Highlights of The Week

Domestic coffee prices at auction market in Karnataka eased on lackluster buying activities of exporters**.** Domestic prices are following the trend of global prices**.** Global prices for Arabica crops were quoting at $ 2.7cents per pound in November which is now moving around $ 1.78 to $1.80. Buyers are waiting further decline in the prices.

In the Views of Traders, Harvesting pace is very slow due to heavy rain as on date. Heavy rains are destroying fruits quality of coffee crops. Hence, traders are forecasting 25% less crop size of Arabica in 2014/15 against previous year crop size. There is nil demand of local as well as exporters demand as they are waiting for new crops and anticipating low coffee prices from the current level. Farmers have completed harvesting only 5 to 10% as on date. On the other hand, big growers expect Arabica crop size lower by 20-30% against initial estimates on the back of high incidents of white stem borer, berry dropping caused by excess rainfall and diseases such as leaf rot and stalk rot. Famers may grow total Arabica crops between 60,000 and 70,000 tonnes in 2014-15 as said by the Karnataka Planters Association.

According to recently released data by the Coffee Board of India, total coffee exports of India including re-exports volume is registered at 287675 metric tonnes with a decline of 3.59% in 2014 during 1st January-9th December 2014 against 298396 metric tonnes of last year exports in the corresponding period of time.

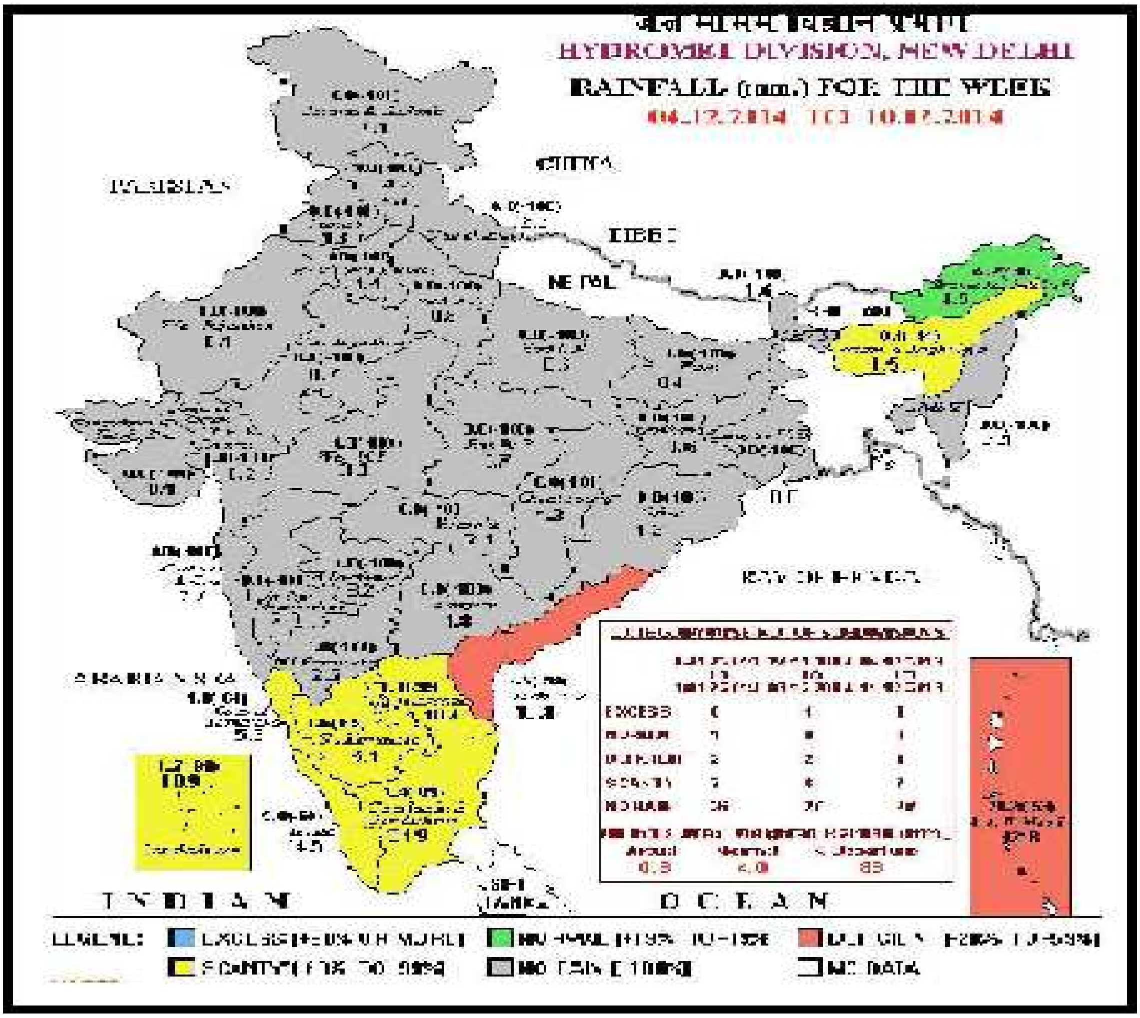
As per the Coffee Board of India, Indian Coffee production estimates for 2013-14 is revised by the coffee Board of India. Total production of India is reduced from earlier estimates i.e. 311500 MT to 304500 MT in Sep. month 2014 after a crop damage mainly in Karnataka, Kerala and Tamilnadu. Total production 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.

As per Tanzania Coffee Board (TCB), Coffee prices in Tanzania declined at the auction of this week due to sluggish exporters demand. The prices of benchmark grade AA Arabica quoted at $191 per bags as on Thursday lower from $201.41 at the last week sale. On the other hand, total 17,679 bags were offered at the latest sale lower against 18,810 bags of previous week auction.

As per local crop analyst Safras Mercado, farmers in Brazil sold out total 31.97 million bags or 65% of the 2014-15 coffee crop by the end of November higher against 55% of the harvest as sold in 2013-14 during this time period of time. Total coffee production in 2014-15 is pegged at 48.9 million bags. Coffee sales volume is registered up by 4% from the October month sale as well due to weak Brazilian Currency against the dollar.

Weather Updates of India

Below Map shows weekly rainfall scenario of India:-



Source: IMD

- India received total 75 mm actual cumulative seasonal rainfall of India (1st October to 10th Dec. 2014) below 35% against 116.1mm of Normal rain. Main states of coffee belts like Kerala, Coastal Karnataka, North Interior Karnataka and South Interior Karnataka have received total actual rainfall down by 1% to 461 mm, 10% to 231mm, 26% to 105 mm, 14% to 176 mm respectively against 464 mm, 257mm, 142 mm and 204 mm respectively of normal rainfall.
- Heavy rainfall would occur at isolated places over interior Tamilnadu, Coastal & South Interior Karnataka, Kerala and Lakshadweep.
- An upper air cyclonic circulation laid over south Andaman Sea & adjoining Malay peninsula and extended up to 2.1 km above mean sea level on 8th. It laid over south Andaman Sea & neighbourhood on 9th and 10th.

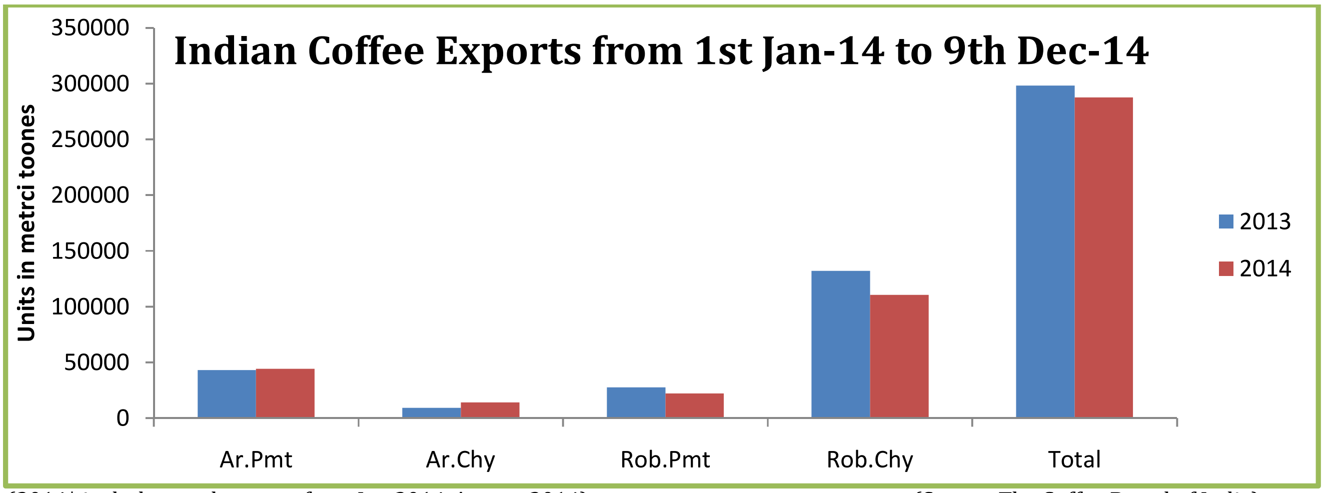
Exports and Imports of India

India re-exports maximum Instant type of coffee which is recorded at 51878 metric tonnes in this year during 1st Jan to 9th Dec 2014 down by 16.29% from preceding year i. e. 61702 metric tonnes.

Export update: From 01st January 2014 to 09th 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)	44106	14145	22137	110574	54	275	44500	235791
2	Provisional exports corresponding period-2013	42967	9320	27519	131946	50	189	24422	236412
3	Provisional re-exports	0	0	0	0	2	4	51878	51884
4	Provisional re-exports corresponding period last year	120	0	20	144	0	0	61702	61985
5	Total provisional exports (1+3)	**44106**	**14145**	**22137**	**110574**	**56**	**279**	**96379**	**287675**
6	Total provisional exports corresponding period last year (2+4)	**43087**	**9320**	**27538**	**132089**	**50**	**189**	**86124**	**298396**

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



(2014* includes total exports from Jan 2014-August 2014) (Source-The Coffee Board of India)

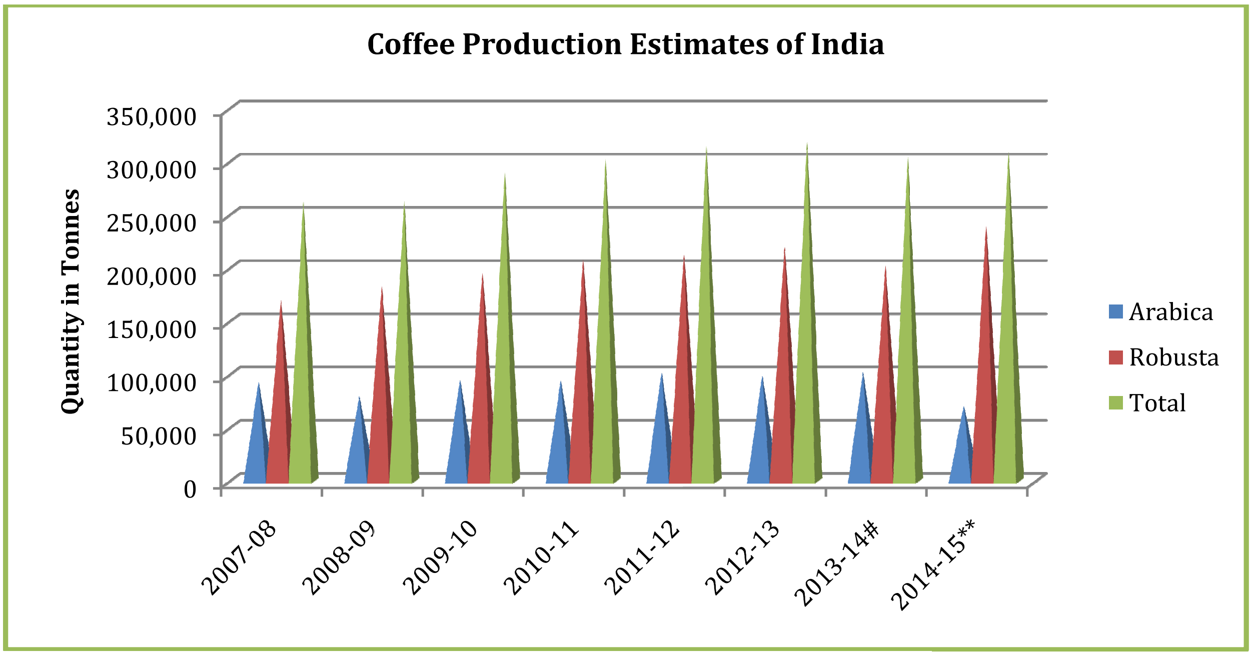
Domestic Crops Condition and Production

According to the Karnataka Planters Association, India's coffee output for 2014/15 is likely to touch 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. KTP projection of India coffee crops 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. Further, the board has given its final estimates of coffee crop at 304500 million tonnes in 2013/14 lower than 318,200 of 2012/13 crop size despite covering higher area in 2012/13. Below mentioned chart depicts Production of India since 2007-2008:-

Coffee Production of India

Crop year	Arabica	Robusta	Total
2007-08	92,500	169,500	262,000
2008-09	79,500	182,800	262,300
2009-10	94,600	195,000	289,600
2010-11	94,140	207,860	302,000
2011-12	101,500	212,500	314,000
2012-13	98,600	219,600	318,200
2013-14#	102,200	202,300	304,500
2014-15**	70,000	239,250	309,250

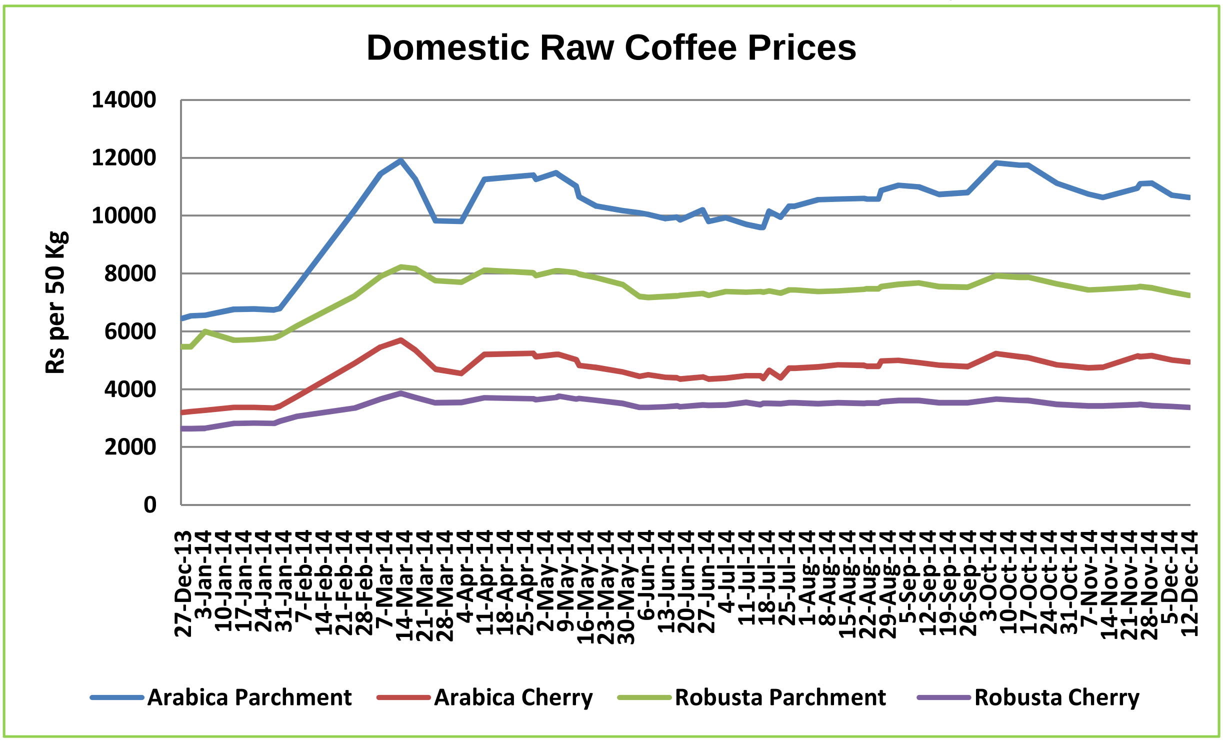


(** Crop Predictions by Karnataka Planters Association & #Final estimates by The CBI(Source: The CBI & KPA)

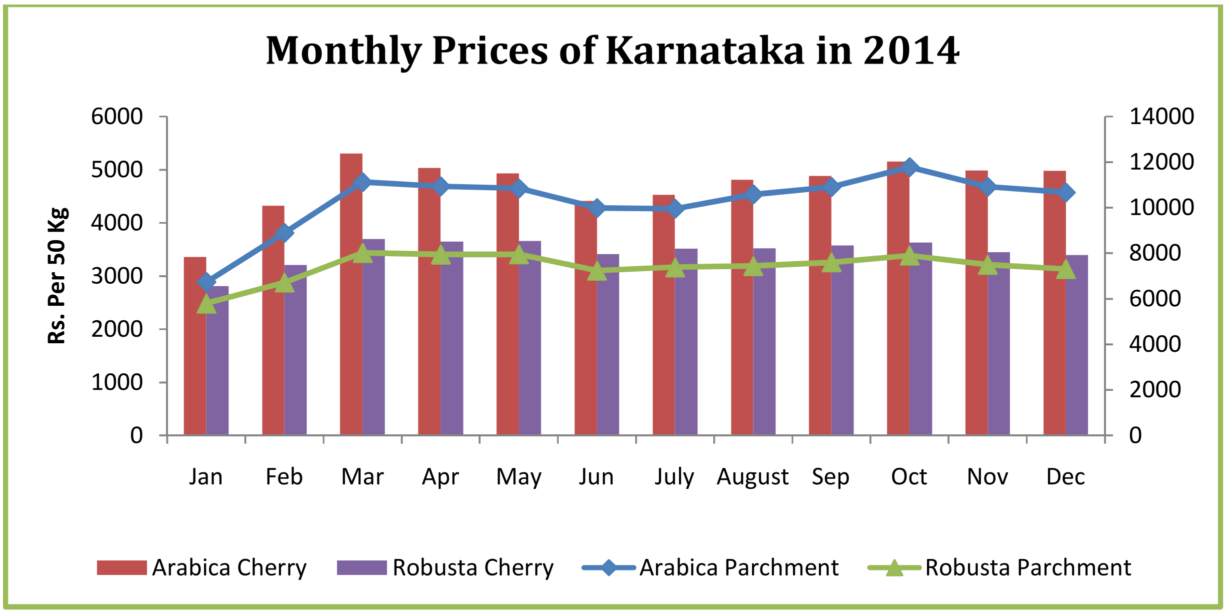
Coffee Prices of Auction Market & State-wise Market

Average domestic raw coffee prices are fetching down affected by global price trend and sluggish exporters demand during this week. Arabica Parchment is registered at 10625 Rs./50 kg in this week higher against last week prices i.e.10700 Rs./50 kg. Even average prices are also low 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	12.12.2014	06.12.2014	Change
Arabica Parchment	10650	10750	-100
Arabica Cherry	5000	5050	-50
Robusta Parchment	7300	7400	-100
Robusta Cherry	3400	3450	-50

*** Values in Rs per 50 Kg**

ICTA Auction Prices (Karnataka)

Grade	11.12.2014 Arabica Plantation	04.12.2014 Arabica Plantation	Change	11.12.2014 Arabica Cherry	04.12.2014 Arabica Cherry	Change
MNEB	--	315	-	--	--	-
AA	--	313	-	--	--	-
PB	280	--	-	--	--	-
A	--	311	-	--	230	-
AB	--	--	-	--	--	-
B	--	--	-	--	--	-
C	--	--	-	149	149	Unch
BBB	135.00	--	-	--	--	-
Grade	**Robusta Parchment**	**Robusta Parchment**		**Robusta Cherry**	**Robusta Cherry**	
RKR	--	--	-	--	--	-
A	--	--	-	--	--	-
PB	165	--	-	143	--	-
AA	--	--	-	147	152	-5
AB	--	--	-	148	--	-
B	--	--	-	--	--	-
C	--	--	-	--	--	-
BBB	--	--	-	132.00	--	-

Values in Rs. per kg

International Market Updates:

Weekly Futures Review -ICE Arabica coffee future prices of December contract slumped on selling pressures after good rain in Brazil. ICE prices declined by 3% to173 US cents/Ib as on 12th Dec. 2014 compared to 179.91 US cents/Ib of last week prices. As per recently released data by exchange, certified Robusta Coffee Stocks held in ICE- nominated warehouses went up to 124,640 tonnes as of Dec.8 from 123,960 tonnes as of Nov.24. As per sources, Intercontinental Exchange Inc. is setting daily minimums for warehouses linked to its U.S. Commodity Exchange to deliver coffee and cocoa. Warehouses with more than 30,000 metric tons of cocoa must deliver a daily minimum of 500 tons, and facilities holding more than 450,000 bags of coffee are required to move at least 7,500 bags a day. Warehouses with less are required to move half of those amounts for cocoa and coffee. The U.S delivery rate will be applicable May 1, 2015.

Brazil:- Rain fell about 40% of Brazil's coffee belt between 0.25 and 1inch of rain in the past 72 hours as said by U.S. based crop forecaster Commodities Weather Group. They expects further heavy rain in the next 6 to 10 days. West of Minas Gerais and South in Sao Paulo got light shower in this week as per Inmet. A 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, forecasters said. The front should contribute to rain in the main coffee growing regions. November month is the most wet month of the year in Brazil's coffee belt.
As per Cacafe, the coffee export association, total green coffee exports of Brazil stood down at 2.82 million 60-kg bags against 3.09 million bags in October 2014.
According to Empresa Interagricola SA, Brazil may produce total 50 million bags of coffee in 2015 on improved weather and enough rain at the time of flowering stage.

Vietnam:- As per sources, about 60 to 70% coffee crops harvesting have been completed in the Central Highlands coffee belt of Vietnam which produces about 80% of Vietnam's total output. The pace of harvesting is slow as compared to last year harvesting. Currently, buying activities are also slow at the start of the holiday season.
Traders keeps its coffee crop forecast for 2014/15 at 26 million bags to 30 million bags compare to 30 million bags in 2013/14. They expects total exports of Vietnam in December month between 120,000 tonnes and 150,000 tonnes (2-2.5 million bags) higher near 26% against last month record. Unseasonal rain has triggered the blossom on larger harvested area which will negatively affect on the next crop 2015/16.

Others:-

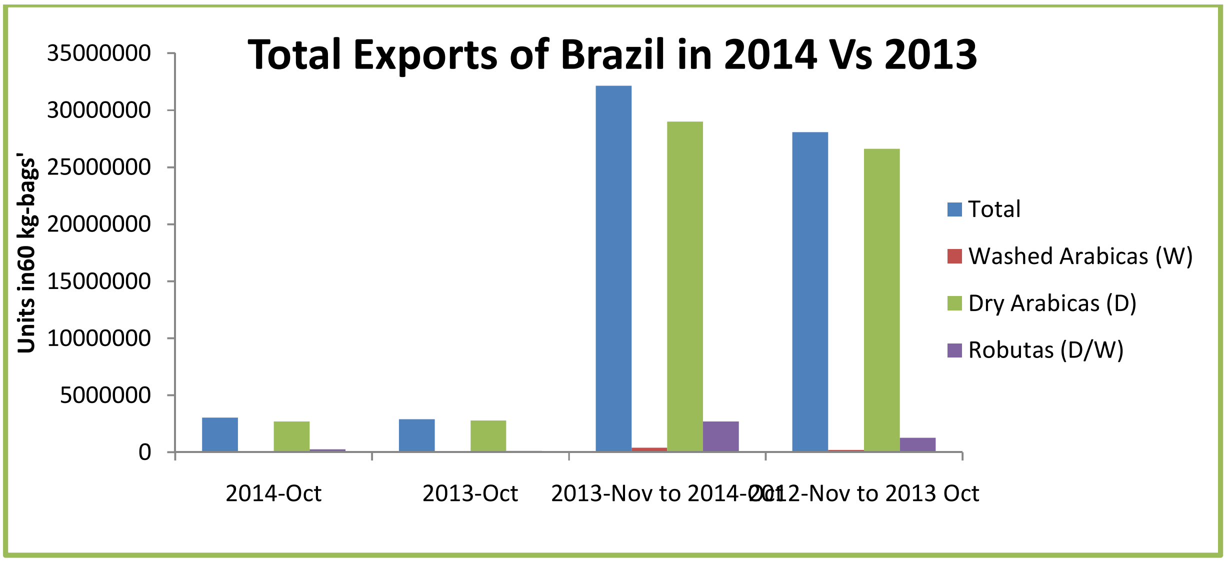
- As per the Association of Indonesian coffee Exporters and Industries, Coffee Production of Indonesia in 2015 may touch 700,000 tonnes higher against 660,000-670,000 tonnes in 2014.
- J.M Smucker company may increase prices near an average of 8% for its single- serve coffee packs in the U.S. starting Jan.5 due to other rising costs.
- The International Coffee Organization (ICO) said that total coffee production of the world could be around 141 million bags in 2014-15 lower from 145.2 million bags of last year output.

Coffee Estimates of the World

Export Scenario of Brazil:-

According to ICO, Brazil's exports climbed by 14.45% to 32.14 million bags during Nov-2013 to Oct-2014 against 29.03 million bags in the corresponding period of time last year supported by good demand. Washed Arabica significantly rose at 421878 (60-kg bags) against 191927 (60-kg bags) of last year during the same period of time as above mentioned. Brazil' s exports is also registered higher by 4.58% to 3.03 million bags in Oct-14 as compared to 2.90 million bags in last year during the same month.

Below chart depicts total Brazil's Exports details in 2014 Vs 2013:-



Source: ICO

Below table shows total exports of Green Arabica and Green Robusta of major countries:-

Major Countries exports of Green Arabica and Green Robusta				
Country	**2014-Oct**	**2013-Oct**	**2013-Nov to 2014-Oct**	**2012-Nov to 2013-Oct**
Brazil	3036737	2903548	32147439	28087837
Indonesia	500000	1000344	4465112	9113099
Uganda	229438	210552	3518355	3615787
India	150000	198751	3208001	3474590
Papua New Guinea	74967	103366	834904	779932
Tanzania	45103	56688	749611	1008276
Ecuador	26000	17646	171243	240541
Cameroon	23650	7667	359975	297584

Source: ICO

International Coffee Price Trend

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	**12.12.2014**	**5.12.2014**	**12.11.2014**	**12.12.2013**
ICO Composite Indicator	149.74	154.84	159.82	--
Colombian Milds				
US	186	194	200.75	--
Europe	191.45	196.99	206.17	--
Group Indicator	188.51	195.38	203.24	--
Other Milds				
US	195.94	201.69	210.44	--
Europe	190.32	196.24	203.65	--
Group Indicator	192.46	198.31	206.23	--
Brazilian Naturals				
US	153	159	166.75	--
Europe	169.6	174.86	182.21	--
Group Indicator	165.28	170.74	178.19	--
Robusta				
US	102.5	105.5	105.83	--
Europe	97.38	101.36	101.53	--
Group Indicator	98.2	102.02	102.22	--

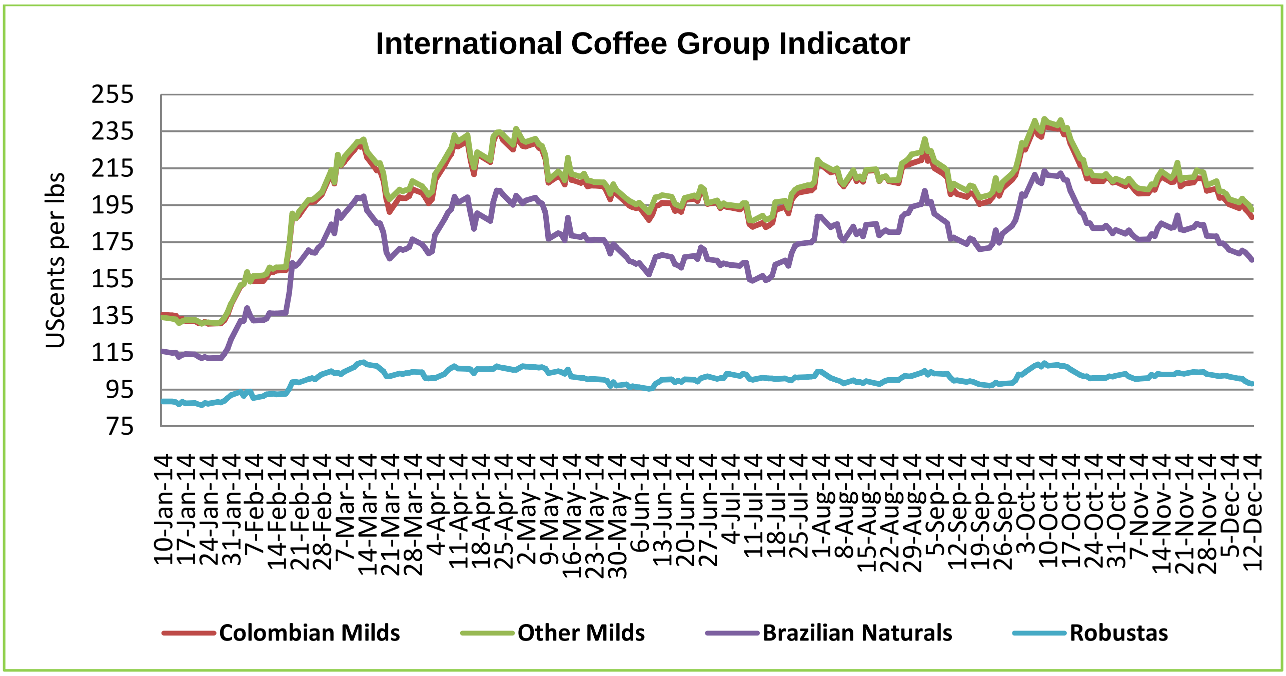
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values in US cents/lb

All ICO group indicators as Columbian-mild, Other-milds and Brazilian-Naturals and Robusta inched down to 188.51,192.46,165.28,98.2 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.

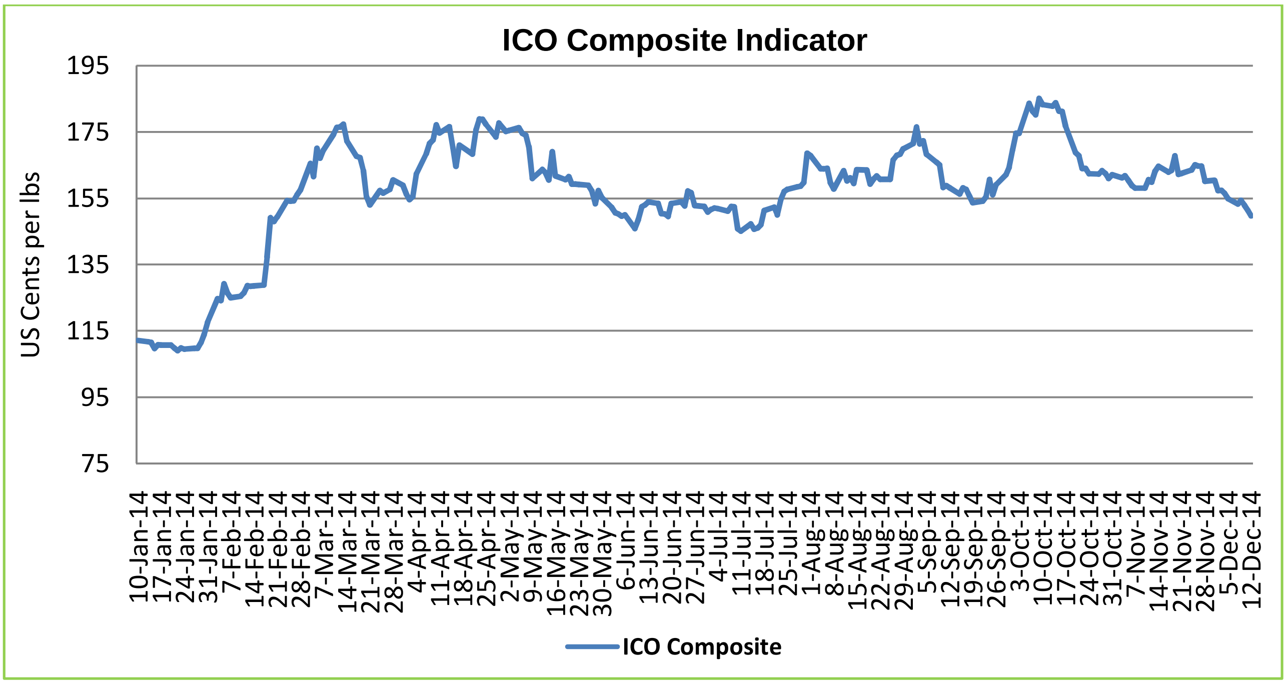
International Coffee Indicators Chart:-

The prices of ICO composite indicators is continuously falling 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	**12-Dec-14**	**Week ago (05-Dec-14)**	**Month Ago (12-Nov-14)**	**Weekly Change (%)**
Dec-14	173.0	179.1	184.40	**-3.41**
Mar-15	174.0	180.1	188.75	**-3.39**
May-15	176.6	182.7	191.15	**-3.34**

USC/Ib

Liffe Robusta Coffee Futures Prices				
Contract Months	**12-Dec-14**	**Week ago (05-Dec-14)**	**Month Ago (12-Nov-14)**	**Weekly Change (%)**
Jan-15	1944	2038	2038	**-4.61**
Mar-14	1974	2053	2041	**-3.85**
May-14	1992	2066	2047	**-3.58**

USD/T

International Coffee Prices

	11.12.2014	**5.12.2014**	**11.11.2014**	**11.12.2013**
Vietnam (Robusta Beans Spot) (Dong/Kg)	39800	41050	40150	30450
Vietnam FOB (2-5 pct)* (Saigon port)	1990	1990	1950	1733
Indonesian FOB (4-80 defects)** (Lampung Port)	1990	2040	1965	1780

***FOB Values are in USD/T**

Weekly Auction Prices Of Kenya

Grade	**This sale ($) As on 09/12/2014**	**Average Price($)**	**Previous Sale($) As on 02/12/2014**
AA	195-334	280.37	210-418
AB	150-261	238.72	166-277
C	101-242	224.29	118-252
PB	181-210	233.56	188-261
T	81-210	149.29	81-210
TT	177-240	218.66	171-251

Units in $ per 50 kg bags

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

Weekly Technical Outlook:-

- Candlestick chart depicts continuous fall in the market.
- Falling 14 days EMI hints further down trend of the market in upcoming days.
- Declining volume and prices indicates further bearish trend of the market.
- Relatively, RSI is also down at 44 compared to last week movement at 50.5 indicating further down trend in the next week.
- Falling trend line shows further weak tone of the market.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound to Bearish Momentum	166-187

US cents/Ib

Expected Support and Resistance

S2	S1	PCP	R1	R2
156.15	165.79	173	188.29	195.63

US cents/Ib

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

Weekly Technical Outlook:-

- Candlestick chart depicts low side closing in this week on selling pressures.
- On the other hand, 14-days EMI is moving downside at 2036 from 2049 of last week record indicating further bearish trend in the market.
- Falling volume and prices hints bearish phase of the market.
- Fibonacci retracement on upside wave shows resistance level at 2068 @ 61.8% for next week.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound to Bearish Momentum	1891-2067

USD/T

Expected Support and Resistance

S2	S1	PCP	R1	R2
1859	1890	1944	2068	2101

USD/T