA ( Source: The Coffee Board Of India & KPA)

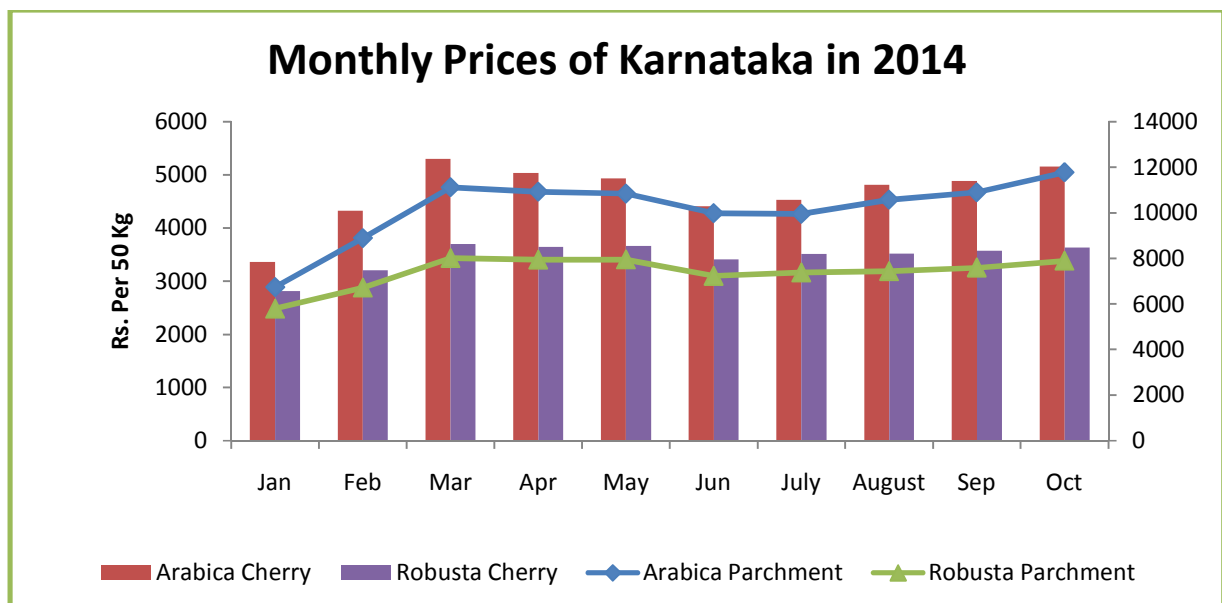
### Coffee Prices of Auction Market & State-wise Market

Domestic prices of all varieties are closed down after a shower in Brazil which prompted global price to fall. Robusta Parchment is registered down at 7750 Rs. per 50 kg against 7950 Rs. per kg of last year records. However, monthly prices are high in Oct month on the of back lower supply.

Below mentioned charts depicts domestic raw coffee prices and monthly prices in 2014:-



Source: The Coffee Board Of India



Source: The Coffee Board Of India

**Domestic Raw Coffee Prices(Karnataka):**

Variety	27.10.2014	17.10.2014	Change
Arabica Parchment	10950-11300	11500-12000	<b>-700</b>
Arabica Cherry	4750-4950	5000-5200	<b>-250</b>
Robusta Parchment	7550-7750	7800-7950	<b>-200</b>
Robusta Cherry	3475-3500	3575-3650	<b>-150</b>

**\* Values in Rs per 50 Kg**

**ICTA Auction Prices (Karnataka)**

Grade	31.10.2014	24.10.2014	Change	31.10.2014	24.10.2014	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	--	--	--	--	--	--
PB	300.00	--	--	--	--	--
A	--	--	--	--	--	--
AB	--	--	--	--	--	--
B	--	--	--	--	--	--
C	232.50	--	--	145.00	--	--
BBB	160.00	--	--	127.00	--	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	--	--	--
PB	--	--	--	--	--	--
AA	--	--	--	--	--	--
AB	--	--	--	--	--	--
B	--	--	--	--	--	--
C	--	--	--	--	--	--
BBB	126.00	--	--	127.00	--	--

**Values in Rs. per kg**

**International Market Updates:**

**Weekly Futures Review** -ICE Arabica coffee future prices of December contract fell after a shower in Brazil. Speculators cut their net long position in Arabica coffee contracts on ICE futures U.S. in the week ended Oct.28 as per U.S Commodity and Future Trading Commission data . Prices went down by 2% to 188 US cents/lb as on 31st Oct 2014 compared to 191.50 US cents/lb of last week prices. Liffe Coffee prices of Nov month contract also increase by 1% to 2048 USD/T during this week against 2027 USD/T of previous week closing. As per recently released data by exchange, certified Robusta Coffee Stocks held in ICE- nominated warehouses roses to 120,420 tonnes as of Oct.27 from 119,950 tonnes as of Oct. 13 which helped prices to increase on Liffe exchange.

**Brazil:-** According to U.S based forecaster Commodity Weather Group (CWG),over the past 24 hrs. total rainfall is notified around 0.25 inches to 0.75 inches in the quarter of the coffee growing regions in the southeast. Rains will shift south in the next 15 days with scattered showers in the westernmost in coffee growing areas over the weekend. Around 5 to 15 mm (0.2-0.6 inches) rainfall were received in the Brazil's main coffee growing state of Minas Gerais in the past week. Brazil's production is likely to touch 47 million 60 kg- bags in 2015 which would be near this year harvesting crop size as said by an analyst.

As per Brazil's National Coffee Council, total production is forecasted at 40 million bags for 2015 crop. On the other hand, Conab kept total production estimates of Brazil for 2014-15 at 45.14 million bags up by 570,000 bags from preceding year after a new crop survey.

**Vietnam:-** As per the Exporters, Vietname is unwilling to sell the bitter beans at discounts more than \$100 a tonne to global prices following an industry agreement. Vietname Robusta grade 2,5 percent is registered down at \$ 50-\$70 a tonne from discounts of \$ 75- 85 a tonnes in the recent week and \$ 80-\$90 a week ago.

**Others :-**

- As per sources, Volacafe one of the world's biggest coffee merchant, is ready to exports beans from China after signing a joint venture deal with China's Simao Arabicism Coffee Co (SACCO) due to improved quality beans. However, China is producing less than 1% of 2013/14 global coffee production of 145.2 million bags.
- According to ICO, total production in Mexico and Central America is reported at 16.02 million bags during this season which ended in September 2014. Total contribution of Mexico and Central America is 18.8% of total world coffee supplies.
- As per the Uganda Coffee Development Authority, the East Africa nation is focusing to increase its production launching a tree planting and replacement campaign. Further, it will also help to spur exports figure near 5.2 million to 6 million bags 60-kg bags by the 2019-2020 crop year to meet the demand in East Asia, the middle east and the U.S. specialty market. Rising coffee consumption in China and South Korea may increase the demand for Uganda's Robusta bean. The government of Uganda is likely to give 300 million seedling cost 90 billion Uganda shilling (\$ 33 million) to farmers over the next three years for expanding planted area and replacing unproductive trees.
- As per NCCB, Cameroon has exported total 17,247 tonnes total from the beginning of season as Dec-2013 to end of the Sep-2014 higher from 14,223 tonnes for the corresponding period of time of last year.

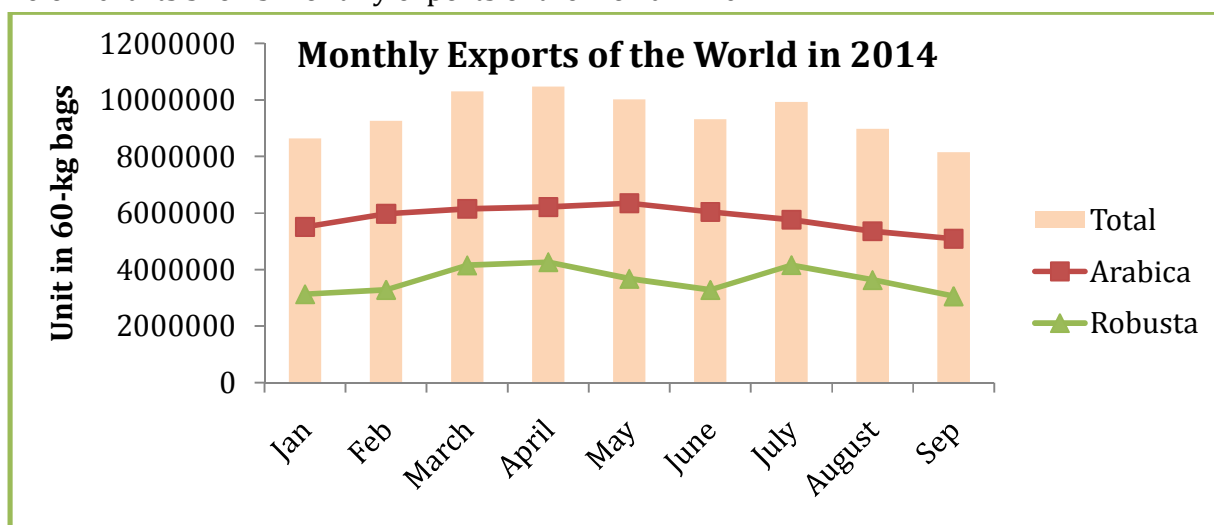


**Coffee Estimates of the World**

**World Export Scenario:-**

As per recently released data of ICO, total monthly exports of Sep-2014 is registered at 8149659 (60-kg bags) lower by 9.26% from 8981961 in August-2014. Robusta are pushed down significantly 15.71% to 3059650 (60-kg bags) against August month exports i.e. 3630108 (60-kg bags) due to higher prices with a combination of low availability. On the other hand, total Arabica exports fell down by 4.89% to 5090010 (60-kg bags) in Sep-2014 as compared to 5351855 60-kg bags in August-2014.

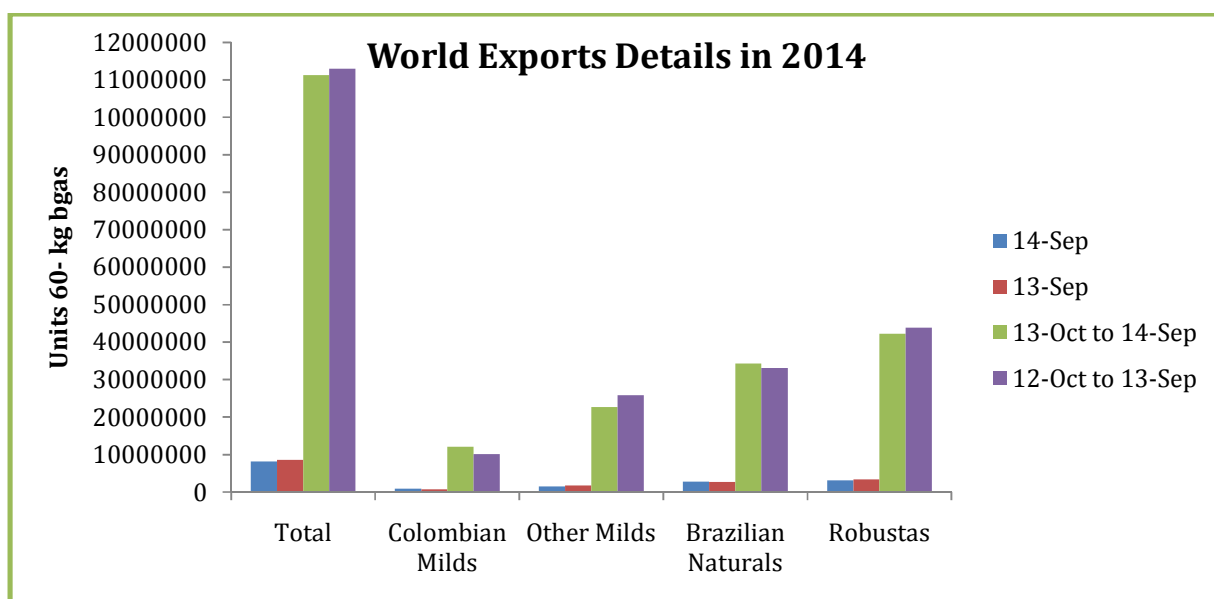
Below charts shows monthly exports of the world in 2014:-



Source: ICO

Total exports during Oct-2013 to Sep-2014 is reported down by 1.51% to 111290654 60-kg bags compared to previous year records i.e. 113003162 60-kg bags during the same period of time supported by lower demand of Other milds and Robustas.

Below chart depicts form-wise total exports of the world in 2014:-



Source: ICO



**International Coffee Price Trend**

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	31.10.2014	24.10.2014	30.9.2014	31.10.2013
<b>ICO Composite Indicator</b>	162.08	162.38	164.37	--
<b>Colombian Milds</b>				
US	206.25	205.5	207.25	--
Europe	209.39	211.16	216.15	--
Group Indicator	207.69	208.11	211.35	--
<b>Other Milds</b>				
US	213.94	212.69	216.69	--
Europe	206.47	210	213	--
Group Indicator	209.31	211.02	214.4	--
<b>Brazilian Naturals</b>				
US	170.25	168.5	172.25	--
Europe	185.43	187.38	191.96	--
Group Indicator	181.48	182.47	186.84	--
<b>Robusta</b>				
US	107.33	106.33	104.58	--
Europe	101.55	100.24	99.03	--
Group Indicator	102.48	101.22	99.92	--

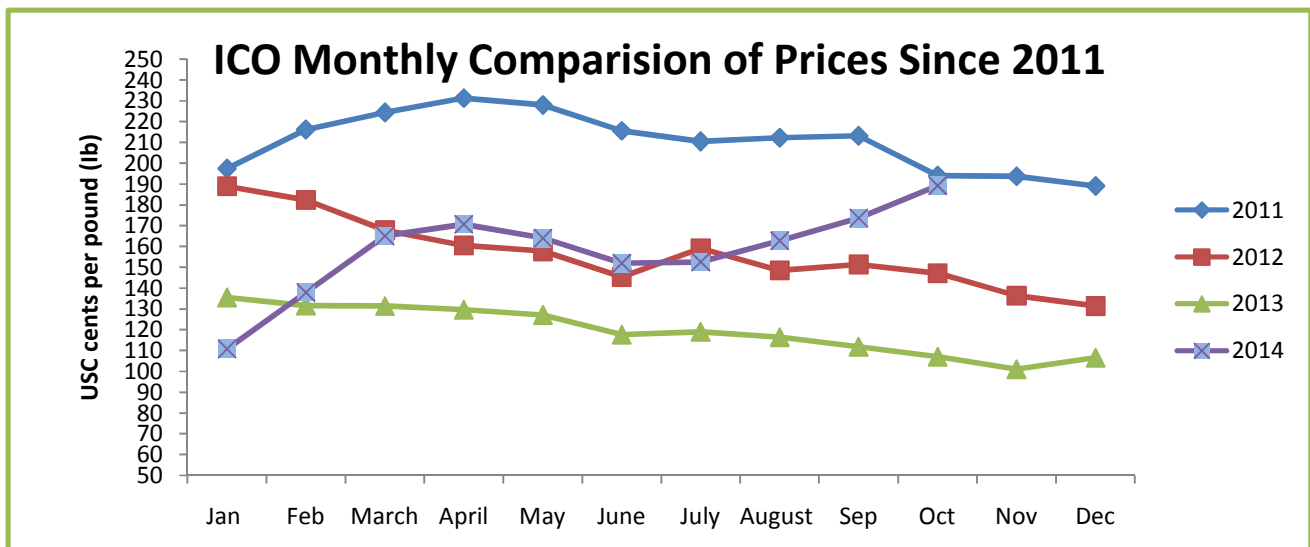
**Germany Market - Hamburg and Bremen, France Market - (Le Havre and Marseilles) \* Values in US cents/lb**

All ICO group indicators as Columbian-mild, Other-milds and Brazilian-Naturals and Robusta are closed in mixed tone to 207.69,209.31,181.48,102.48 respectively as compared to previous week prices. Current Prices are also in mixed zone as compared to last month prevailing prices. In Long run, Prices will make a record high in expectation of a deficit in global coffee output for 2014/15 and 2015/16 as well.

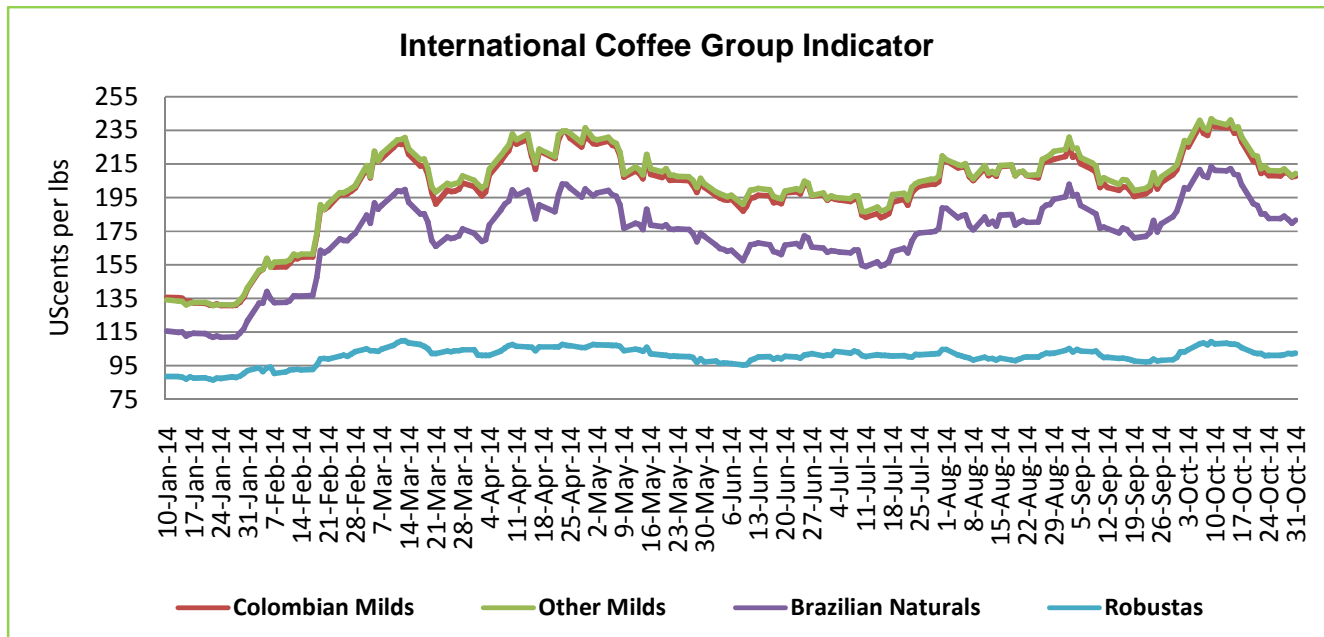
### International Coffee Indicators Chart:-

Monthly average prices of ICO composite Indicators surged in Oct month compared to last 10 month prices supported by lower stocks against demand. Average prices in Oct month stood at 189.14 US Cents/lb up 8.96 % from the Sep month average prices i.e. 173.58 USc/lb fell to 162.38 US cents/lb against last week prices 176.80 USc/lb. All the indicators prices on week on week basis is trading in mixed tone due to mixed demand.

Below Chart shows movements of ICO Indicators Prices in 2014:-



Source: ICO



Source: ICO

**International- Future Market Prices:-**

ICE Arabica Coffee Futures Prices				
Contract Months	31-October-2014	Week ago (24 October,2014)	Month Ago (31 September,2014)	Weekly Change (%)
December-2014	188.00	191.50	197.45	-1.83
March-2015	192.30	195.75	199.85	-1.76
May-2015	194.80	198.10	201.25	-1.67

USC/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	31-October-2014	Week ago (24 October,2014)	Month Ago (31 September,2014)	Weekly Change (%)
November-2014	2048	2027	1992	1.04
January-2015	2048	2028	2007	0.99
March-2014	2053	2034	2018	0.93

USD/T

**International Coffee Prices**

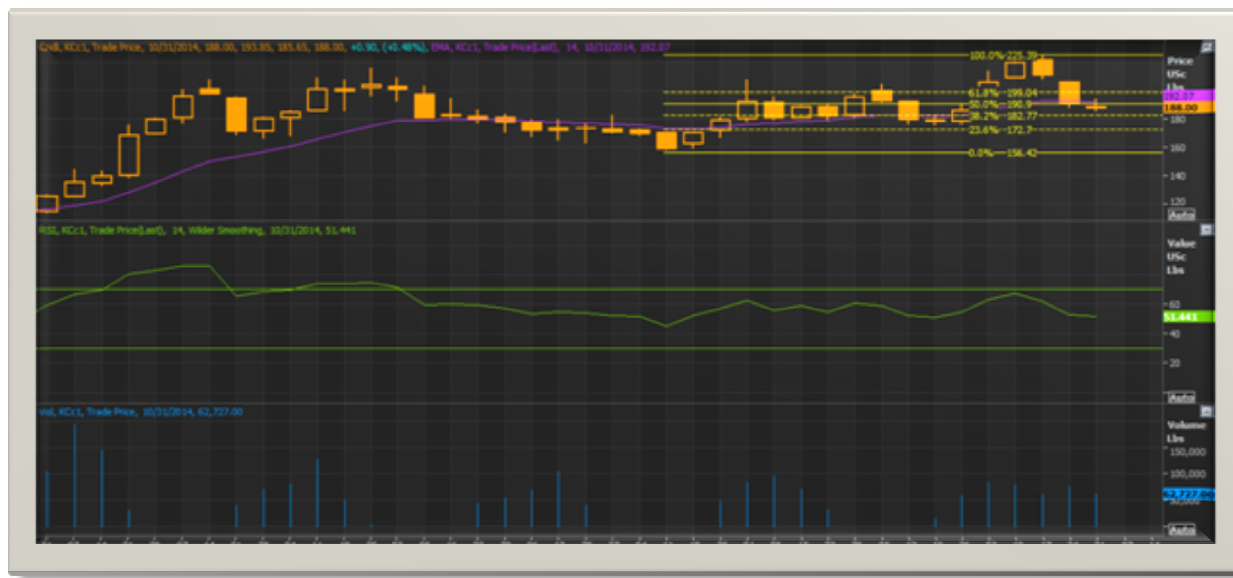
	31.10.2014	24.10.2014	31.9.2014	31.10.2013
Vietnam (Robusta Beans Spot) (Dong/Kg)	39900	39400	39100	36600
Vietnam FOB (2-5 pct)* (Saigon port)	1975	1954	1928	1928
Indonesian FOB (4-80 defects)** (Lampung Port)	1990	1960	1980	1610

\*FOB Values are in USD/T

Grade	This sale (\$) As on 21/10/2014	Average Price(\$)	Previous Sale(\$)
AA	195-329	285.12	180-376
AB	133-260	243.16	146-279
C	133-242	220.62	97-263
PB	189-255	242.31	153-274
T	54-215	153.19	20-231
TT	185-240	225.56	96-264

Units in \$ per 50 kg bags

**Technical Analysis of Coffee Future (Dec'14Contract) at ICE Future**



**Weekly Technical Outlook:-**

- Candlestick chart shows continuous down trend in market during this week.
- Falling 14 days EMI and Volume hints further declining phase of the market in upcoming days.
- Relatively, RSI is also down at 51.44 compared to last week movement 52.88 indicating further downward momentum in the next week.
- A Fibonacci retracement analysis on the fall reveals a support at 182.77 US cents/lb, the 38.20% level, a break below which will lead to a further loss to 172.70, the 23.60% level.

**Expected Price Range During Coming Week**

<b><u>Expected Trend</u></b>	<b><u>Expected Trading Band</u></b>
<b><u>Range-bound to Bearish Momentum</u></b>	<b>183-199</b>

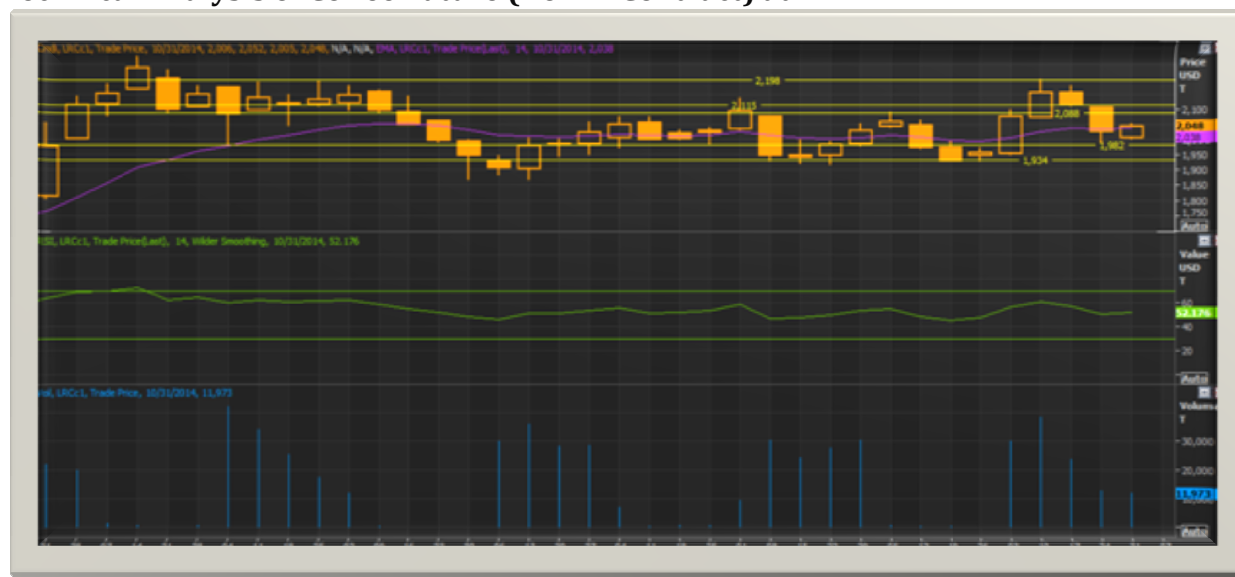
US cents/lb

**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
172.7	182.77	188	199.04	206.41

US cents/lb

**Technical Analysis of Coffee Future (Nov'14Contract) at LIFFE**



**Weekly Technical Outlook:-**

- Candlestick chart depicts declining phase of the market after selling pressures.
- 14- days EMA is moving upside at 2038 from 2036 of last week record indicating further uptrend in the market.
- However falling Volume hints steady to downtrend in the market.
- While, RSI also closed up at 52.17 against 50.83 of last week movement supporting downside movement of the market in next week.

**Expected Price Range During Coming Week**

<b><u>Expected Trend</u></b>	<b><u>Expected Trading Band</u></b>
<b><u>Range-bound to Bearish Momentum</u></b>	<b>1983-2087</b>

USD/T

**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
<b>1934</b>	<b>1982</b>	<b>2048</b>	<b>2048</b>	<b>2088</b>

USD/T

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