

Highlights of The Week

Domestic coffee prices at auction market in Karnataka fetched higher side due to rising domestic demand. However, exporters as well as importers are remain very slow in the market and are waiting to stabilize price trend of the market. Domestic buyers are now busy stockpiling coffee beans on the concern of lower global output in 2014/2015 season. 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.

According to recently released data by the Coffee Board of India, total coffee exports of India including re-exports volume is registered at 3007 metric tonnes with a significant decline of 31.90% in 2014 during 1st January-7th January 2015 against 4417 metric tonnes of last year exports in the corresponding period of time.

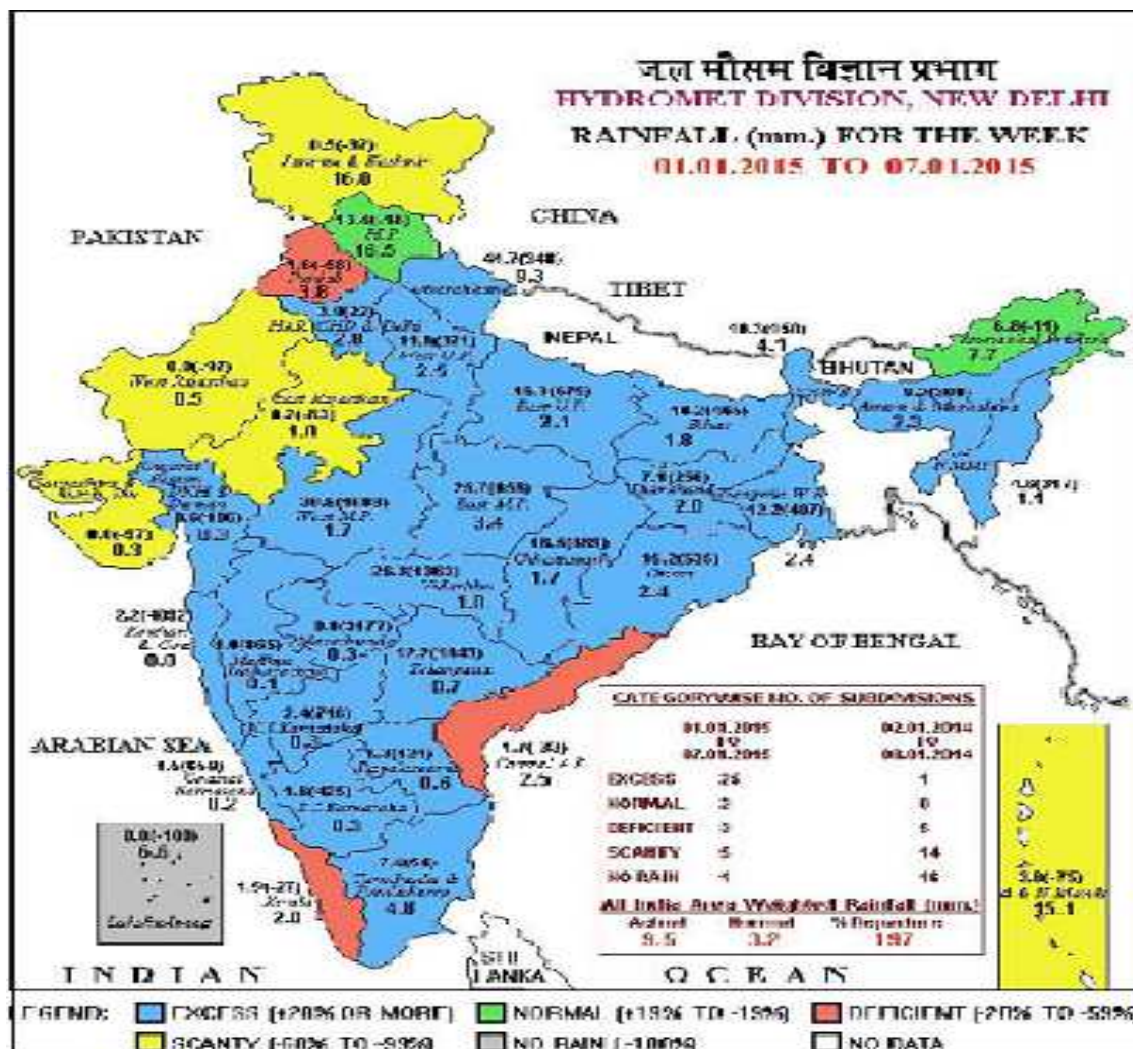
As per DGCIS report, India has received total coffee exports revenue around Rs. 320.47 crore which is in USD 51.94 million in Nov. 2014 higher by 2.9% in Rs. and 0.79% in USD respectively against Rs. 275.59 crore and USD 44 million respectively in previous year during same month. It stood at Rs.3120.02 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.

According to International Coffee Organization, total coffee exports of the world amounted down by 0.5% to 7.93 million 60-kg bags in November 2014 as compare to preceding year during the same period of time following total Robusta exports at 2.81 million bags up from 2.66 million bags due to rising demand and Arabica coffee exports at 5.12 million bags down from 5.31 million bags in November 2013.

As per sources, total coffee production of Vietnam is forecast down by 20-25% as Vietnam has been severely impacted by the EL Nino, which caused drought in many areas. Lower output may affect on total volume of coffee exports in this year and likely to touch the level of 1.4 million tons down 12.5% compared to previous year. In 2014,Vietnam exported more than 1.6 million tons of coffee, earning 3.6 billion dollars, up 33.4 percent in volume and 32 percent in value year on year. The average coffee export price went 2090 U.S. dollars per ton, down 2.6% from last year. The United States was the largest importer, accounting for 11.7 percent of the country's total coffee exports, followed by Germany with over 10 percent.

Weather Updates of India

Below Map shows weekly rainfall scenario of India:-



Source: IMD

- India received total 9.5 mm actual cumulative seasonal rainfall of India (1st January to 7th January 2015) access 197 % against 3.2 mm of Normal rain.
- Northeast Monsoon rains ceased over Tamilnadu & Kerala and adjoining areas of Andhra Pradesh and Karnataka on 4th.
- An upper air cyclonic circulation formed over south Tamilnadu & neighbourhood extending up to 0.9 km above mean sea level and lay centred over Comorin area & adjoining south Tamilnadu on 3rd Government of India Ministry of Earth Sciences India Meteorological Department National Weather Forecasting Centre Back and over Lakshadweep area & neighbourhood on 4th. It became less marked on 5th.
- Fog would continue to occur at many places over Punjab, Haryana & Delhi and some parts of Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar, Sub-Himalayan West Bengal & Sikkim, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura during many days of the week.

Exports and Imports of India

According to recently released data by the Coffee Board of India, total coffee exports of India including re-exports decreased at 3007 metric tonnes with a significant decline of 31.92% in 2015 during 1st January 2015 to 7th January 2015 against 4417 metric tonnes of last year exports in the corresponding period of time. Provisional Indian green coffee exports stood low by 39.29% to 2493 metric tonnes from 1st January 2015- 7th January 2015 as compared to 4107 metric tonnes of previous year exports during the same period of time. India re-exports maximum Instant type of coffee which is recorded at 514 metric tonnes in this year during 1st January 2015 to 7th January 2015 higher by 65.80% from preceding year re-exports volume i. e. 310 metric tonnes. Total provisional exports of Arabica parchment, Arabica cherry, Robusta Parchment, Robusta Cherry and R&G is placed down by 69.52% to 394, 36.19% to 208 metric tonnes, 83.23% to 58 metric tonnes, 1.08% to 1370 metric tonnes, 75% to 2 metric tonnes respectively against last year exports volume in the same period of time.

Below table shows total Indian coffee Exports details in Dec. month 2014 Vs 2013:-

Export update: From 01st January 2015 to 07th January 2015 (in metric tonnes)

	INDIAN COFFEE	Ar.Pmt	Ar.Chy	Rob.Pmt	Rob.Chy	Roasted seeds	R & G	Instant	Total
1	Provisional exports (Indian coffee)	394	208	58	1370	0	2	462	2493
2	Provisional exports corresponding period last year	1293	326	346	1385	0	8	749	4107
3	Provisional re-exports	0	0	0	0	0	0	514	514
4	Provisional re-exports corresponding period last year	0	0	19	0	0	0	310	310
5	Total provisional exports (1+3)	394	208	58	1370	0	2	975	3007
6	Total provisional exports corresponding period last year (2+4)	1293	326	346	1385	0	8	1059	4417

(Source-The Coffee Board of India)

Domestic Crops Condition and Production

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.

Below are the production of Coffee in Major States/Districts of India:-

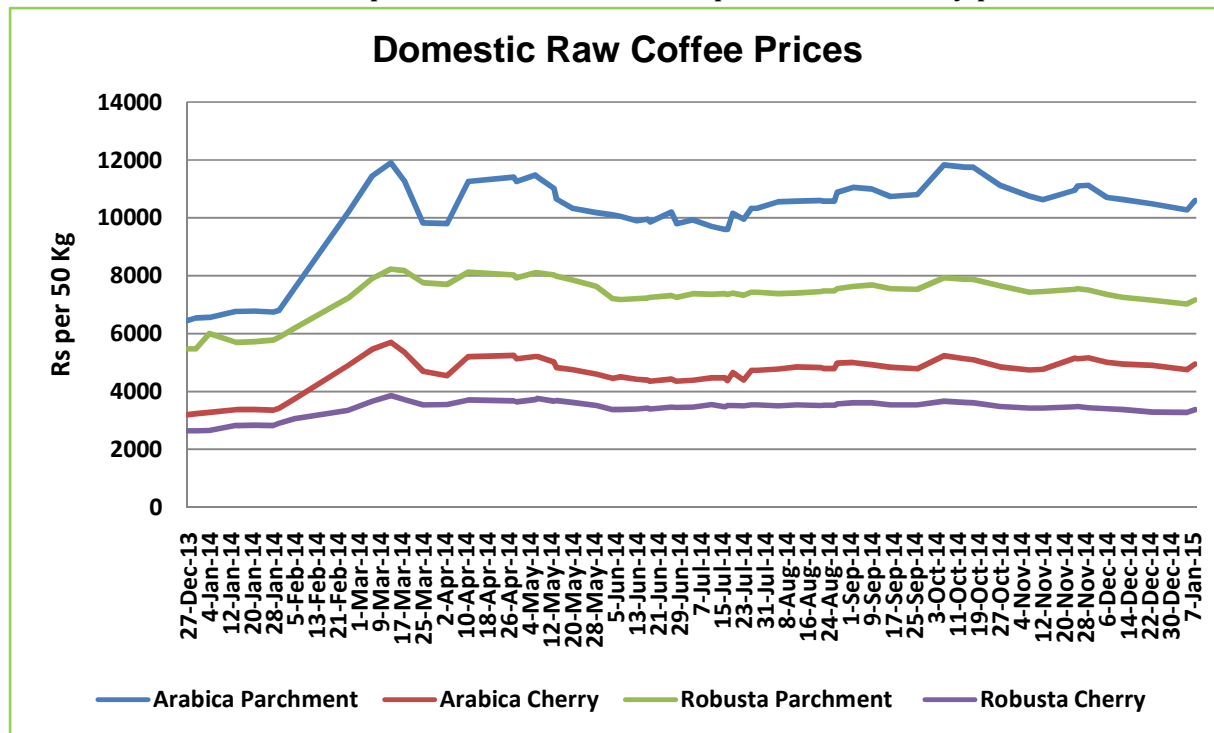
State/District	Post Blossom Estimation			Final Estimate		
	2014-15			2013-14		
	Arabica	Robusta	Total	Arabica	Robusta	Total
Karnataka						
Chikmagalur	41,170	40,000	81,170	38,250	30,640	68,890
Kodagu	20,150	113,000	133,150	21,040	90,820	111,860
Hassan	19,380	14,600	33,980	19,150	11,200	30,350
Sub total	80,700	167,600	248,300	78,440	132,660	211,100
Kerala						
Wayanad	0	57,900	57,900	0	56,425	56,425
Travancore	900	7,300	8,200	900	6,700	7,600
Nelliampathies	1,175	1,600	2,775	1,100	1,550	2,650
Sub total	2,075	66,800	68,875	2,000	64,675	66,675
Tamil Nadu						
Pulneys	7,575	375	7,950	6,975	325	7,300
Nilgiris	1,600	3,775	5,375	1,800	3,950	5,750
Shevroys (Salem)	2,700	50	2,750	3,875	50	3,925
Anamalais (Coimbatore)	1,300	500	1,800	1,300	500	1,800
Sub total	13,175	4,700	17,875	13,950	4,825	18,775
Non Traditional Areas						
Andhra Pradesh	8,790	70	8,860	7,250	70	7,320
Orissa	620	0	620	440	0	440
Sub Total	9,410	70	9,480	7,690	70	7,760
North Eastern Region	140	80	220	120	70	190
Grand Total (India)	105,500	239,250	344,750	102,200	202,300	304,500

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

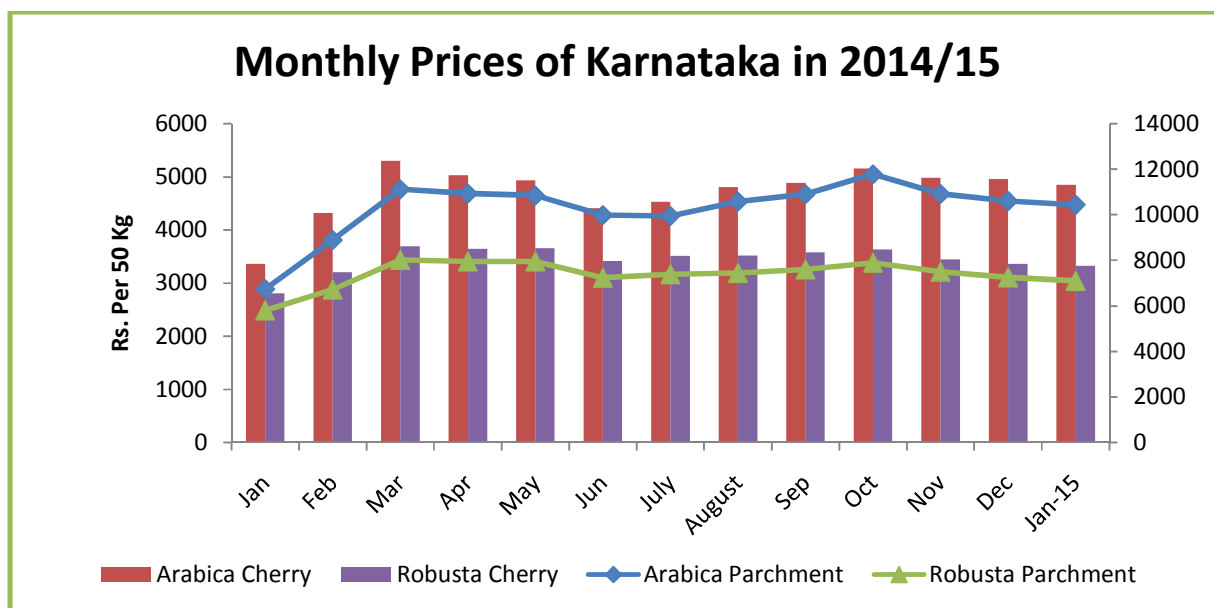
Coffee Prices of Auction Market & State-wise Market

Daily coffee prices increased on improved demand and supply. Arabica Parchment is registered at 10600 Rs./50 kg in this week down from last week prices i.e. 10275 Rs./50 kg. However, monthly average prices are remain low 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	8.1.2015	5.1.2015	Change
Arabica Parchment	10500-10700	10200-10350	350
Arabica Cherry	4800-5100	4700-4800	300
Robusta Parchment	7025-7300	6850-7200	100
Robusta Cherry	3300-3450	3250-3300	150

* Values in Rs per 50 Kg

ICTA Auction Prices (Karnataka)

Grade	8.1.2015	2.1.2015	Change	8.1.2015	2.1.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	--	--	--	210.00	--	--
PB	--	--	--	190.00	--	--
A	--	--	--	--	--	--
AB	--	--	--	180.00	--	--
B	--	--	--	--	--	--
C	202.00	--	--	149.00	--	--
BBB	141.50	--	--	136.50	--	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	142.00	--	--
A	--	--	--	--	--	--
PB	177.00	--	--	--	--	--
AA	--	--	--	--	--	--
AB	--	--	--	138.50	--	--
B	--	--	--	--	--	--
C	--	--	--	--	--	--
BBB	130.00	--	--	--	--	--

Values in Rs. per kg

International Market Updates:
Weekly Futures Review -

ICE Arabica coffee future prices of March contract slid up after forecast of below-normal rainfall in Brazil. ICE prices pulled down by 9.95% to 180.05 US cents/lb as on 9th Jan. 2015 compared to 163.75 US cents/lb of last week prices. As per, U.S. Commodity future and Trading commission data, Speculators raised their net long position in ICE Robusta coffee future and options by 1567 lots to 15,287 lots for the first time in six weeks in the week ended Jan.6. On the other hand, certified Robusta coffee stocks held in ICE-nominated warehouse increased to 130,280 tonnes as of Jan.5,2015 against 126,580 tonnes as of Dec.22, 2014.

Brazil:-

As per Brazil's trade ministry data, total coffee exports in December 2014 increased by 6% to 3,044,713 60 kg bags against last month exports i.e. 2,864,081 60 kg bags on higher demand and 21% from last year exports volume i.e. 2,523,019 60 kg bags.

Brazil's Coffee Exports Details					
Commodity	Dec-14	Nov-14	Dec-13	% change Last month	% change Last year
Coffee	3,044,713	2,864,081	2,523,019	6	21

Source: Reuter

Vietnam:- As per traders, 2014/15 coffee crop harvesting has been completed in most of its Central Highlands region last month. However, some areas in Lam Dong, harvesting is still on ending stage as on date. Big farmers and exporters in Vietnam have begun to buy new crop for stock piling after below than expected crop size due to dry weather condition. Currently, domestic buyers are quoting higher prices for stockpiling coffee crop however importers are not showing much interest to take Vietnamese beans at the current price level. Further, they expect to export 150,000 tonnes (2.5 million bags) of the coffee in January month which is higher than December 2014 and up by 7.3% to 449,800 tonnes in the crop year ending September 2015 as compared to previous year. 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).

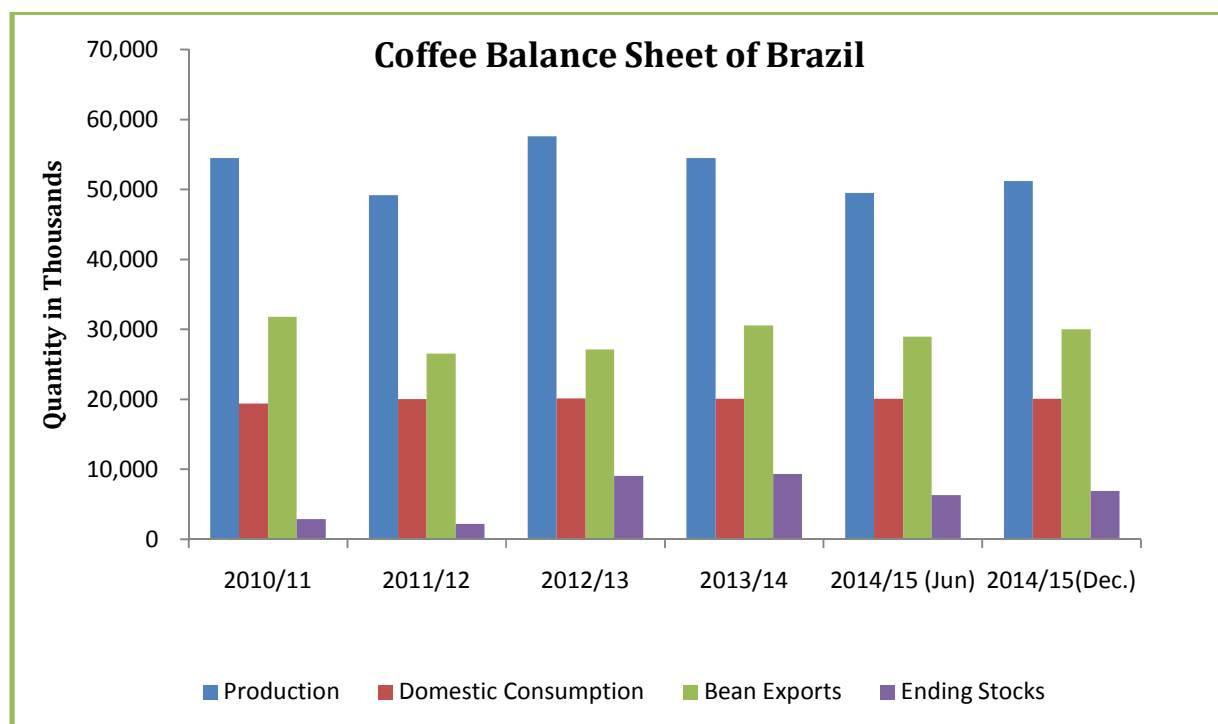
Others:-

- According to the national coffee institute IHCAFE, coffee exports from Honduras, Central America's top producer went up by 15.9% to 295,921 60 kg-bags in December 2014 compared with the same month during the previous harvest. While, total exports of first three months of the current 2014/15 season increased by 26% to 422,166 bags against same period during the previous 2013/14 season and it is expected to exports totaled at 4.83 million bags during the current season end.
- According to national coffee institute ICAFE, Costa Rica coffee exports is registered down by 17.9% to 114,858 bags in the first three month of the 2014/15 season. Costa Rica coffee beans are famous for its high quality coffee bean.

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

- According to USDA recent released report in Dec. 2014, Coffee Production estimates of Brazil is revised up at 51.20 million bags from its earlier forecast i.e. 49.50 million bags as given in June 2014 however down by 6.05% from 54.50 million bags of the previous year estimate.
- On the other hand, total bean exports is revised up at 30 million bags in Dec. month for 2014/15 against its earlier forecast i.e. 29 million bags in June while is expected to decrease minor by 1.93% as compared to last year estimates i.e. 30.59 million bags and higher by 10.52% from 27.14 million bags in 2012/13 in expectation of good demand.
- Ending Stocks are likely to touch the level of 6.90 million bags which is lower approx. 26% from last year record i.e. 9.33 million bags. However, it is placed up by 9.33% from USDA previous forecast as given in June 2014.
- Domestic Consumption of the world is projected same as reported in June month i.e. 20.10 million bags in 2014/15 even same as well as in 2013/14.

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



Source:USDA

International Coffee Price Trend

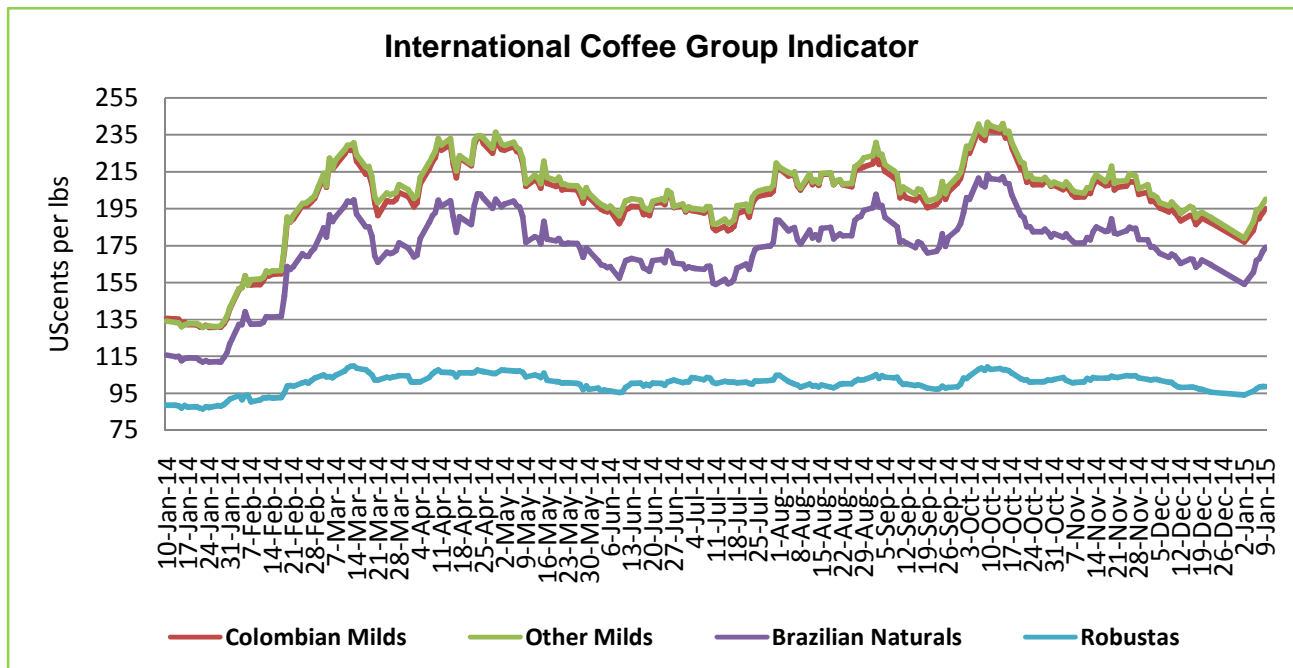
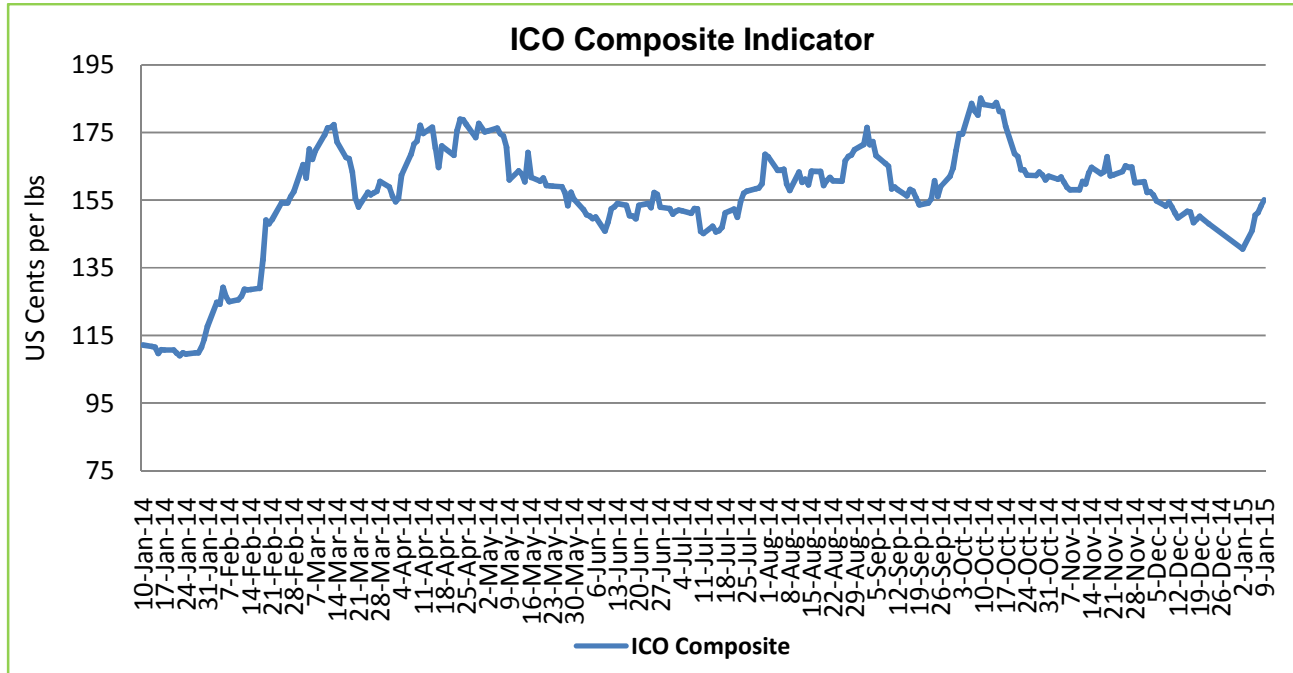
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	9.1.2015	2.1.2015	9.12.2015	9.1.2014
ICO Composite Indicator	155.09	140.57	154.39	--
Colombian Milds				
US	191.00	--	194.50	--
Europe	199.78	180.48	196.47	--
Group Indicator	195.04	177.03	195.41	--
Other Milds				
US	200.69	--	202.44	--
Europe	199.87	177.54	196.26	--
Group Indicator	200.18	179.07	198.61	--
Brazilian Naturals				
US	161.00	--	159.50	--
Europe	178.62	158.12	174.24	--
Group Indicator	174.04	154.08	170.41	--
Robusta				
US	101.67	--	103.58	--
Europe	98.16	93.51	100.34	--
Group Indicator	98.72	94.14	100.86	--

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 recovered this week end after forecast of below normal rain in Brazil which may affect negatively on 2015 coffee crops. Prices are likely to improve further from the current level.

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



Source: ICO

International- Future Market Prices:-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(9-Jan-2015)	Week ago (2-Jan-15)	Month Ago (9-Dec-14)	Weekly Change (%)
Mar-14	180.05	161.05	180.50	11.79
May-15	182.70	163.75	183.00	11.57
Jul-15	185.15	166.35	185.30	11.30

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(9-Jan-2015)	Week ago (2-Jan-15)	Month Ago (9-Dec-14)	Weekly Change (%)
Jan-15	1933	1838	1994	5.16
Mar-14	1963	1864	2011	5.31
May-14	1990	1889	2028	5.34

USC/lb

USD/T

International Coffee Prices

	9.1.2015	2.1.2015	9.12.2014	9.1.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	39900	--	39500	34650
Vietnam FOB (2-5 pct)* (Saigon port)	1880	--	2010	1685
Indonesian FOB (4-80 defects)** (Lampung Port)	1940	1890	2040	1765

*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 shows significant gain in the market on buyers interests.
- Rising 14 days EMI hints further steady to uptrend in the market.
- Rising volume and prices indicates further long build up in the market.
- On the other hand, RSI is also up at 49.65 compared to last week movement at 39.67 indicating further upward momentum in the next week.
- Fibonacci retracement level on upside wave hints first support level at 155.66@ 38.2% and second support level at 139.12@ 23.6%.

Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	156-187

US cents/lb

Expected Support and Resistance

S2	S1	PCP	R1	R2
139.12	155.66	180.05	188.19	195.15

US cents/lb

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

Weekly Technical Outlook:-

- Candlestick chart depicts higher side closing of the market against last two weeks.
- On the other hand, 14-days EMI is moving down at 1970 from 1976 of last week record indicating further bearish trend in the market.
- Falling volume and rising prices hints short covering in the market.
- Fibonacci retracement on upside wave shows first resistance level at 1979@50% and second resistance level at 2050@38.2% 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>	1910-1978

USD/T
Expected Support and Resistance

S2	S1	PCP	R1	R2
1821	1909	1933	1979	2050

USD/T
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