

Highlights of The Week

Domestic coffee prices at auction market in Karnataka eased on lackluster demand and following recent decline in global markets. Selling is slow as traders fear further price drops. While, Harvesting pace is improving supported by favorable weather condition as on date.

As per DGCIS report, India has received total coffee exports revenue around Rs. 320.47 crore which is in USD 51.94 million in Nov. 2014 higher by 2.9% in Rs. and 0.79% in USD respectively against Rs. 275.59 crore and USD 44 million respectively in previous year during same month. It stood at Rs.3120.02 crore and the value in USD at 516.48 million since April-Nov. in 2014 up by 16.29 in Rs. however up by 18.05% when the value is counting in USD against last year revenue i.e. Rs.3032.16 crore and in USD 512.44 million in 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 its 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 down 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.

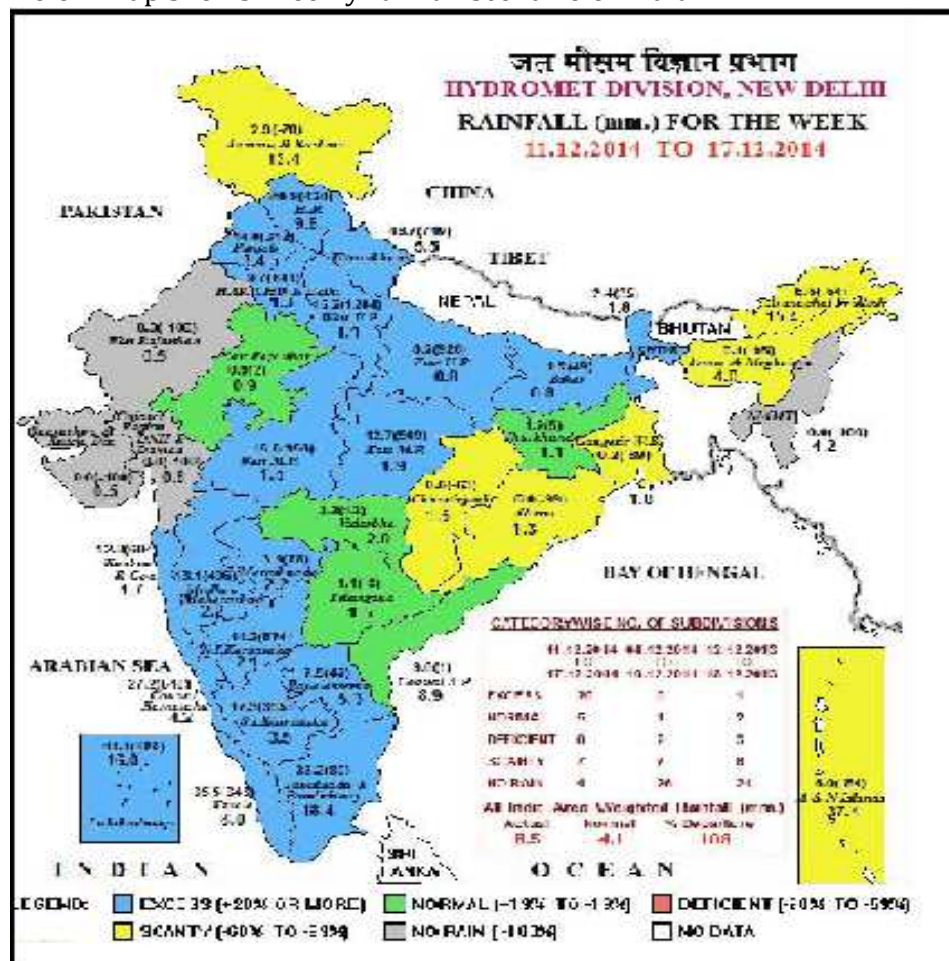
According to recent forecast of USDA, global coffee production is likely to fall by 2.7 million bags to 149.8 million 60-kg bags in 2014/15 on the back of less crop size in Brazil, Peru, Indonesia and Vietnam. Coffee Production in Brazil is forecast at 51.2 million bags including 17 million bags of Robusta output and 34.2 million bags of Arabica output in 2014/15 marketing year down 3.3 million bags from last years.

Below table shows USDA coffee Production estimates of major producing countries:-

USDA Coffee Production estimates in million bags			
Country	2014/15	2013/14	%change
World	149.8	152.5	-1.77
Brazil	51.2	54.5	-6.06
Vietnam	29.4	29.88	-1.61
Colombia	12.5	12.08	3.48
Indonesia	8.8	9.5	-7.37
Central America/México	16.7	15.6	7.05
Ethiopia	6.35	6.35	Unchanged
India	5.1	5.08	0.39
Honduras	5	4.4	13.64
Mexico	3.9	3.8	2.63
Guatemala	3.6	3.4	5.88
Peru	3.4	4.2	-19.05
Nicaragua	1.85	1.85	Unchanged
EL Salvador	0.67	0.55	21.82

Weather Updates of India

Below Map shows weekly rainfall scenario of India:-



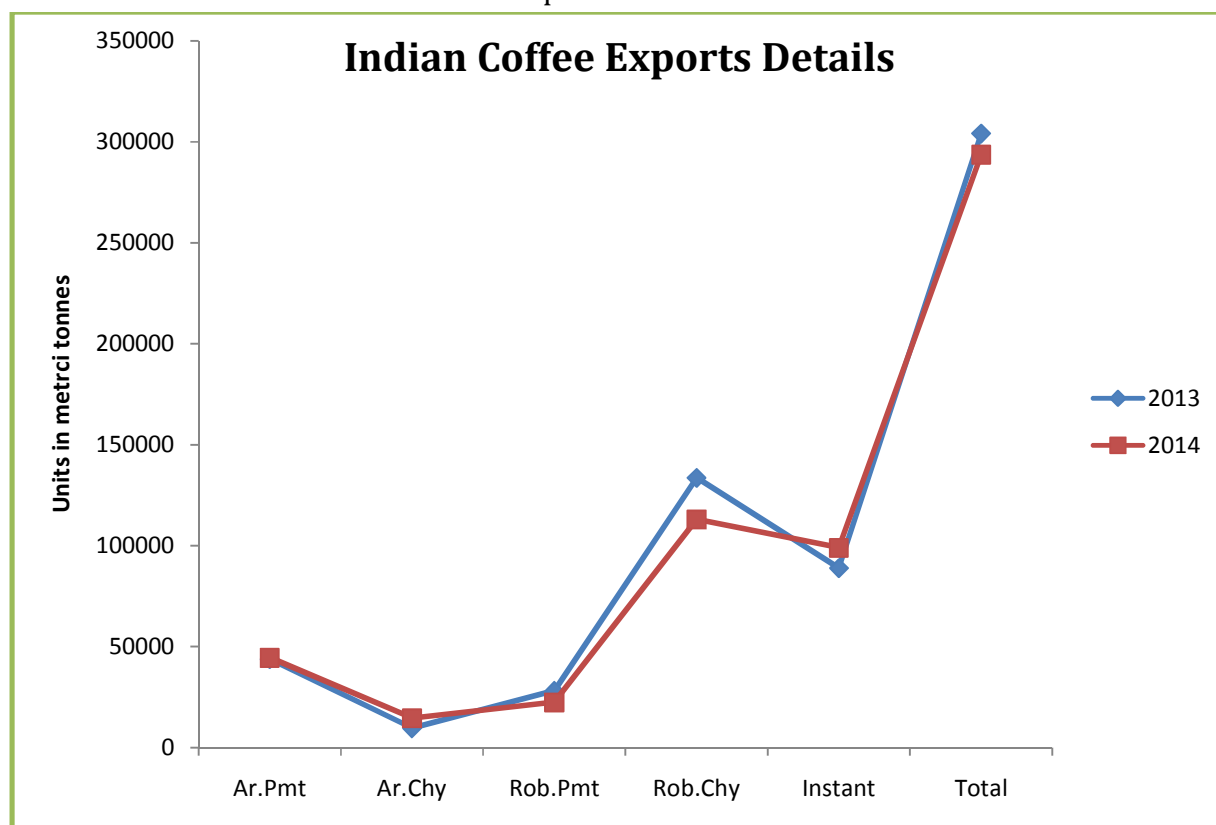
Source: IMD

- India received total 83 mm actual cumulative seasonal rainfall of India (1st October to 17th Dec. 2014) below 30% against 120.2mm of Normal rain. Main states of coffee belts like Coastal Karnataka, North Interior Karnataka and South Interior Karnataka have received total actual rainfall down by 2% to 257 mm, 17% to 119mm, 7% to 193 mm, respectively against 261 mm, 144 mm, 207 mm and 204 mm respectively of normal rainfall.
- Dense to very dense fog occurred at many places over East Uttar Pradesh, Assam & Meghalaya Tripura; and at isolated places over Sub- Himalayan West Bengal, Bihar, Haryana & Delhi, Himachal Pradesh, Punjab, Rajasthan and Madhya Pradesh on some days of the week.
- Heavy rainfall would occur at isolated places over south Tamilnadu and Minicoy Islands.
- Cold wave conditions would prevail at a few places over Vidarbha and at isolated places over West Madhya Pradesh and Marathwada.
- An upper air cyclonic circulation lies over Lakshadweep area & neighborhood and extends up to 0.9 km above mean level.

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 293540 metric tonnes with a decline of 3.47% in 2014 during 1st January-18th December 2014 against 304119 metric tonnes of last year exports in the corresponding period of time. Provisional Indian coffee exports excluding re-exports stood slight up by 0.06% to 239892 metric tonnes from 1st January- 18th December 2014 as compared to 239744 metric tonnes of previous year exports during the same period of time. India re-exports maximum Instant type of coffee which is recorded at 98909 metric tonnes in this year during 1st January-18th December 2014 higher by 82.60% from preceding year i. e. 88882 metric tonnes. Total provisional exports of Arabica parchment, Arabica cherry, Roasted seeds, R&G stood higher by 1.83% to 44431, 51.58% to 14537 metric tonnes, 3.84 to 56 metric tonnes, 47.12 to 285 metric tonnes respectively against last year exports volume in the same period of time. While, Robusta Parchment and Robusta cherry showed significantly down exports volume by 20.28% to 22353 and 15.34% to 112969 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 Vs 2013:-



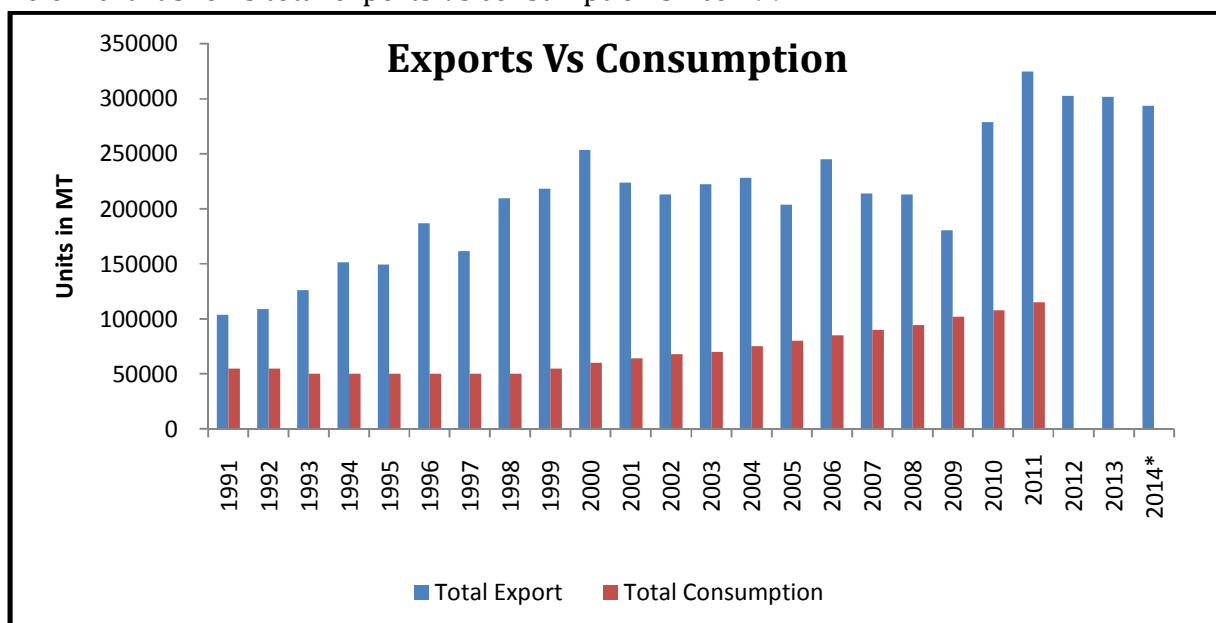
(Source-The Coffee Board of India)

Domestic Crops Condition and Production

Total coffee exports of India in 2014 is registered low by 10.65% to 293540 metric tonnes against 324818 metric tonnes in 2011 exports volume. Indian exports started to basically since 2011 due to declining demand despite rising production. Last Year, Indian exports is estimated at 301769 metric tonnes.

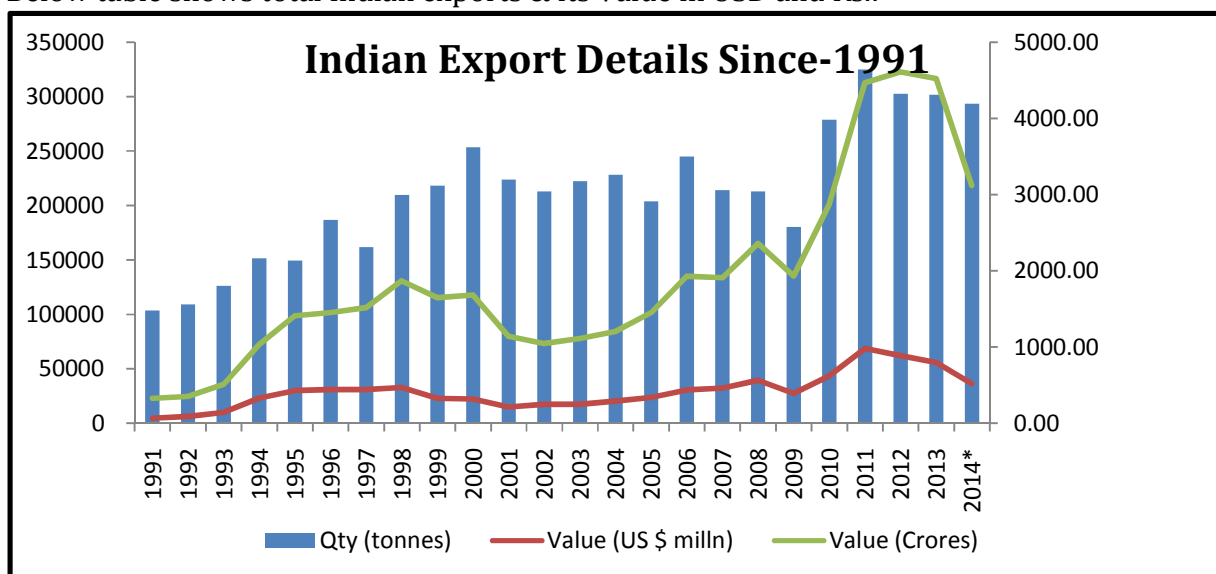
Domestic consumption is continuously sliding up from last 25 years record. It increased significantly in 2011 with a volume at 115000 metric tonnes against 55000 metric tonnes in 1991. In the previous year, Indian exports is registered at 108000 metric tonnes.

Below chart shows total exports Vs consumption since 1991:-



(Source: The Coffee Board of India)

Below table shows total Indian exports & its Value in USD and Rs.:-

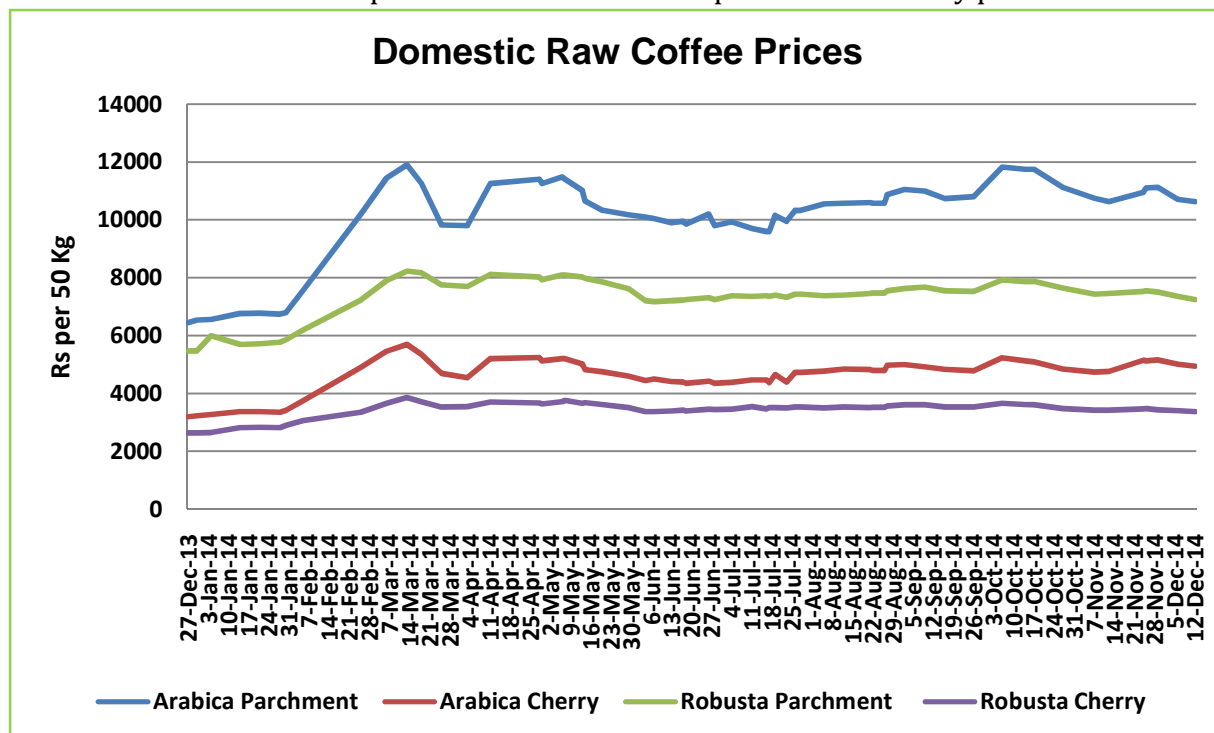


Source: The coffee Board of India & DGCIS

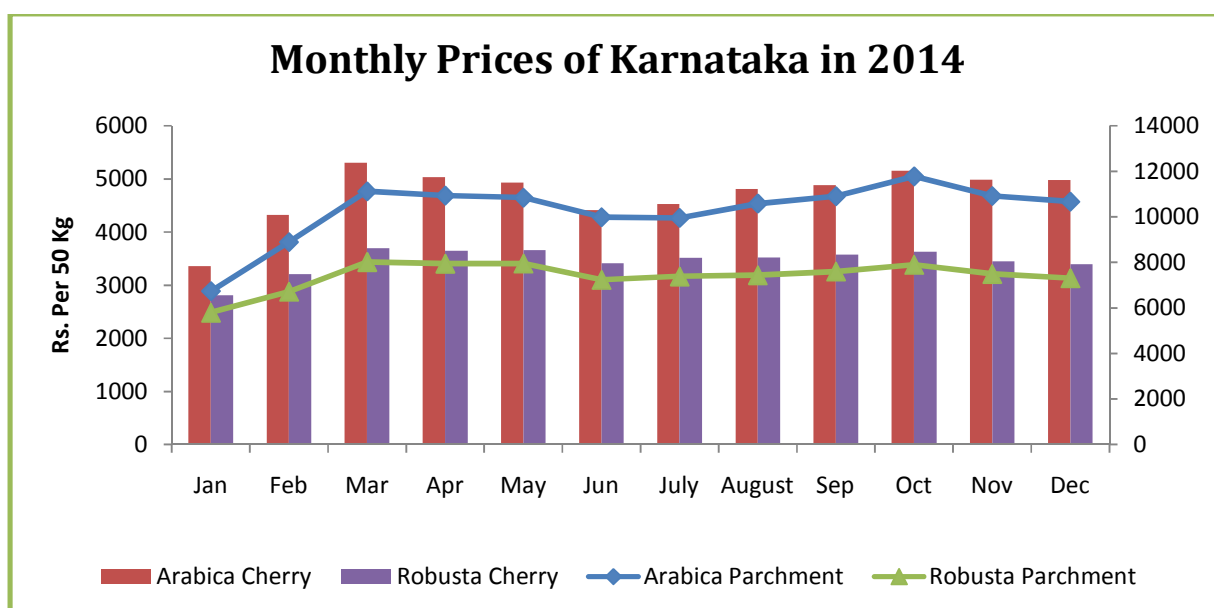
Coffee Prices of Auction Market & State-wise Market

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	19.12.2014	12.12.2014	Change
Arabica Parchment	--	10650	-
Arabica Cherry	--	5000	-
Robusta Parchment	--	7300	-
Robusta Cherry	--	3400	-

* Values in Rs per 50 Kg

ICTA Auction Prices (Karnataka)

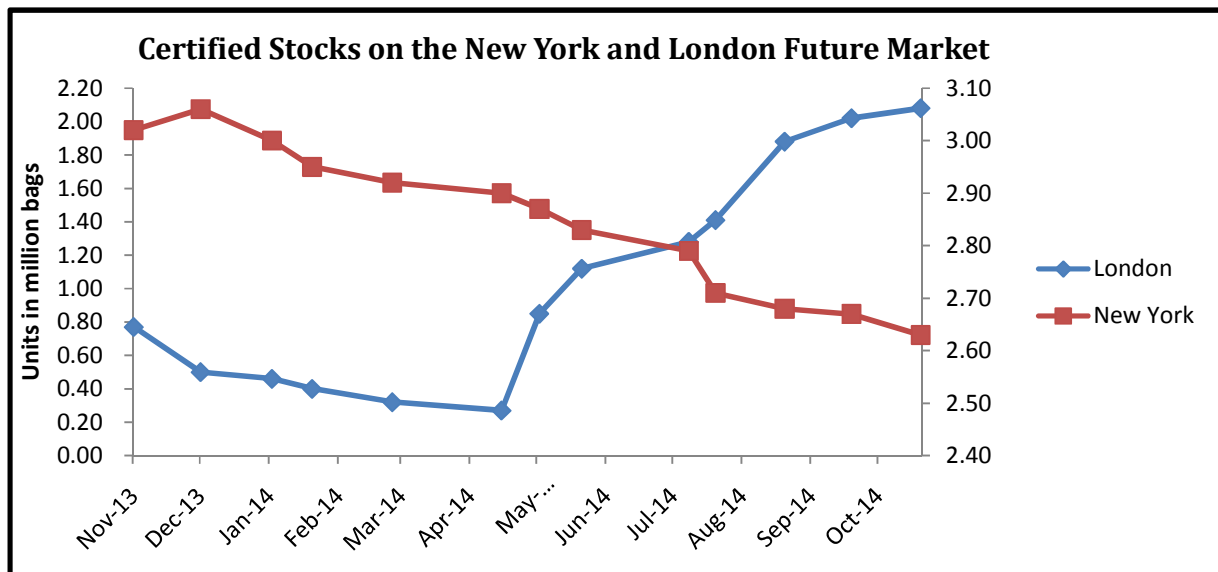
Grade	18.12.2014	11.12.2014	Change	18.12.2014	11.12.2014	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	-	--	--	-
AA	280	--	-	--	--	-
PB	--	280	-	--	--	-
A	--	--	-	--	--	-
AB	--	--	-	--	--	-
B	--	--	-	--	--	-
C	--	--	-	--	149	-
BBB	136.00	135.00	1	124.5	--	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	-	--	--	-
A	--	--	-	--	--	-
PB	162.5	165	-2.5	--	143	-
AA	--	--	-	--	147	-
AB	--	--	-	--	148	-
B	--	--	-	--	--	-
C	--	--	-	133	--	-
BBB	--	--	-	125.00	132.00	-7

Values in Rs. per kg

International Market Updates:

Weekly Futures Review -ICE Arabica coffee future prices of March contract recovered slightly despite upside projection of Brazil's 2015/16 crop by Volcafe. ICE prices inched minor up by 0.37% to 174.7 US cents/lb as on 22th Dec. 2014 compared to 174 US cents/lb of last week prices. However, ICE future prices are lower about 21% from the mid-October record high prices. According to ICO released data, Certified Stocks held in ICE- nominated warehouses is registered down at 2.63 million bags in Nov. 2014 against 3.02 million bags in last year during the same period of time. While, stocks at London exchange went up to 2.08 million bags in Nov-2014 from 0.77 million bags in Nov.2013.

Below table shows certified stocks details since November 2013 to October-2014:-



Source: ICO

Brazil:- As per Cacafe, Coffee Exporters Council, Arabica coffee exports is recorded at 2375 in November 2014 down by 15.5% against 2812 million bags as shipped in October month. According to Reuters weather dashboard data, Brazil's main coffee growing state Minas Gerais may get steady rain through New year. Southeast and Minas Gerais states may receive 165.5 mm (6.6 inches) rain in upcoming seven days which will weigh on the coffee prices. Coffee flowers needs regular rain for healthy development of coffee plants which will be harvested in May 2015.

Vietnam:- Approx 70-80% coffee harvesting is completed in Vietnam and is likely to complete this month end as reported by local traders. Crop size in 2014 may reduce by 1.7% to 29.33 million bags against previous session as per USDA. As per sources, total coffee exports in Vietnam stood 33% higher to 1.7 million tons of coffee in 2014 with an average prices of 2,086 U.S. dollars per tonnes which is low by 2.46% than 2013.

Others:-

- Total coffee production of Kenya may improve and increase by 22% to about 60,000 tonnes in upcoming season due to supportive new varieties and increasing areas as reported by its Government official. Total production in 2013/14 stood at 49,000 tonnes. Kenyan beans are basically famous for its quality and are much sought after by roasters for blending with other coffees.

Coffee Estimates of the World

Brazil's production is estimated at 47 million bags in 2014/15 and 49.5 million bags for 2015/16 including Robusta's output at 16.5 million bags and Arabica's output at 33 million bags as per Volcafe. Given estimates is 5% up from 2014 crop size followed by good crop treatment and good rainfall in November which supported yield potential. While, Ecom keeps its estimate of Brazil' output at near 55 million bags in 2014/15 and 50 million bags for 2015/16 after good November rains.

As per ICO, total global production of coffee may touch the level of 141 million bags in 2014/15 lower from previous year due to severe drought situation in Brazil. Moreover, other sources like Ranobank, Spciete Generale and Volcafe keeps total output forecast at 144.4 million bags, 148.4 million bags, 141.5 million bags respectively for 2014/15.

Below table shows coffee output of Brazil and World in 2014/15:-

Source	Date Issued	2014/15	2015/16	Robusta	Arabica	Global Production Forecast 2014/15	Supply/Demand 2014/15
Volcafe	17-Dec		49.5	16.5	33		
Ecom	15-Dec	55	50				
ICO	11-Dec					141	-0.8
Citi Research	1-Dec		44.7				
Ranobank	1-Dec		42-47			144.4	-5.1
Spicete Generale	25-Nov					148.4	1.2
Volcafe	21-Nov	47				141.5	-10
USDA attach	14-Nov	51.2		17	34.2		
Comexin	13-Nov		44-47	16	28-31		
Rabobank	28-Oct	47	47	17	30		
F.O.Licht	Sept.26	46	43				
Conab	Sept.16	44.14	48.83	13.03	32.11		
Neumann	Aug.26		45				
Abic.	Aug.26	45-47					

Source: Reuter

International Coffee Price Trend

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	19.12.2014	12.12.2014	19.11.2014	19.12.2013
ICO Composite Indicator	150.21	149.74	167.83	--
Colombian Milds				
US	186.75	186.0	211.0	--
Europe	193.6	191.45	217.84	--
Group Indicator	189.9	188.51	214.14	--
Other Milds				
US	195.69	195.94	220.94	--
Europe	191.36	190.32	216.1	--
Group Indicator	193.01	192.46	217.94	--
Brazilian Naturals				
US	154.75	153.0	176.0	--
Europe	171.6	169.6	194.27	--
Group Indicator	167.22	165.28	189.52	--
Robusta				
US	100.5	102.5	108.42	--
Europe	96.46	97.38	103.37	--
Group Indicator	97.1	98.2	104.18	--

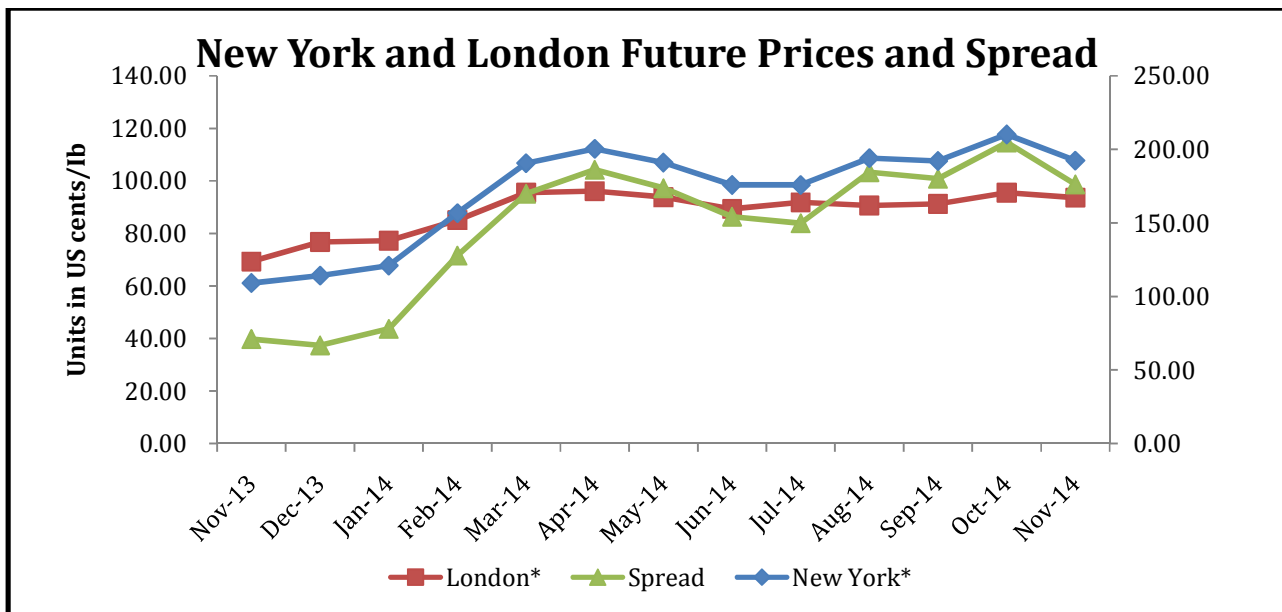
Germany Market – Hamburg and Bremen, France Market – (Le Havere and Marseilles) * Values in US cents/lb

All ICO group indicators as Columbian-mild, Other-milds and Brazilian-Naturals went up to 189.9,192.46,165.28,98.2 respectively as compared to previous week prices. On the other hand, prices are remain 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 go up in long term on the forecast of lower crop size of the world.

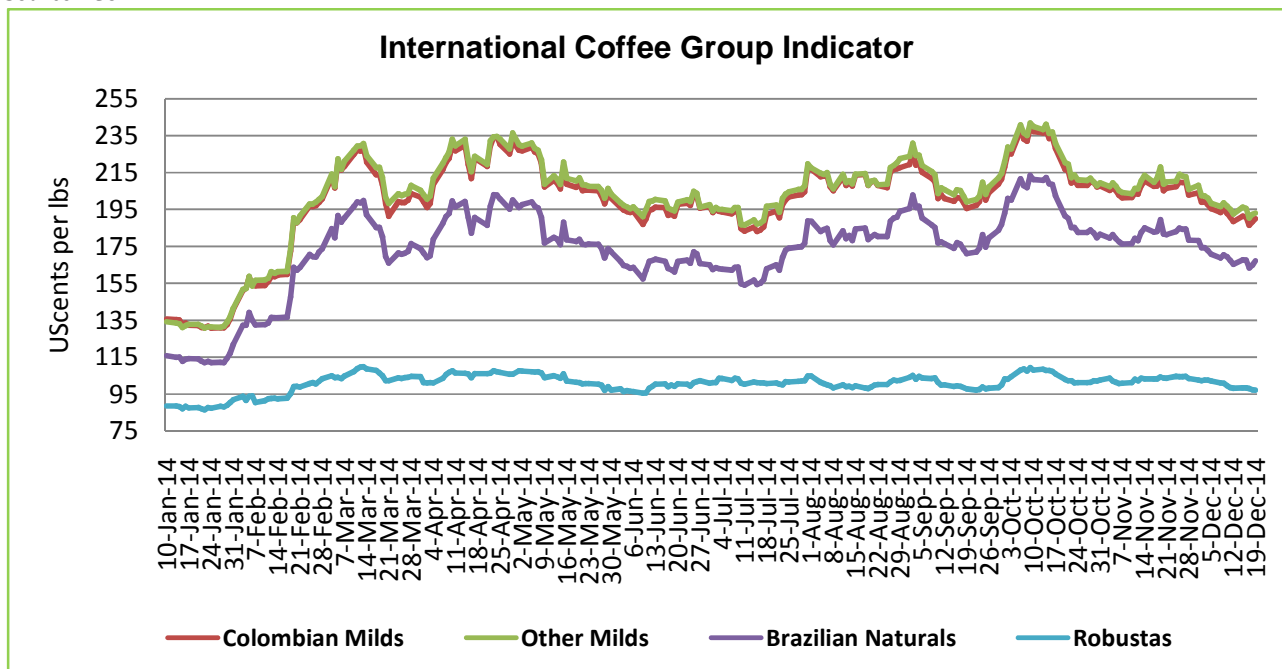
International Coffee Indicators Chart:-

The future prices at New York seems higher in Nov. 2014 against last year prices in the same period of time. Prices makes its highest level in October-2014 due to Brazil's drought condition. However, prices are volatile at London exchange and quoting higher in Nov. 2014 from Nov.2013. The prices of ICO composite indicators are slightly up against last week prices despite Robusta Prices. Robusta prices are declining on higher supplies. 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	Today(19-Dec-2014)	Week ago (12-Dec-14)	Month Ago (19-Nov-14)	Weekly Change (%)
Dec-14	173.65	173.0	197.85	0.38
Mar-15	174.7	174.0	199.10	0.40
May-15	177.25	176.6	201.45	0.40

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(19-Dec-2014)	Week ago (12-Dec-14)	Month Ago (19-Nov-14)	Weekly Change (%)
Jan-15	1896	1944	2091	-2.47
Mar-14	1929	1974	2092	-2.28
May-14	1946	1992	2102	-2.31

USC/lb

USD/T

International Coffee Prices

	18.12.2014	11.12.2014	18.11.2014	18.12.2013
Vietnam (Robusta Beans Spot) (Dong/Kg)	39600	39800	40150	35250
Vietnam FOB (2-5 pct)* (Saigon port)	--	1990	1988	1733
Indonesian FOB (4-80 defects)** (Lampung Port)	1930	1990	1988	1710

*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 minor uptrend trend of the market.
- Falling 14 days EMI hints further steady to down trend of the market.
- Declining volume and slight up prices indicates further steady to bearish trend of the market.
- On the other hand, RSI is slight up at 45.49 compared to last week movement at 44.59 indicating further steady to down trend in the next week.
- Falling trend line shows further weak tone of the market.

Expected Price Range During Coming Week

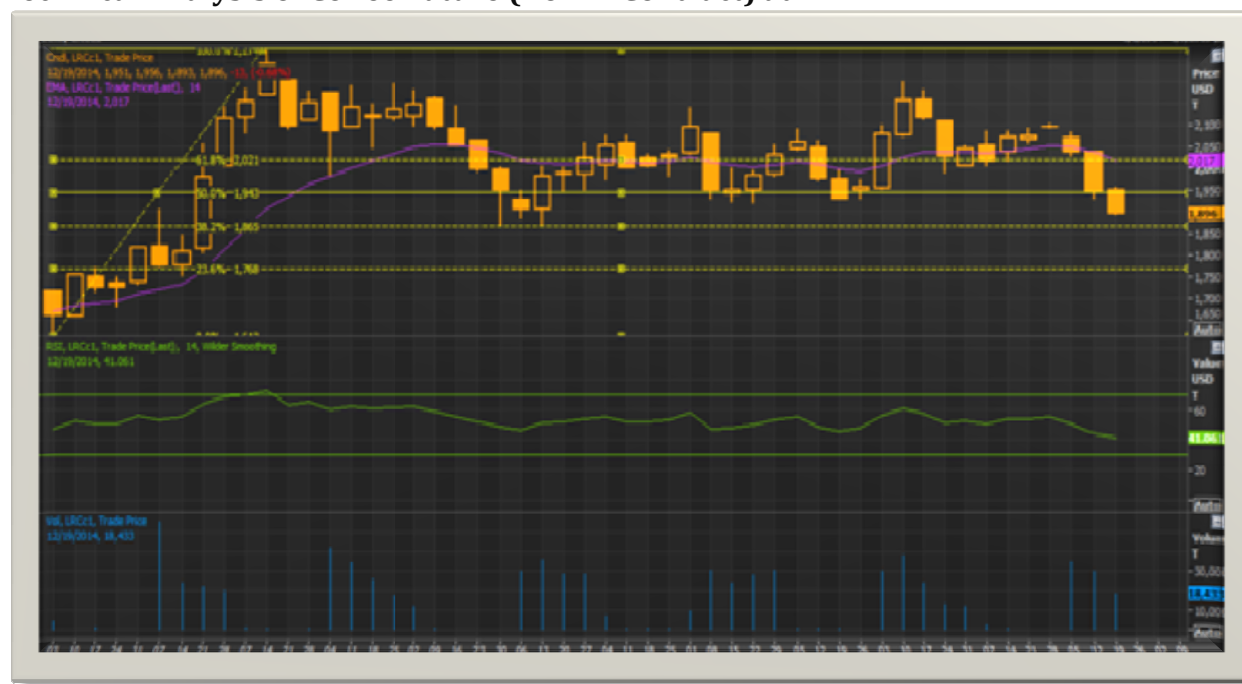
<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	166-186

US cents/lb

Expected Support and Resistance

S2	S1	PCP	R1	R2
158.15	165.37	174.7	187.95	193.33

US cents/lb

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

Weekly Technical Outlook:-

- Candlestick chart shows continue downtrend of the market on sellers interest.
- On the other hand, 14-days EMI is moving down at 2017 from 2036 of last week record indicating further bearish trend in the market.
- Falling volume and prices hints bearish phase of the market.
- Fibonacci retracement on down wave shows second resistance level at 2021@61.8% and first support level at 1865@38.20 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>	1866-1985

USD/T
Expected Support and Resistance

S2	S1	PCP	R1	R2
1768	1865	1896	1986	2021

USD/T
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