

### Highlights of The Week

**Domestic coffee prices at auction market in Karnataka is reported down on the back of** poor buying activities. Exporters as well as importers are still very slow in the market and are waiting to stabilize price trend of the market. The demand from Russia, the main coffee importing country of India, is currently down due to major fall in its currency "rouble" against dollar. As per sources, it is under discussion between Indian exporters and Coffee board of India for allowing coffee shipment under the rupee-rouble route which may helpful for Indian coffee exporters.

**As per the Coffee Board of India, total value of Indian coffee exports is registered at 4986** crore with 6.2% increase in 2014 against 4692 crore in 2013. While, the average unit value per tonne is placed up by 10.1% to 165,529 as against 150,215 per tonnes in 2013 after depreciation of the rupee against the dollar during the first of last year. However, the revenue in dollar is almost unchanged at \$819 million compared to \$815 million in 2013. Indian coffee exports in this quarter Oct-Dec 2014 dip by 3.6% to 56,876 tonnes because of tight supplies. Italy remained the main market for Indian coffee, accounting for 22 per cent of the total exports followed by Germany (9.9 per cent) and Russian Federation (7.4 per cent) among others. CCL Products (India) Ltd, ITC Limited, Allanasons Limited, Tata Coffee Ltd. and Nestle India Limited were the top five exporters from the country.

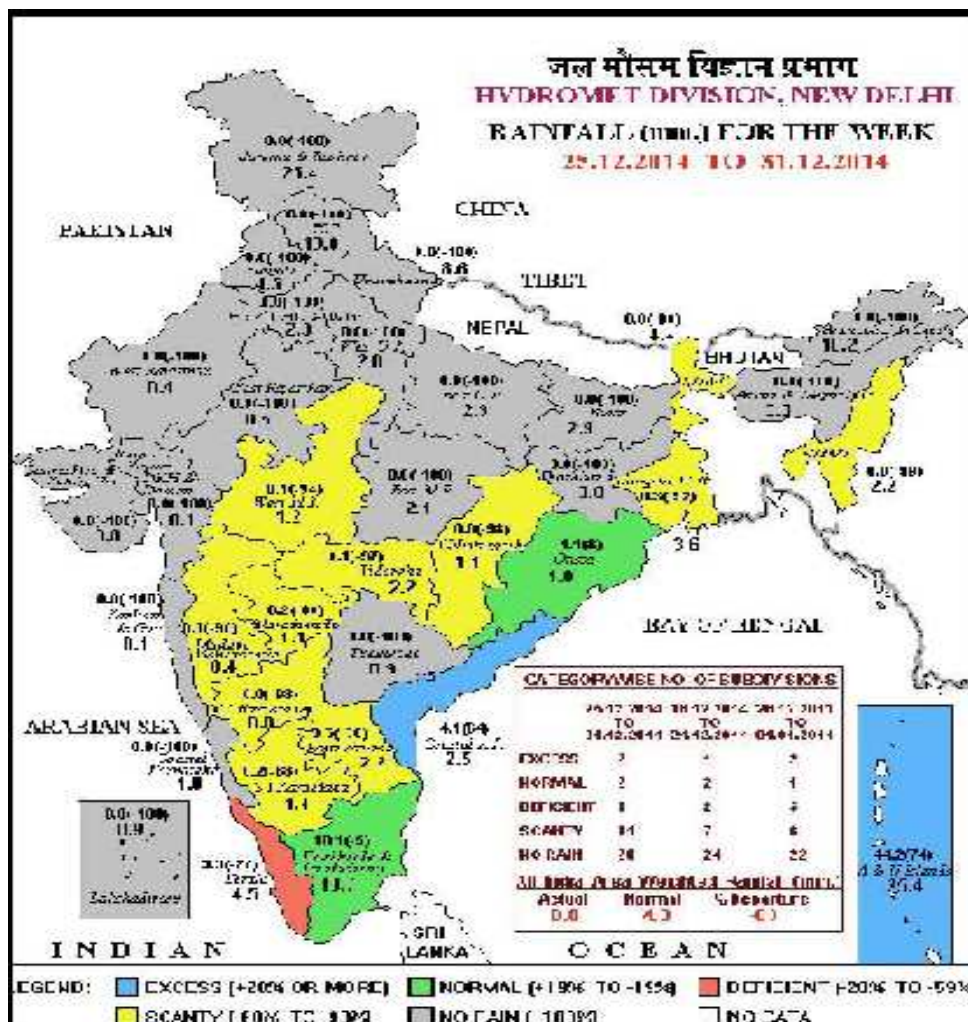
**As per Indian Traders, approx 45% of coffee harvesting is completed by farmers. The pace** is comparatively very slow due to unfavorable weather condition in India. Delay in harvesting may raise the concern of leaf rust diseases which may deficit crop size further. They are setting Arabica crop size by 20-30% lower and Robusta crop size by 10-20% down from preceding year crop size. It is possible to start harvesting in full swing from first week of January.

**As per the Uganda coffee Development Authority (UCDA), monthly coffee exports of Uganda** declined by 17% to 219,948 60-kg bags in November from previous year during the same period of time. Further they expect exports volume at 240,000 bags in December 2014 down from 257,976 bags as exported last year in the same month due to slow pace of harvesting in central and eastern Uganda. Uganda received total revenue \$ 29.5 million from Nov. month coffee exports volume with a gain against \$ 26.7 million in the same period last year.

**Total coffee production is forecast at 29.4 million bags for 2014/15 down by 1.6% from last year** record i.e. 30 million bags in the recent released data of USDA. Further, EL Nino effect may prompt drought and further damage Vietnam's coffee output. As per provincial officials, Dhaklak one of the major coffee producing state of Vietnam may produce about 420,000 tonnes in 2014/15 lower by 10% against previous year due to dry weather.

### Weather Updates of India

Below Map shows weekly rainfall scenario of India:-



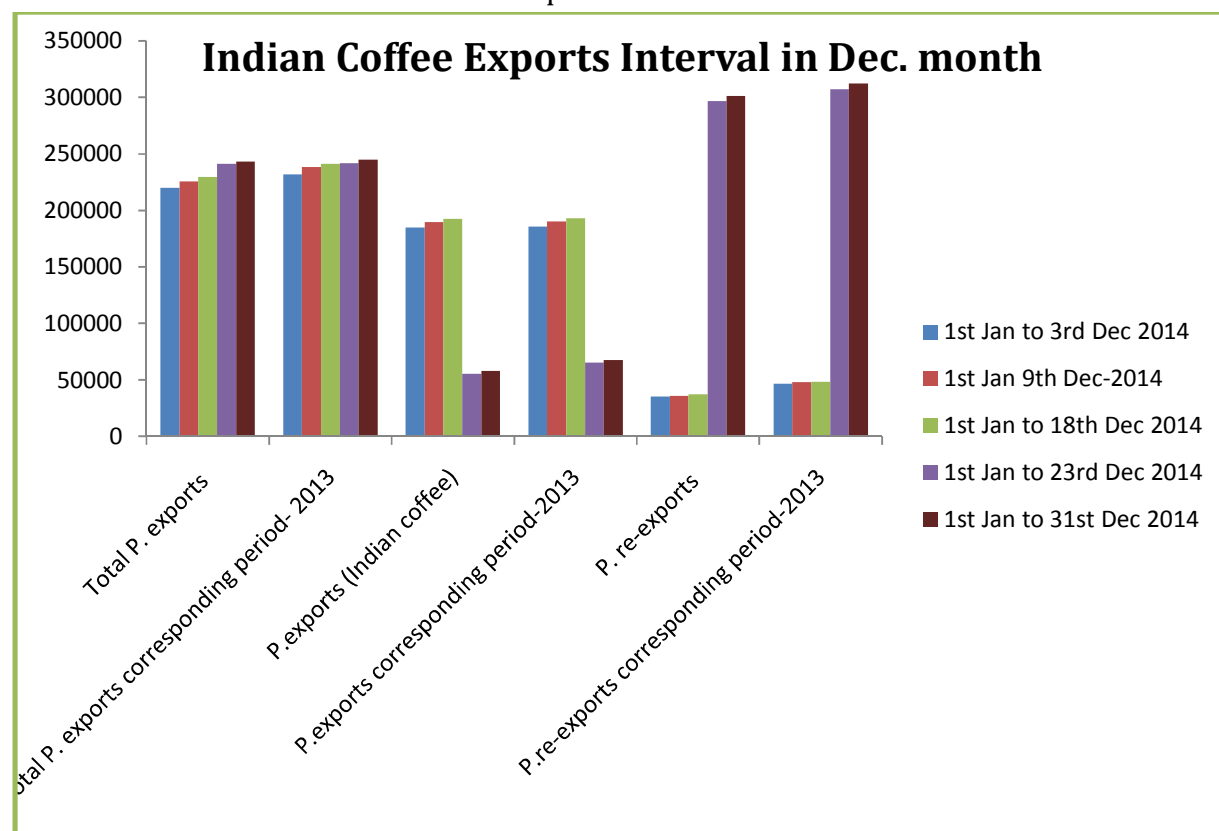
Source: IMD

- India received total 85.2 mm actual cumulative seasonal rainfall of India (1st October to 31st Dec. 2014) below 33% against 127.2 mm of Normal rain. Main states of coffee belts like Coastal Karnataka, North Interior Karnataka and South Interior Karnataka have received total actual rainfall less by 3% to 256 mm, 18% to 119mm, 8% to 193 mm, respectively against 263 mm, 145 mm, 210 mm respectively of normal rainfall. While, in Kerala, 5% higher rainfall is received during the same period of time.
- A Western Disturbance as an upper air cyclonic circulation laid over north Pakistan and adjoining Jammu & Kashmir extending up to 4.5 km above mean sea level with a trough aloft on 30th and persisted on 31st December, 2014.
- The low pressure area lies over west central Bay of Bengal & adjoining north Andhra Pradesh and south Odisha. The associated upper air cyclonic circulation extends up to 3.1 km above mean sea 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 down at 312364 metric tonnes with a decline of 3.55% in 2014 during 1st January-31st December 2014 against 301244 metric tonnes of last year exports in the corresponding period of time. Provisional Indian green coffee exports stood slightly up by 0.68% to 243224 metric tonnes from 1st January- 31st December 2014 as compared to 244905 metric tonnes of previous year exports during the same period of time. India re-exports maximum Instant type of coffee which is recorded at 58014 metric tonnes in this year during 1st January-31st December 2014 lower by 13.99% from preceding year i. e. 67176 metric tonnes. Total provisional exports of Arabica parchment, Arabica cherry, Roasted seeds, R&G stood higher by 0.23% to 44890, 50.55% to 14940 metric tonnes, 43.47% to 302 metric tonnes, 78.94% to 104043 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 21.58% to 22497 and 15.49% to 114518 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 Dec. month 2014 Vs 2013:-



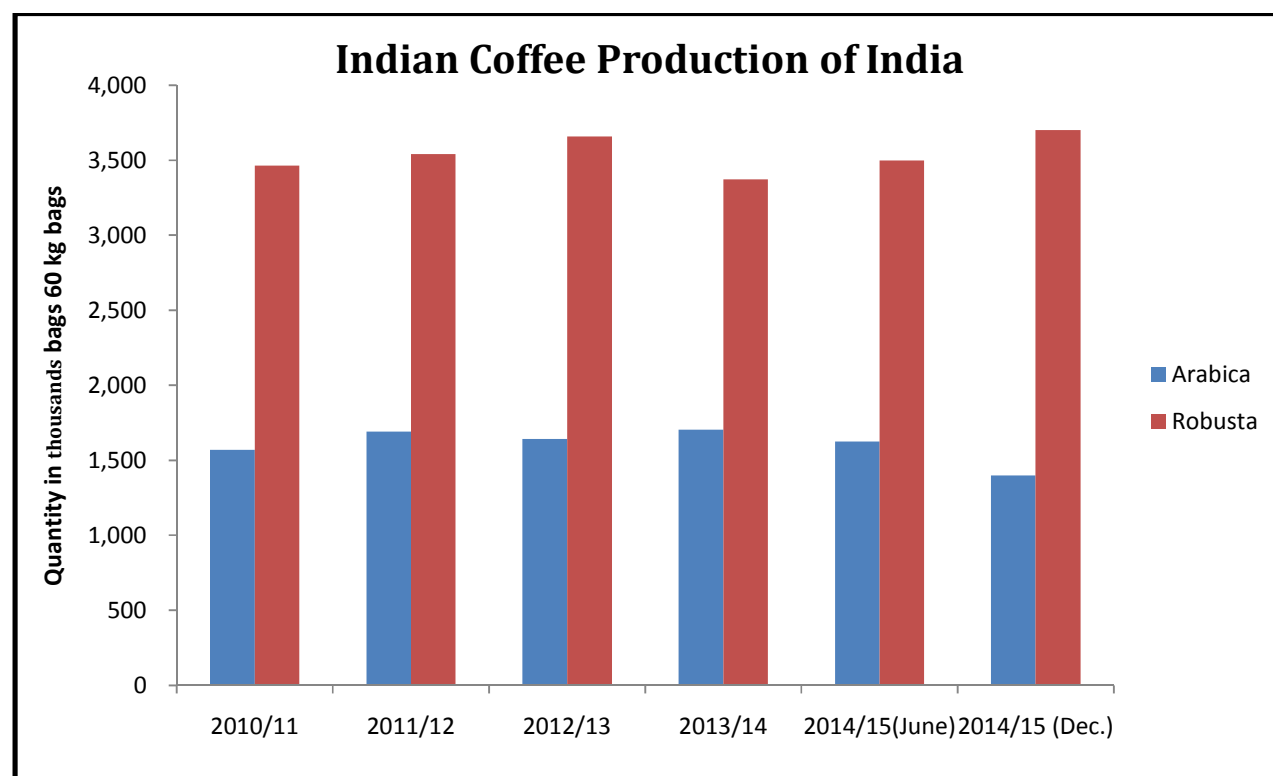
(P. stands for provisional ,Source-The Coffee Board of India)

### Domestic Crops Condition and Production

As per recently released data by USDA, total Arabica coffee production forecast is revised down by 13.84% to 1400 thousands 60 kg bags in Dec. 2014 from its 1625 thousands 60 kg bags in June 2014 and declining 17.79% to 1703 thousands 60 kg bags in 2013/14 due to poor weather condition. While Robusta is revised up by 5.71% down to 3700 thousands 60 kg bags in Dec. 2014 from its earlier estimate 3500 thousands 60-kg bags as given in June 2014 and also up by 9.72% against 3372 thousands 60-kg bags in 2013/14 due to better crop condition as on date.

Below chart shows revised coffee balance sheet of India since 2010/2011:- (Thousands bags)

Types	2010/11	2011/12	2012/13	2013/14	2014/15(June)	2014/15 (Dec.)
Arabica	1,570	1,690	1,643	1,703	1,625	1,400
Robusta	3,465	3,540	3,660	3,372	3,500	3,700

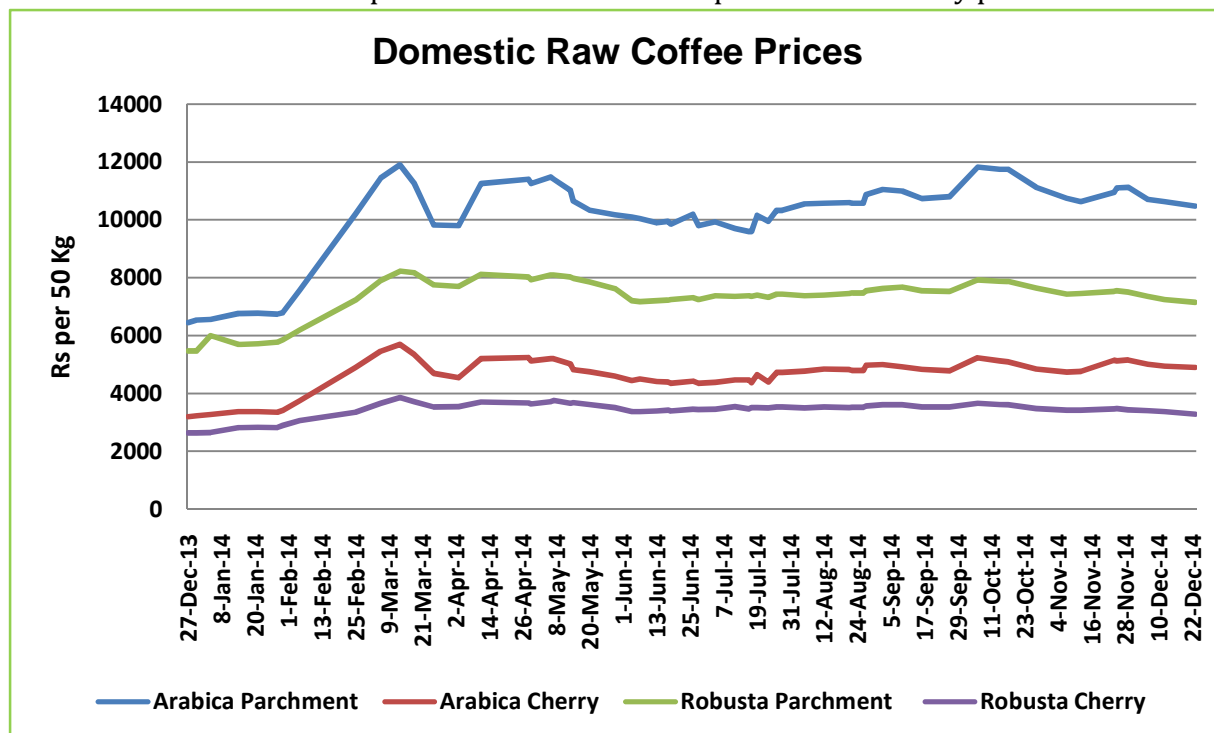


Source :USDA

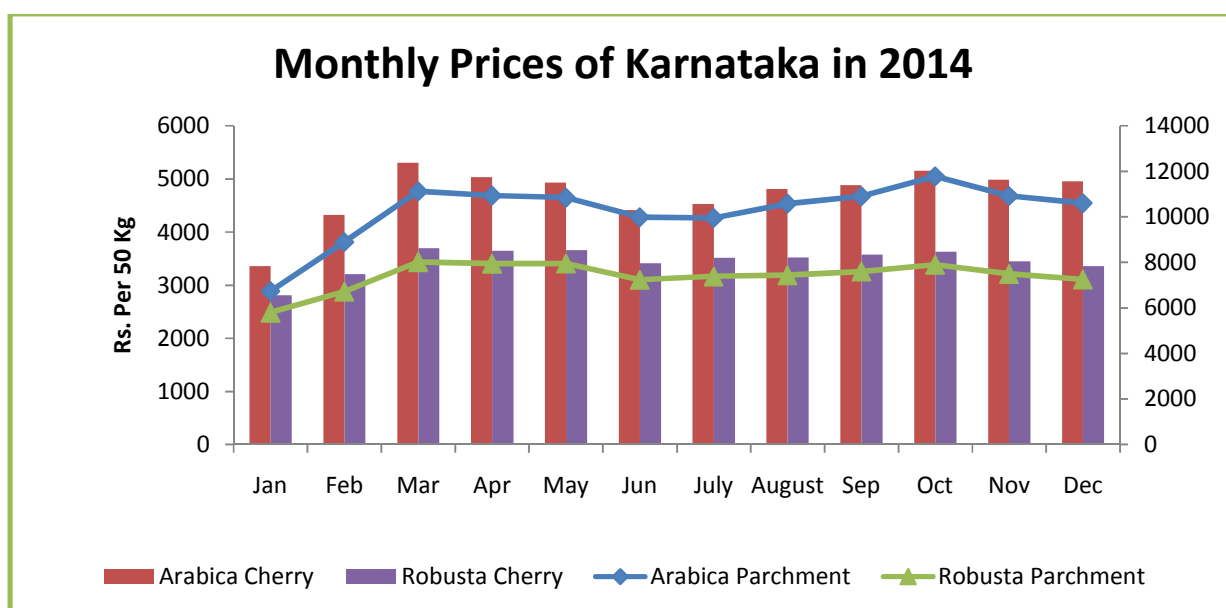
### Coffee Prices of Auction Market & State-wise Market

Average domestic raw coffee prices are continuously coming down on lower exporters demand during this week. Arabica Parchment is registered at 10475 Rs./50 kg in this week down from last week prices i.e.10625 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	30.12.2014	23.12.2014	Change
Arabica Parchment	-	10350-10600	-
Arabica Cherry	-	4800-5000	-
Robusta Parchment	-	700-7300	-
Robusta Cherry	-	3275-3300	-

\* Values in Rs per 50 Kg

**ICTA Auction Prices (Karnataka)**

Grade	2.01.2015	26.12.2014	Change	2.01.2015	26.12.2014	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	-	--	--	-
AA	--	--	-	--	--	-
PB	--	--	-	--	--	-
A	--	--	-	--	--	-
AB	--	--	-	--	--	-
B	--	--	-	--	--	-
C	--	--	-	--	--	-
BBB	--	--	-	--	124.5	-
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	-	--	--	-
A	--	--	-	--	--	-
PB	--	--	-	--	--	-
AA	--	--	-	--	--	-
AB	--	--	-	--	--	-
B	--	--	-	--	--	-
C	--	--	-	--	--	-
BBB	--	--	-	--	--	-

Values in Rs. per kg

**International Market Updates:**

**Weekly Futures Review** -ICE Arabica coffee future prices of March contract featured continue with lower trend after hitting 5-1/2 - month low in this week on the back of strong gains in the U.S. Dollar. ICE prices pulled down by 4.38% to 163.75 US cents/lb as on 2nd Jan. 2014 compared to 171.25 US cents/lb of last week prices. As per exchange data, Speculators cut net long position in ICE Robusta coffee future and options by 1152 lots to 11,074 lots in the week ended Dec.30

**Brazil:-** As per Reuters Weather Dashboard, Brazil's main coffee belt in southeast is likely to stay hot and dry through Jan.13 due to dry air mass formation which may adversely affect on coffee standing crops of 2015. Agriculture ministry of Brazil, the overall coffee crop is predicted at 45.3 million bags higher from 45.14 million bags of its earlier forecast followed by 38.29 million bags of Arabica crop output and 13.03 million bags of Robusta crop output. They increased the production forecast of Minas Gerais and Sao Paulo states to 32.3 million bags from 32.11 million bags seen in September.

**Vietnam:-** In the view of traders, farmers may offload their harvested beans next month ahead of Vietnam's biggest annual festival. In the current situation farmers are not willing to sell their bumper harvested crops at the prevailing prices and expecting exporters to raise their buying price higher than their export prices. As a result, domestic prices are high around 14% to 38500-39,000 from 34,100 dong per kg on Dec.31,2013.

As per the government data, total export of December month in Vietnam stood higher at 42.8 % against last month to an estimated 120,000 tonnes (2 million bags).

**Indonesia:-** According to government trade data, total Robusta coffee exports of Sumatra, Indonesia's main growing area declined by 29% to 15936.82 tonnes in December 2014 from last year exports.

Below table shows Sumatra coffee exports in 2013/2014:

Month	Exports (Tonnes)	% change
January	8,299.19	15
February	7,559	-68
March	9,168.12	-36
April	16,469.58	15
May	7,609.34	-66
June	6,897.62	-41
July	14,181	-75
August	21,986.28	-32
September	21,035.74	-62
October	21,973.13	-50
November	13,007.35	-75
December	15,936.82	-29

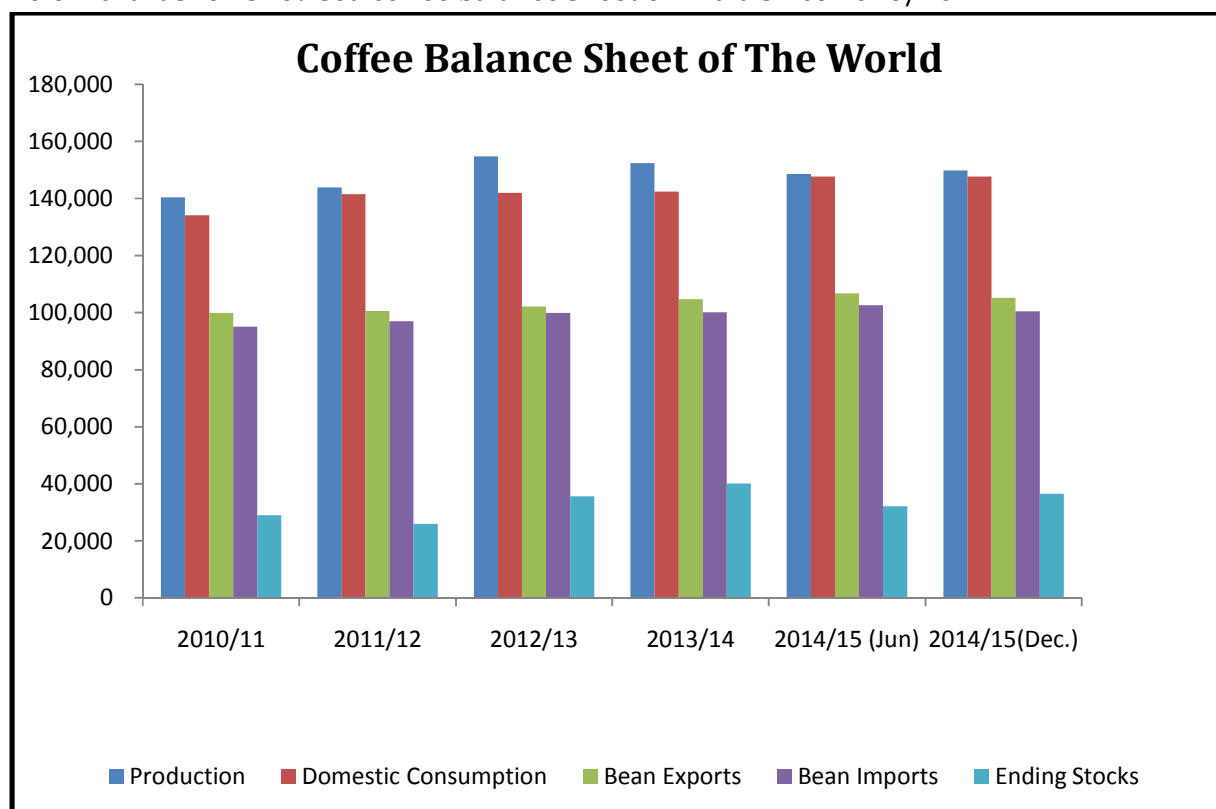
Source: Reuter



**Coffee Estimates of the World**
**Balance Sheet Highlights (USDA) :-**

- According to USDA report, Coffee Production of the World is revised slight up to 149.80 million bags from its earlier forecast i.e. 148.67million bags as given in June 2014 however down by 1.77% from 152.51 million bags of the previous year estimate.
- Total coffee exports of the world is also revised down to 105.21 million bags in Dec. report for 2014/15 against its earlier forecast i.e. 106.69 million bags in June but is expected to increase minor by 0.40% as compared to last year estimates i.e. 104.79 million bags and higher by 3.03% from 102.12 million bags in 2012/13 in expectation of rising demand. While, the forecast of bean imports is placed at 100.52 million bags higher by 0.37% from 100.14 million bags of last year imports.
- Ending Stocks are likely to touch the level of 3.64 million bags which is lower approx. 9.01% from last year record i.e. 4.01 million bags.
- Domestic Consumption of the world stood higher by 3.65% to 147.62 million bags in 2014/15 against 142.41 million bags in 2013/14.

Below chart shows revised coffee balance sheet of India since 2010/2011:-



Source: USDA



**International Coffee Price Trend**

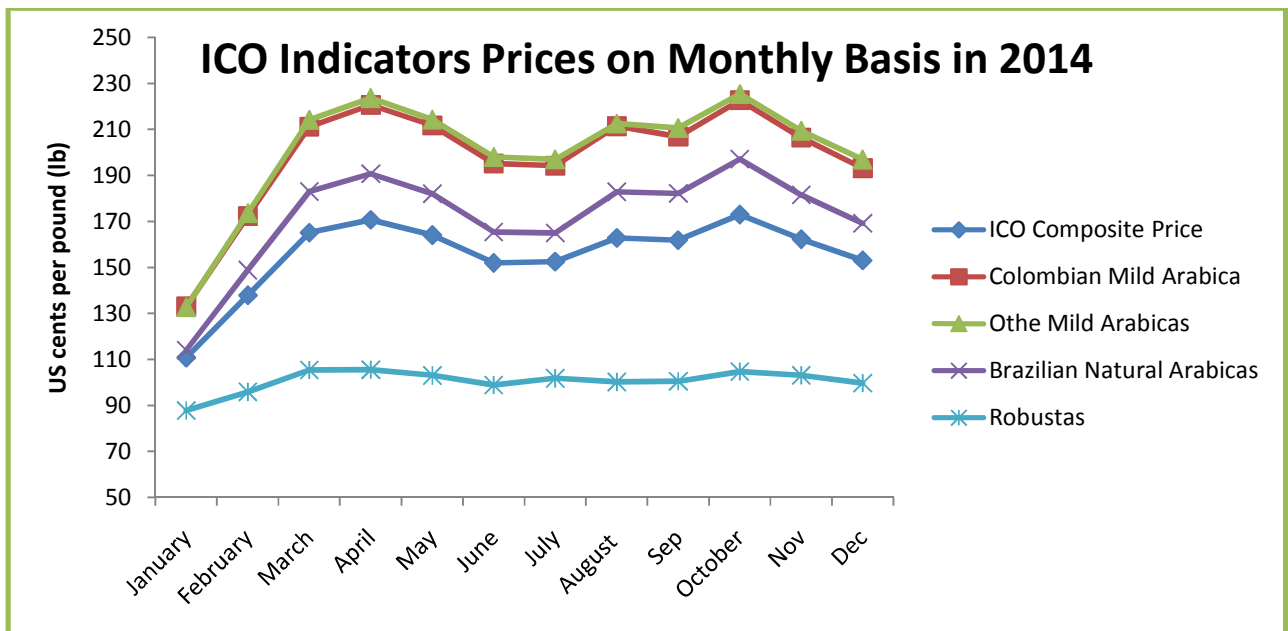
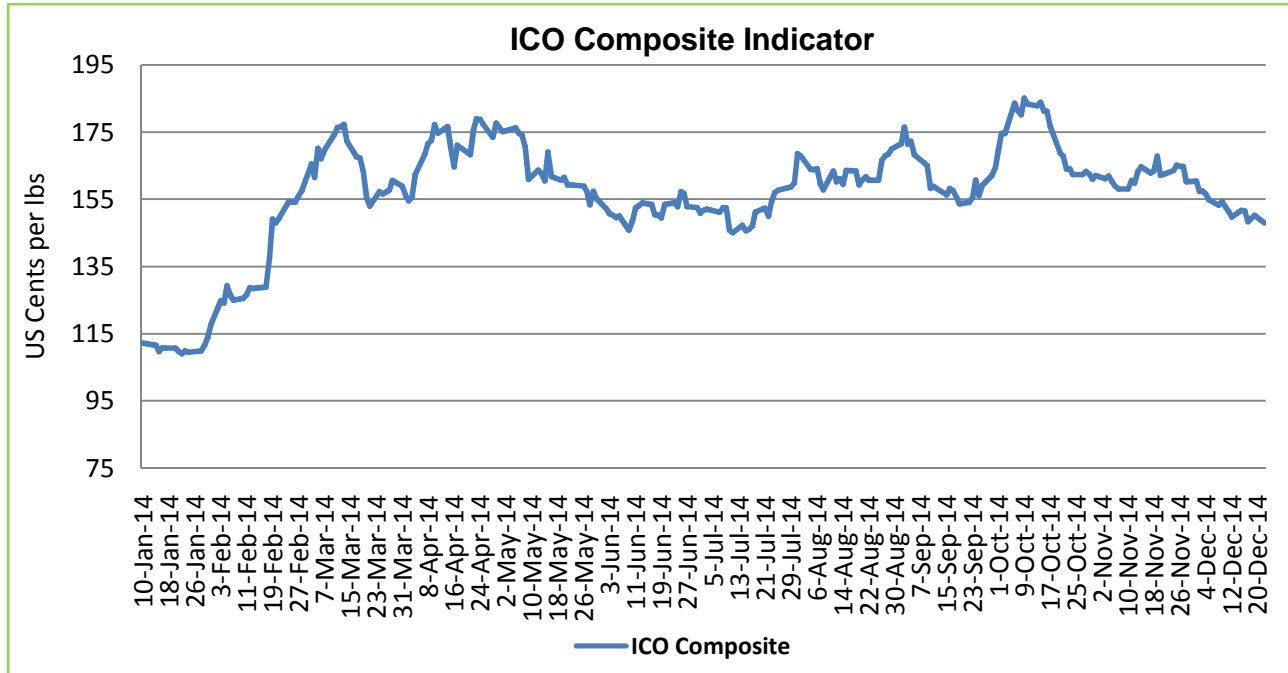
	As on	Week Ago	Month Ago	Year Ago
<b>International Coffee Prices</b>	<b>2.01.2015</b>	<b>26.12.2014</b>	<b>2.12.2014</b>	<b>2.01.2014</b>
<b>ICO Composite Indicator</b>	--	--	157.34	--
<b>Colombian Milds</b>				
US	--	--	196.5	--
Europe	--	--	201.87	--
Group Indicator	--	--	198.97	--
<b>Other Milds</b>				
US	--	--	205.19	--
Europe	--	--	200.74	--
Group Indicator	--	--	202.43	--
<b>Brazilian Naturals</b>				
US	--	--	161.5	--
Europe	--	--	178.76	--
Group Indicator	--	--	174.27	--
<b>Robusta</b>				
US	--	--	105.25	--
Europe	--	--	101.73	--
Group Indicator	--	--	102.29	--

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

### International Coffee Indicators Chart:-

The prices of ICO composite indicators started falling from mid of October after making record highest prices of the year on slow buying activities and good shower in Brazil. Prices on weekly basis is declining due to strong dollar value.

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



Source: ICO

Source: ICO

**International- Future Market Prices:-**

<b>ICE Arabica Coffee Futures Prices</b>				
<b>Contract Months</b>	<b>Today(2-Jan-2015)</b>	<b>Week ago (26-Dec-14)</b>	<b>Month Ago (2-Dec-14)</b>	<b>Weekly Change (%)</b>
Dec-14	161.05	168.60	182.3	<b>-4.48</b>
Mar-15	163.75	171.25	183.4	<b>-4.38</b>
May-15	166.35	173.25	185.9	<b>-3.98</b>

<b>Liffe Robusta Coffee Futures Prices</b>				
<b>Contract Months</b>	<b>Today(2-Jan-2015)</b>	<b>Week ago (26-Dec-14)</b>	<b>Month Ago (2-Dec-14)</b>	<b>Weekly Change (%)</b>
Jan-15	1838	1864	2034	<b>-1.39</b>
Mar-14	1864	1903	2044	<b>-2.05</b>
May-14	1889	1924	2057	<b>-1.82</b>

USC/lb

USD/T

**International Coffee Prices**

	<b>2.01.2015</b>	<b>26.12.2014</b>	<b>2.12.2014</b>	<b>2.01.2014</b>
Vietnam (Robusta Beans Spot) (Dong/Kg)	--	38950	41000	--
Vietnam FOB (2-5 pct)* (Saigon port)	--	1880	--	--
Indonesian FOB (4-80 defects)** (Lampung Port)	1890	--	2055	--

\*FOB Values are in USD/T

**Weekly Auction Prices Of Kenya**

<b>Grade</b>	<b>This sale (\$) As on 09/12/2014</b>	<b>Average Price(\$)</b>	<b>Previous Sale(\$)</b> 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**



**Weekl Technical Outlook:-**

- Candlestick chart depicts falling trend of the market.
- Falling 14 days EMI hints further steady to declining phase of the market.
- Rising volume however falling prices indicates further short build up in the market.
- On the other hand, RSI is down at 39.67 compared to last week movement at 42.80 indicating further steady to down trend in the 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>157-176</b>

US cents/lb

**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
147.34	156.29	161.05	177.32	181.8

US cents/lb

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

**Weekly Technical Outlook:-**

- Candlestick chart shows continuously declining phase of the market on sellers interest.
- On the other hand, 14-days EMA is moving down at 1776 from 1997 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 first resistance level at 1940@61.8% and first support level at 1732@38.2% for the 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>1770-1940</b>

**USD/T**
**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
<b>1732</b>	<b>1769</b>	<b>1838</b>	<b>1940</b>	<b>1978</b>

**USD/T**
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