

Highlights of The Week

Mixed trend were seen in domestic coffee prices at auction market in Karnataka on the back of ups and downs in demand. Farmers began Arabica coffee harvesting in Karnataka supported by good weather condition. Rising fresh supplies and declining international prices may weigh on the domestic coffee price in upcoming days.

As per USDA latest report, total coffee exports of India is likely to go up slightly at 5.02 million bags in 2014/15 marketing year (Oct- Sep) despite higher prices in the international markets. Total exports of 2013/14 marketing year is estimated at 4.8 million bags of coffee. Total Indian coffee supply may touch higher level at 8.3 million bags due to rising opening stocks compared to 8.15 million bags in the last year. It expects total coffee production of India higher at 5.1 million bags in 2014/15 from 5.07million bags in 2013/14 in anticipation of higher yield in Robusta crop due to improved agronomic practices however lower yield in Arabica due to diseases "Roya".

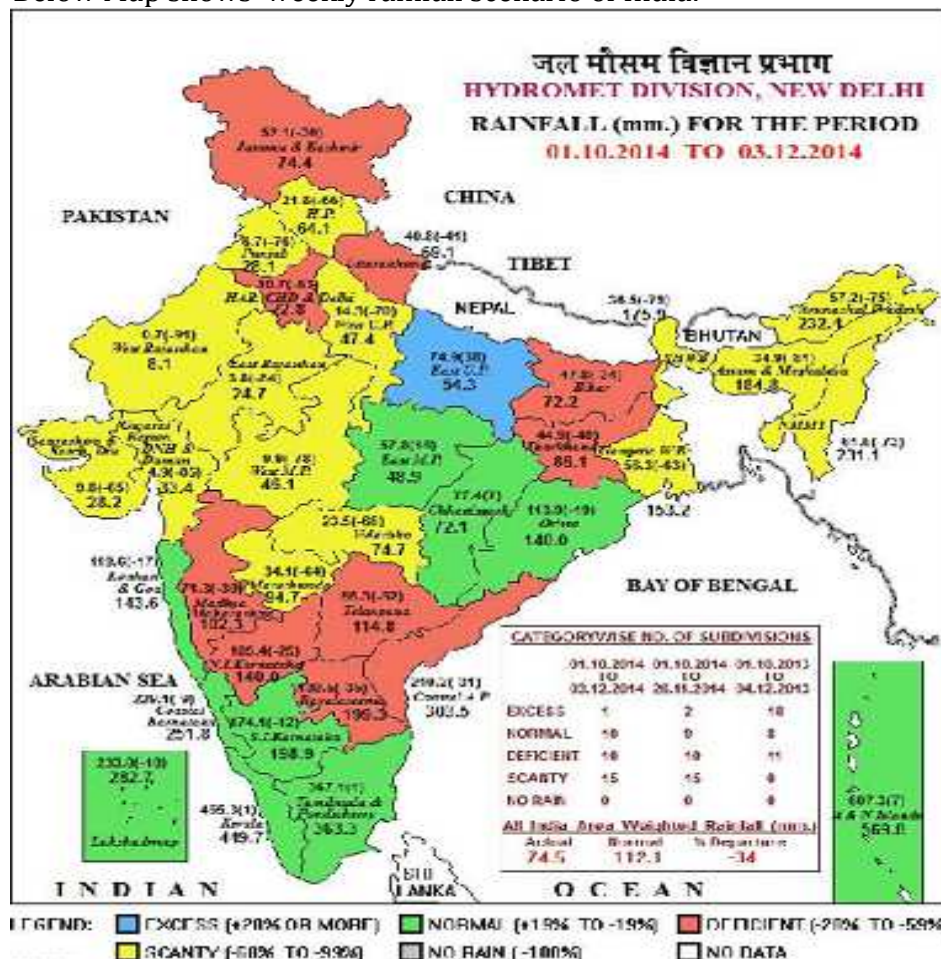
As per the Coffee Board of India, Indian Coffee production estimates for 2013-14 is revised by the coffee Board of India. Total production of India is reduced from earlier estimates i.e. 311500 MT to 304500 MT in Sep. month 2014 after a crop damage mainly in Karnataka, Kerala and Tamilnadu. Total production of Karnataka, Kerala and Tamilnadu is revised with a decline from 217,700 MT to 211100 MT, 67275 MT to 66675 MT,18875 MT to 18775 MT respectively as crops affected by disease Roya in 2013/14.

According to U.S. based forecaster CWG, Brazil's coffee belts received about 0.25- 1.25 inches rainfall in the past 24 hrs. They are expecting further 0.5-1.5 inches rainfall over the next five days. Coffee crops in Brazil are at flowering stage which need regular moisture to develop good coffee fruits. The harvesting for 2015 coffee crop will begin in May. A slow moving cold front is pushing up Brazil's coast from the south, interacting with moisture from the Amazon region that is being pulled into the region. The front should contribute to rain in the main coffee growing regions. About 130 mm (5 inches) may fall in western and central Minas Gerais, the state which grows half of Brazil's coffee crop stated by Local meteorologist Somar.

In the view of the coffee Growers federation, Arabica coffee output of Colombia is kept at 1.115 million 60-kg bags in October higher by 0.2% over the same month of 2013. Total coffee production in the 12th months to the end of November 2014 stood at 12.17 million bags against 10.7 million bags in the corresponding period of time in 2013. While, exports including the washed and mild Arabica coffee is registered down by 3% in November from the same month previous year to 1.022 million bags. While, total exports from December 2013 to November 2014 went up by 15% to 10.9 million bags against 9.45 million bags in the last year.

Weather Updates of India

Below Map shows weekly rainfall scenario of India:-



Source: IMD

- India received total 74.5 mm actual cumulative seasonal rainfall of India (1st October to 3rd Dec. 2014) below 34% against 112.1mm of Normal rain. Main states of coffee belts like Kerala got total cumulative actual season rainfall higher by 18% to 249 mm against 211 mm of normal rain. However, Coastal Karnataka, North Interior Karnataka and South Interior Karnataka have received total actual rainfall down by 24% to 112mm, 58% to 37 mm, 28% to 82 mm respectively against 146 mm, 88mm, 113 mm respectively of normal rainfall.
- An upper air cyclonic circulation laid over south Bangladesh & neighbourhood between 0.9 and 3.1 km above mean sea level on 2nd and between 1.5 and 3.1 km above mean sea level on 3rd.

Exports and Imports of India

According to recently released data by the Coffee Board of India, total coffee exports of India including re-exports volume is registered at 283467 metric tonnes with a decline of 3.65% in 2014 during 1st January-3rd December 2014 against 294210 metric tonnes of last year exports in the corresponding period of time. Provisional Indian coffee exports excluding re-exports stood minor up by 0.12% to 233484 metric tonnes from 1st January- 3rd December 2014 as compared to 233484 metric tonnes of previous year exports during the same period of time. India re-exports maximum Instant type of coffee which is recorded at 49983 metric tonnes in this year during 1st January-3rd December 2014 down by 18.09% from preceding year i. e. 61026 metric tonnes. Total exports of Arabica parchment, Arabica cherry, Roasted seeds, R&G stood higher by 2.66% to 43880, 52.39% to 13956 metric tonnes, 8% to 54 metric tonnes, 44.68% to 272 metric tonnes respectively against last year exports volume in the same period of time. While, Robusta Parchment and Robusta cherry showed down exports volume by 19.16% to 21995 and 16.07% to 109095 metric tonnes in the corresponding period of time as above in 2014 compared to last year exports volume in the same period of time.

Below table shows total Indian coffee Exports details in 2014:-

Export update: From 01st January 2014 to 03rd December 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)	43880	13956	21995	109095	54	272	44233	233484
2	Provisional exports corresponding period last year	42739	9158	27210	129994	50	188	23847	233184
3	Provisional re-exports	0	0	0	0	0	0	49982	49983
4	Provisional re-exports corresponding period last year	120	0	20	144	0	0	60743	61026
5	Total provisional exports (1+3)	43880	13956	21995	109095	54	272	94215	283467
6	Total provisional exports corresponding period last year (2+4)	42859	9158	27229	130138	50	188	84590	294210

(2014* includes total exports from Jan 2014-August 2014)

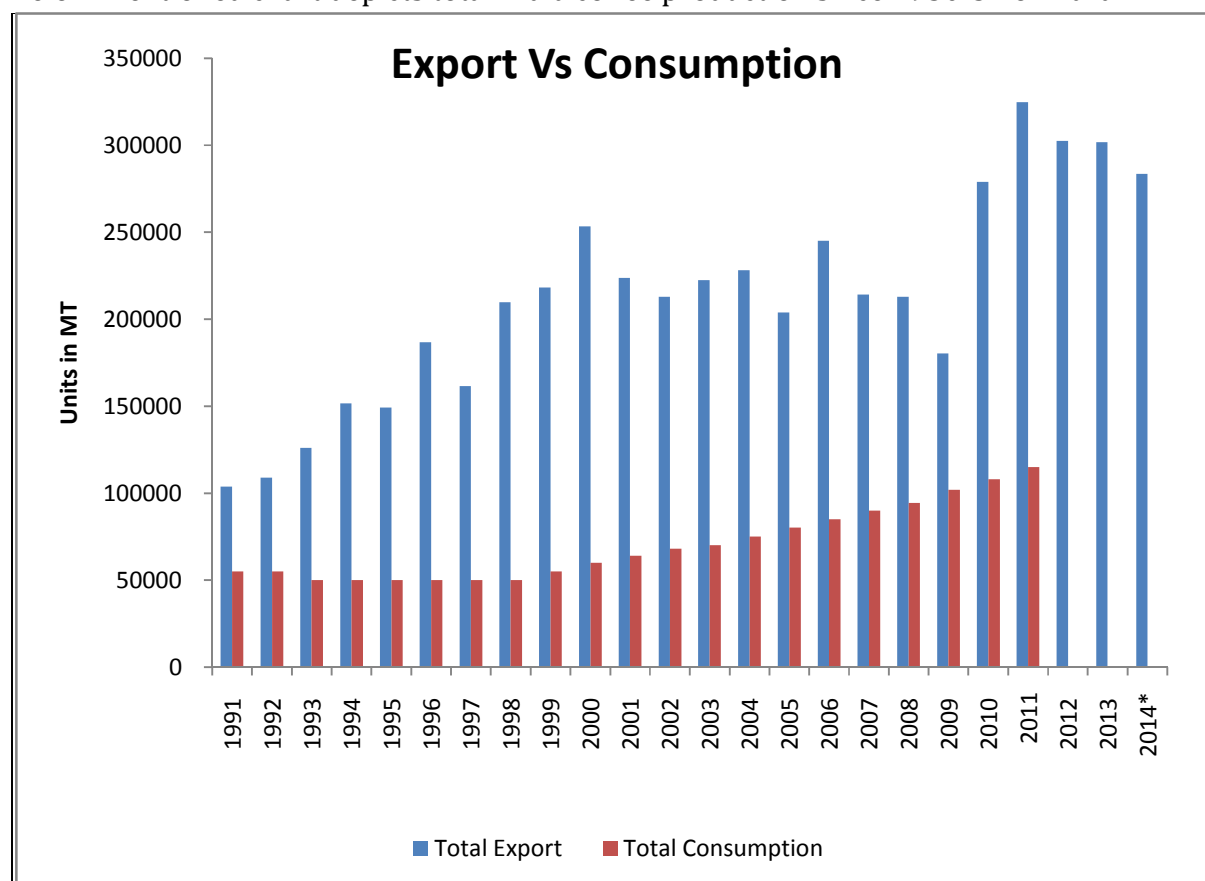
(Source-The Coffee Board of India)

Domestic Crops Condition and Production

Total cumulative exports stood at 283467 metric tonne in 2014 during 3rd Dec. 2014 which is down compare to last three years exports due to lackluster demand. Indian coffee exports made its highest record volume at 324818 metric tonnes in 2011 compared to last 25 years exports supported by good overseas as well as domestic demand. Domestic consumptions also made a record in 2011 against last 22 years records supported by rising domestic demand.

Arabica is used in high quality blends in most of the very sophisticated markets like Germany, Italy & Belgium. Robusta are considered as the best in the world. In fact Indian washed Robusta command a substantial premium in the world market and is used in making the world famous espressos and cappuccinos. Robusta is bitter in taste than Arabica. Looking ahead to the future, it seems likely that coffee prices swings will continue, particularly as environmental factors increase the probability of short-term supply shocks. The projection of global production deficit will add further gain in the market in long run.

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

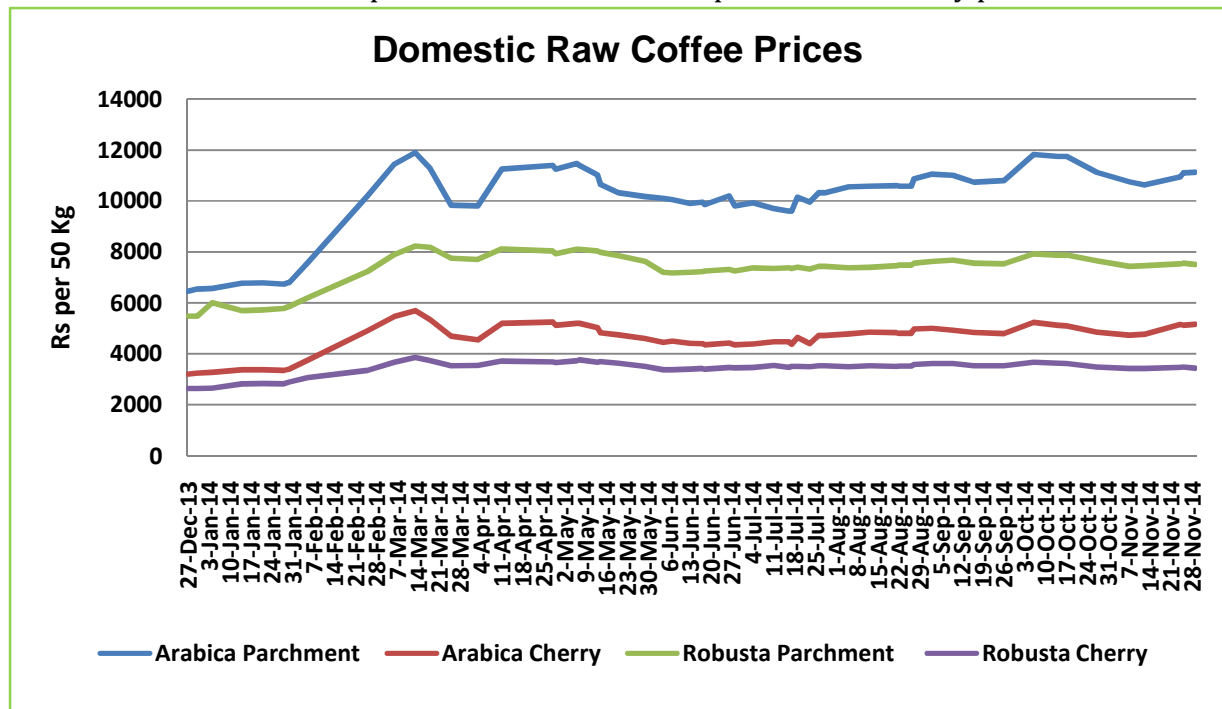


Source: The coffee Board of India (Quantity in MT)

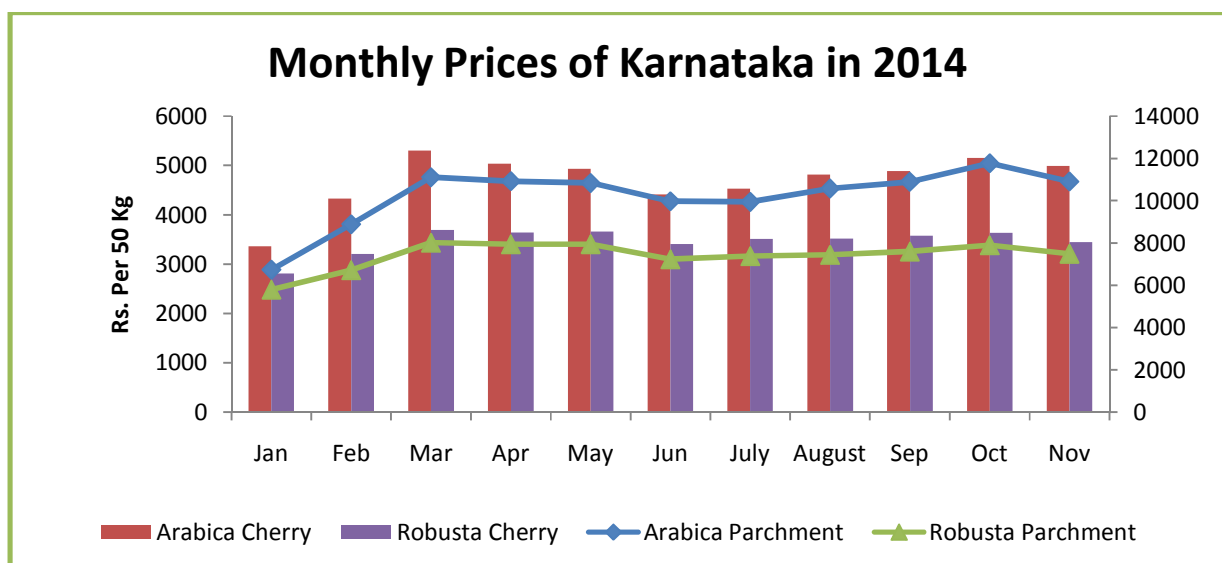
Coffee Prices of Auction Market & State-wise Market

Domestic raw coffee prices are ruling in mixed zone. Arabica Parchment is registered at 11125 Rs./50 kg in this week higher against last week prices i.e. 10950 Rs./50 kg. due to its fresh demand. However, average prices are lower if we compare on monthly basis followed by a significant decline in the prices of Arabica parchment, Arabica cherry, Robusta Parchment, Robusta cherry.

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	6.11.2014	29.11.2014	Change
Arabica Parchment	--	11100-11150	--
Arabica Cherry	--	5100-5225	--
Robusta Parchment	--	7400-7600	--
Robusta Cherry	--	3425-3450	--

* Values in Rs per 50 Kg

ICTA Auction Prices (Karnataka)

Grade	4.12.2014	28.11.2014	Change	4.12.2014	28.11.2014	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	315.00	--	--	--	--	--
AA	313.00	--	--	--	--	--
PB	--	--	--	--	--	--
A	311.00	--	--	230.00	--	--
AB	--	--	--	--	--	--
B	--	244.06	--	--	--	--
C	--	212.00	--	149.00	--	--
BBB	--	146.00	--	--	130.00	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	--	--	--
PB	--	--	--	143.00	--	--
AA	--	--	--	146.50	152.00	--
AB	--	--	--	148.00	--	--
B	--	--	--	--	--	--
C	--	--	--	--	--	--
BBB	--	--	--	132.00	130.00	2.00

Values in Rs. per kg

International Market Updates:

Weekly Futures Review -ICE Arabica coffee future prices of December contract continue declined on selling pressures. Bearish trend is expected to extend further on forecast of widespread rain in Brazil in upcoming days. ICE prices declined by 5% to 179.1 US cents/lb as on 5th Dec. 2014 compared to 189.35 US cents/lb of last week prices. While, Liffe Coffee prices of Janury-15 contract are ruling slightly down by 1% to 2038 USD/T during this week end against 2066 USD/T of previous week closing.

Brazil:- As per Brazil's Trade Ministry recently released data, total coffee exports of November month fell by 7% to 2864100 60 kg bags in Brazil as compared to last month exports records however it is remain higher by 6% against last year exports during the same period of time. Below table shows exports details of Brazil for November 2014:-

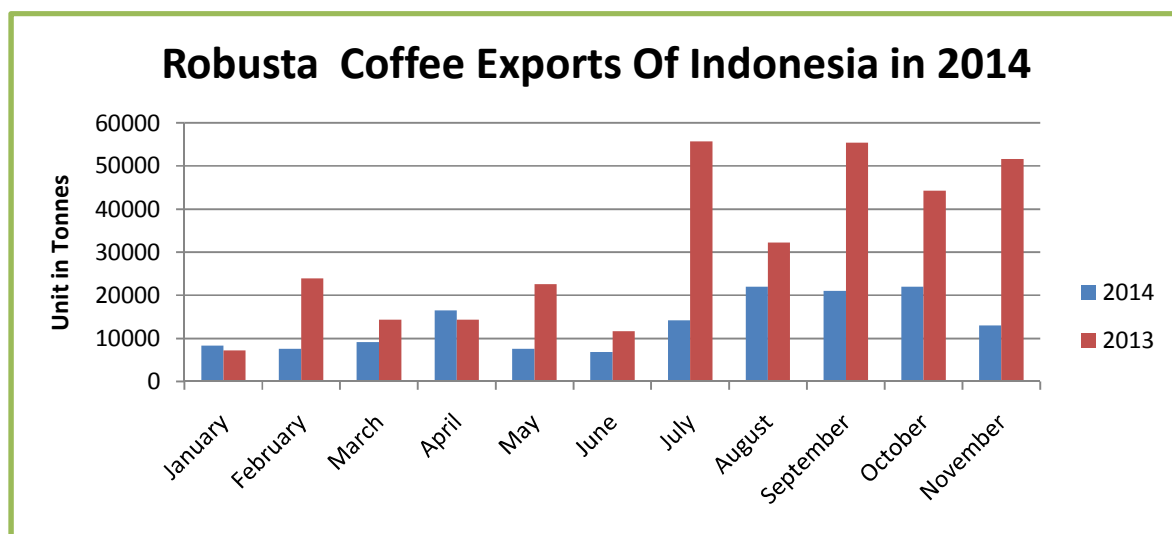
Brazil's Coffee Exports Details (60kg bags)					
Commodity	Nov-14	Oct-14	Nov-13	% change Last month	% change Last year
Coffee	2,864,100	3,094,300	2,711,800	-7	6

Source: Reuters

Vietnam:- As per traders, about 40% coffee crop harvesting have been completed in Vietnam as on date. while, slow sales were seen in the market due to higher prices. Vietnam's prices went up around 20% as compared to early December 2013 due to low coffee crop size in Brazil. Coffee production in Vietnam may decline up to 15% from 30 million bags in 2013/2014. The harvesting for 2015 crop will start in March.

Others:- As per government trade data, Robusta coffee exports of Sumatra, the main growing area of Indonesia declined by 75% to 13007.35 tonnes in November 2014 against last year Robusta exports volume i.e. 51,613.24 tonnes.

Below table shows the comparison of Sumatra Coffee exports 2013 Vs 2014:-



Source: Reuter

Coffee Estimates of the World

According to ICO recently released data, total coffee production of Brazil for 2014 is declined by 8.88% to 45.14 million bags against 49.15 million bags due to severe drought condition in 2014. Coffee production of Indonesia, Peru, Ecuador, Madagascar, Dominican Republic, Bolivia, Cuba, Timor-Leste and Zimbabwe are also kept down in 2014 as compared to last year production after crop damage due to adverse weather condition and diseases.

Below table shows total production estimates of the World :-

Production Estimates of the World							
Country	2009	2010	2011	2012	2013	2014	%change
Brazil	39470	48095	43484	50826	49152	45141	-8.88
Indonesia	11380	9129	7288	13048	11667	9000	-29.63
Peru	3286	4069	5373	4453	4338	4200	-3.28
Papua New Guinea	1038	870	1414	717	828	850	2.58
Ecuador	813	854	825	828	666	650	-2.46
Philippines	730	189	180	177	186	200	7
Tanzania	675	846	544	1109	799	900	11.22
Madagascar	457	530	602	522	571	530	-7.73
Dominican Republic	352	378	491	488	425	400	-6.25
Haiti	351	350	349	350	346	350	1.14
Rwanda	259	323	251	258	246	250	1.6
Bolivia	142	130	143	115	128	120	-6.66
Burundi	112	353	204	406	161	200	19.5
Cuba	92	108	100	88	107	100	-7
Timor-Leste	47	60	49	54	60	50	-20
Zambia	28	13	11	6	8	9	11.11
Zimbabwe	21	10	9	7	7	6	-16.66
Paraguay	20	20	21	22	20	20	0
Malawi	17	17	26	22	21	25	16
Angola	13	35	29	33	35	35	0

Source: ICO

International Coffee Price Trend

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	5.12.2014	28.11.2014	5.11.2014	5.12.2013
ICO Composite Indicator	154.84	160.17	160.30	--
Colombian Milds				
US	194.00	--	203.50	--
Europe	196.99	205.5	207.22	--
Group Indicator	195.38	202.87	205.21	--
Other Milds				
US	201.69	--	212.19	--
Europe	196.24	204.36	204.62	--
Group Indicator	198.31	205.85	207.50	--
Brazilian Naturals				
US	159.00	--	167.50	--
Europe	174.86	182.32	183.29	--
Group Indicator	170.74	178.25	179.18	--
Robusta				
US	105.50	--	105.33	--
Europe	101.36	102.79	100.60	--
Group Indicator	102.02	103.47	101.36	--

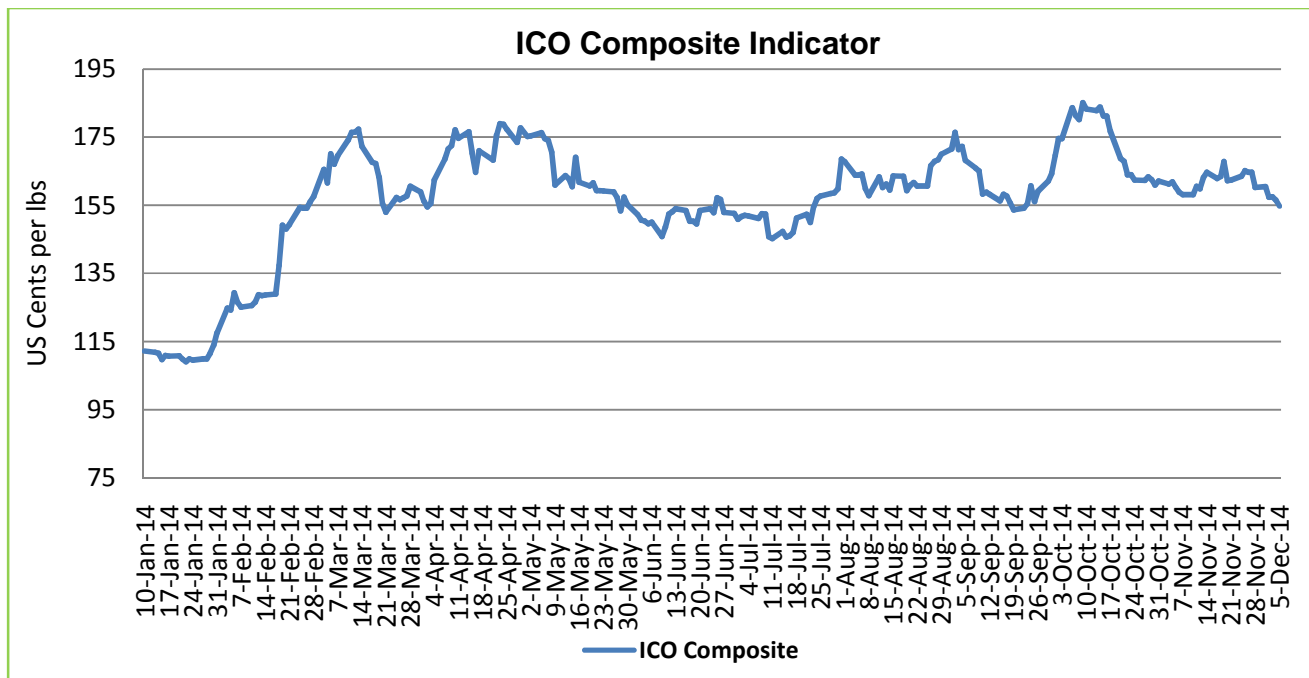
Germany Market - Hamburg and Bremen, France Market - (Le Havere and Marseilles) * Values in US cents/lb

All ICO group indicators as Columbian-mild, Other-milds and Brazilian-Naturals and Robusta inched down to 195.38,198.31,170.74,102.02 respectively as compared to previous week prices. On the other hand, prices are lower than last month prevailing prices. Prices may move steady to weak zone in forecast of heavy rainfall in Brazil in short run. However, prices may decline in long term on the forecast of lower crop size of the world.

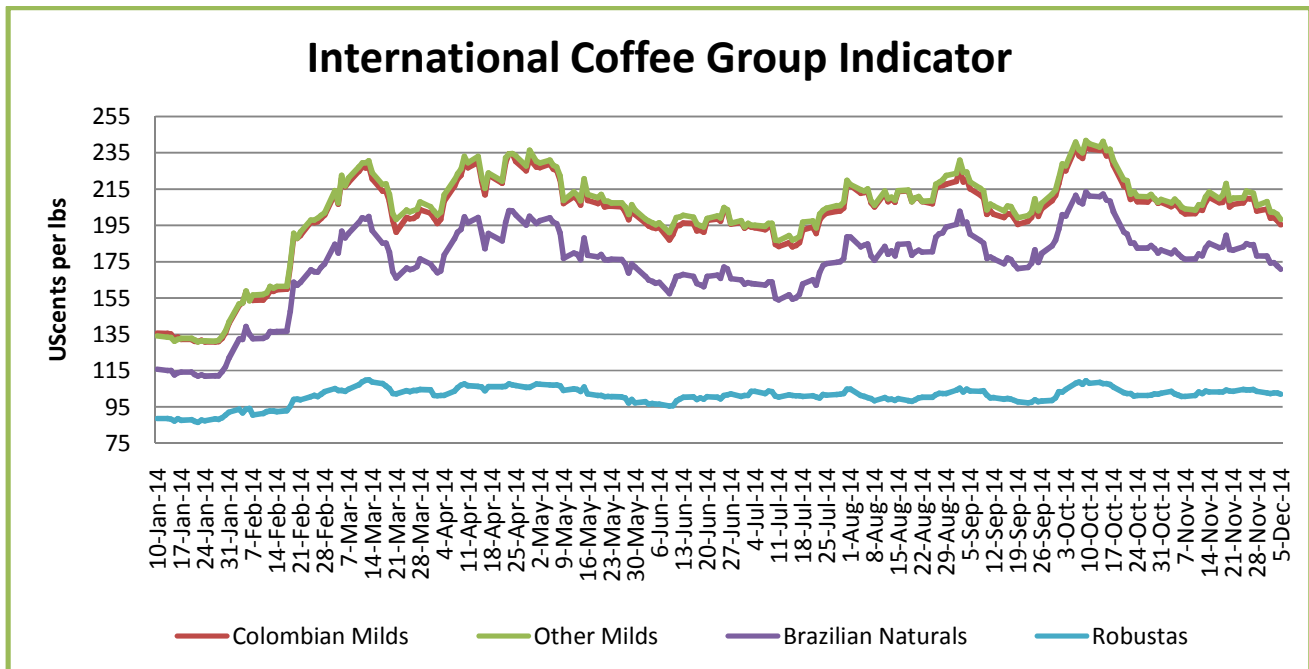
International Coffee Indicators Chart:-

The prices of ICO composite indicators is continued down after a good shower in Brazil. Prices dropped for the three straight week. Prices may further decline in upcoming days after forecast of heavy rainfall in Brazil.

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	5-Dec-14	Week ago (28-November,2014)	Month Ago (5 November,2014)	Weekly Change (%)
Dec-14	179.10	186.65	186.25	-4.04
Mar-15	180.10	187.45	190.55	-3.92
May-15	182.70	189.90	193.00	-3.79

USC/lb

Liffe Robusta Coffee Futures Prices				
Contract Months	5-Dec-14	Week ago (28-November,2014)	Month Ago (5 November,2014)	Weekly Change (%)
Jan-15	2038	2096	2026	-2.76
Mar-14	2053	2094	2028	-1.95
May-14	2066	2105	2039	-1.85

USD/T

International Coffee Prices

	5.12.2014	28.11.2014	5.11.2014	5.12.2013
Vietnam (Robusta Beans Spot) (Dong/Kg)	41050	41350	40300	30000
Vietnam FOB (2-5 pct)* (Saigon port)	1990	2010	1985	1518
Indonesian FOB (4-80 defects)** (Lampung Port)	2040	2060	1995	1790

*FOB Values are in USD/T

Weekly Auction Prices Of Kenya

Grade	This sale (\$) As on 02/12/2014	Average Price(\$)	Previous Sale(\$) As on 25/11/2014
AA	210-418	295.8	226-332
AB	166-277	246.87	197-277
C	118-252	225.31	143-251
PB	188-261	245.43	198-273
T	81-210	139.12	80-219
TT	171-251	221.06	185-153

Units in \$ per 50 kg bags

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



Weekly Technical Outlook:-

- Candlestick chart shows lower trend of the market.
- Falling 14 days EMI hints further weak tone of the market in upcoming days.
- Declining volume and prices indicates further bearish trend of the market.
- Relatively, RSI is also down at 47.2 compared to last week movement at 50.59 indicating further down trend in the next week.
- Fibonacci retracement on down wave reflects resistance level at 193.6@50% level and 201.41@61.8% level for the next week.

Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	177-192

US cents/lb

Expected Support and Resistance

S2	S1	PCP	R1	R2
160.51	170.2	179.10	193.6	201.41

US cents/lb

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



Weekly Technical Outlook:-

- Candlestick chart depicts thin trading activities with downtrend.
- 14-days EMI is moving downside at 2049 from 2052 of last week record indicating further bearish trend in the market.
- On the other hand, falling volume and prices hints bearish trend in the market.
- Fibonacci retracement on down wave shows resistance level at 1984 @ 38.20%.

Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
Range-bound to Bearish Momentum	1838-1983

USD/T

Expected Support and Resistance

S2	S1	PCP	R1	R2
1800	1837	1896	1984	2029

USD/T

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