

Highlights of The Week

Domestic raw coffee prices in Karnataka featured lower trend during this week on lackluster trading activities. Exporters are very slow in the market. Lower global coffee prices is also weighing in the market.

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.

As per DGCIS report, India has received total coffee exports revenue around Rs. 330.84 crore which is in USD 52.72 million in Dec.2014 higher by 4.08% in Rs. and 15.13% in USD respectively against Rs. 283.47 crore and USD 45.79 million respectively in previous year during the same month. It stood at Rs.3450.86 crore and the value in USD at 569.2 million since April-Dec. in 2014 up by 4.08 in Rs. and 1.97% when the value is counting in USD against last year revenue i.e. Rs.3315.63 crore and in USD 558.23 million in corresponding period of time.

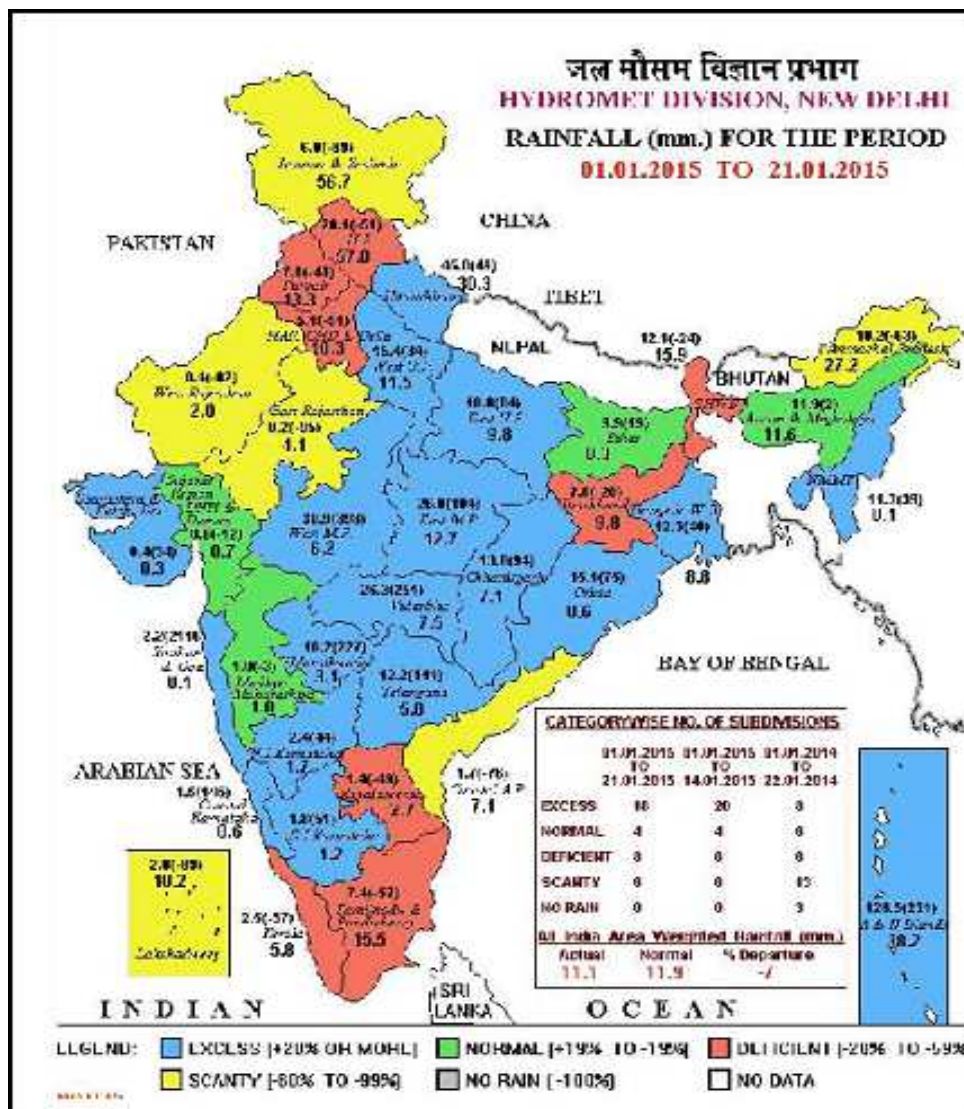
Total coffee production of Kenya may improve and increase by 22% to about 60,000 tonnes in upcoming season due to supportive new varieties and increasing areas as reported by its Government official. Total production in 2013/14 stood at 49,000 tonnes. Kenyan beans are basically famous for its quality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

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.

As per National Coffee Association Anacafe, monthly exports of Central America's second-biggest producer, Guatemala went down 24.7% to 93191 60-kg bags in December 2014 against 123,772 bags during the same period of time in 2013. Total coffee exports decreased by 27% to 202,785 60-kg bags during the first three months of the current season in 2014/15 from previous year in the same period of time.

Weather Updates of India

Below Map shows weekly rainfall scenario of India:-



Source: IMD

- India received total 11.1 mm actual cumulative seasonal rainfall of India (1st January 2014 to 21st January-2015) below 7 % against 11.9 mm of Normal rain.
- Fog would occur at a few places over Uttar Pradesh, north Madhya Pradesh, Bihar, Sub-Himalayan West Bengal & Sikkim, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura during many days of the week.
- Heavy rain/snowfall would occur at a few places over Jammu & Kashmir, Himachal Pradesh and Uttarakhand in next three days ahead.

Exports and Imports of India

Provisional Indian green coffee exports is registered down by 46.56% to 7934 metric tonnes from 1st January 2015 to 21st January 2015 as compared to 14848 metric tonnes of previous year exports during the same period of time. India re-exports maximum Instant type of coffee which is recorded at 2094 metric tonnes in this year during 1st January 2015 to 21st January 2015 significantly higher from preceding year re-exports volume i. e. 1629 metric tonnes. Total provisional exports of Arabica parchment, Arabica cherry, Robusta Parchment, Robusta Cherry and R&G is placed down by 60.41% to 1916, 37.61% to 791 metric tonnes, 56.31% to 301 metric tonnes, 26.83% to 3886 metric tonnes, 35.71% to 14 metric tonnes respectively against last year exports volume in the same period of time.

Below table shows Indian coffee exports volume in details:-

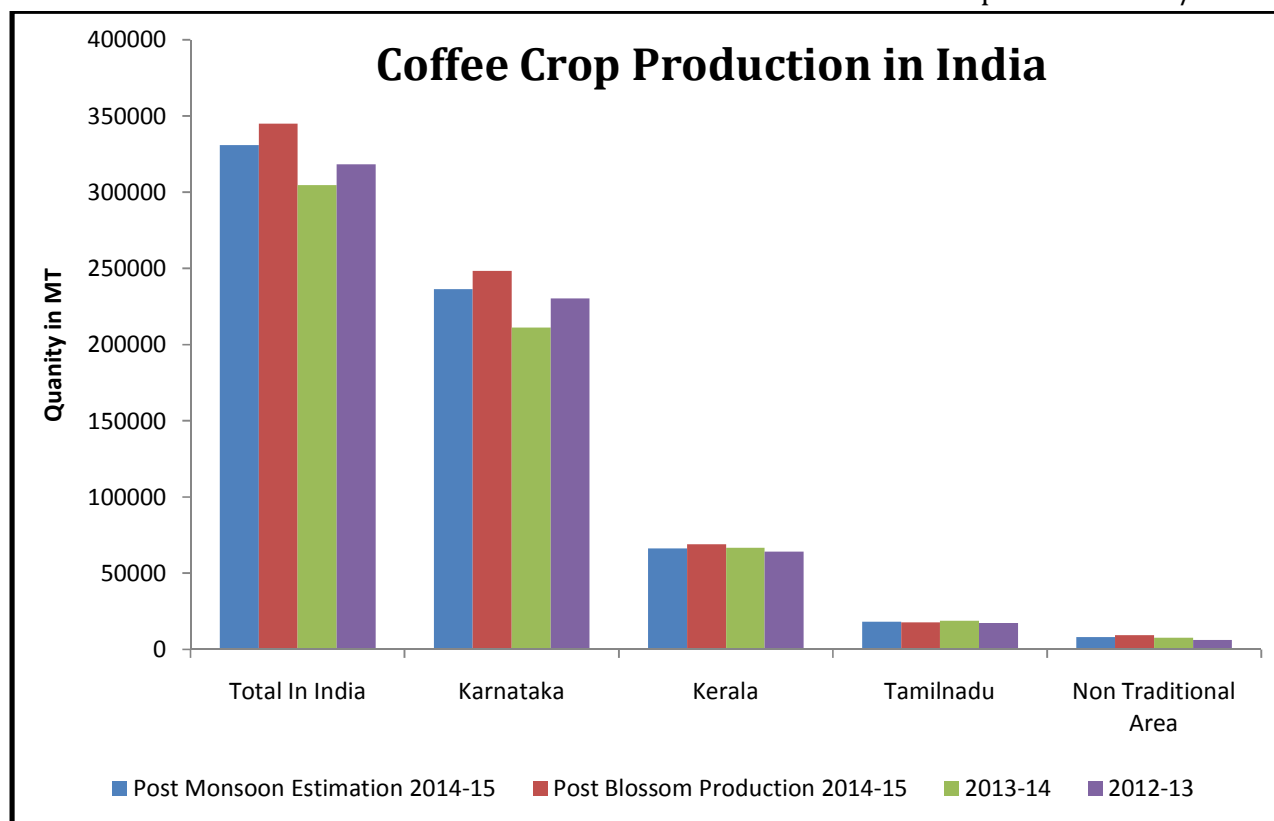
Export update: From 01 st January 2015 to 21st January 2015 (in metric tonnes)									
	INDIAN COFFEE	Ar.Pmt	Ar.Chy	Rob.Pmt	Rob.Chy	Roasted seeds	R & G	Instant	Total
1	Provisional exports (Indian coffee)	1916	791	301	3886	2	9	1028	7934
2	Provisional exports corresponding period last year	4840	1268	689	5311	6	14	2720	14848
3	Provisional re-exports	0	0	0	0	1	5	2094	2099
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	1629	1629
5	Total provisional exports (1+3)	1916	791	301	3886	3	14	3123	10033
6	Total provisional exports corresponding period last year (2+4)	4840	1268	689	5311	6	14	4349	16477

Source: The Coffee Board of India

Domestic Crops Condition and Production

According to recently released data by the Coffee Board of India, the post monsoon estimate for Indian coffee crop is kept down at 331,000 MT lower from its previous post blossom crop forecast on account of prolonged dry spell which caused heavy infestation of coffee White stem borer as a result Arabica crops damaged in a higher ratio. After a long dry spell of drought, continue heavy monsoon raise the concern towards Robusta crops as well after generating defoliation and incidence of stalk rot and black rot in the Robusta crop areas especially in Karnataka. Later, the Hud-Hud cyclone of 12th October 2014 also affected negatively on standing coffee crops. However, total India's crop estimates remained higher against 2013-14 coffee output. Post Monsoon crop estimates for 2014-15 stood up by 8.70% to 331,000 MT followed by total Robusta estimates at 231,400 MT with an increase of 14.38% and Arabica estimates at 99,600 MT with a decline of 2.54% compared to last year output.

Below chart shows revised Post Monsoon Estimation of Indian Coffee Crop Size for 2014/15:-

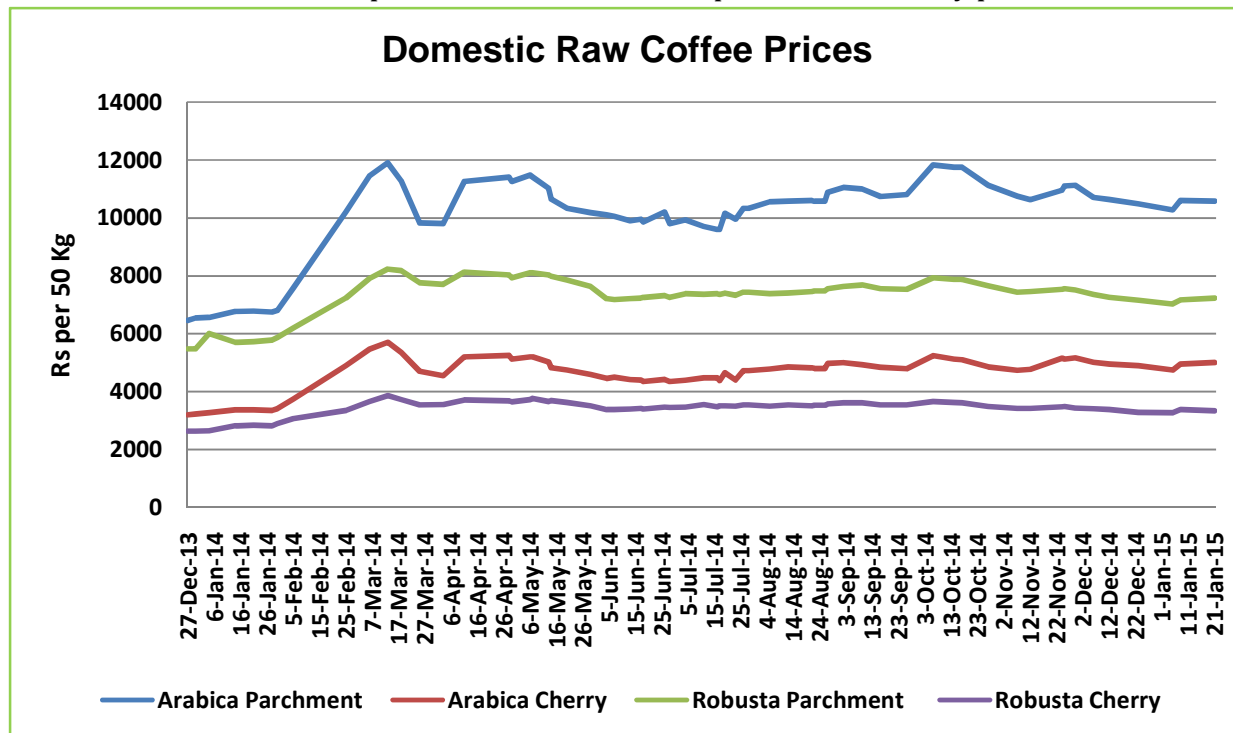


The Coffee Board of India

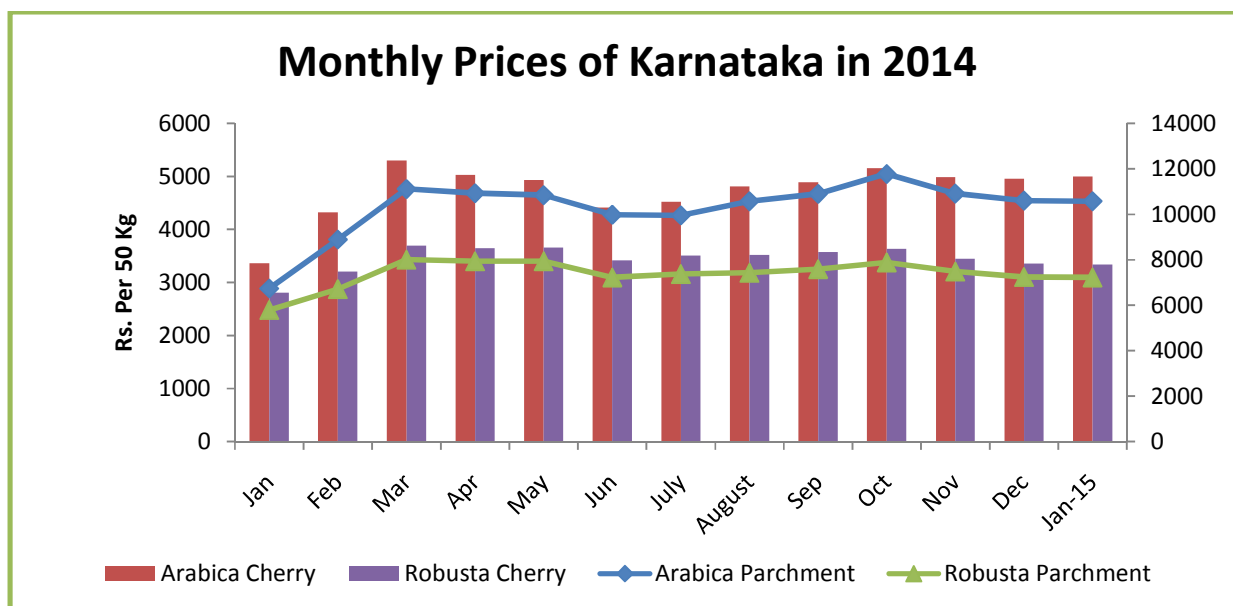
Coffee Prices of Auction Market & State-wise Market

Daily average coffee prices fell on dull buying activities in the market. Arabica Parchment is registered down at 10575 Rs./50 kg in this week against last week prices i.e. 10600 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	21.1.2015	8.1.2015	Change
Arabica Parchment	10500-10650	10500-10700	-0.46%
Arabica Cherry	4900-5100	4800-5100	Unchanged
Robusta Parchment	7150-7300	7025-7300	Unchanged
Robusta Cherry	3300-3375	3300-3450	-2.17

*** Values in Rs per 50 Kg**

ICTA Auction Prices (Karnataka)

Grade	14.1.2015	8.1.2015	%Change	14.1.2015	8.1.2015	%Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB		--	--	-	--	--
AA	285	--	--	-	210.00	--
PB	285	--	--	-	190.00	--
A	282	--	--	-	--	--
AB	-	--	--	170	180.00	-5.55
B	250	--	--		--	--
C	228	202.00	12.87	148.45	149.00	-0.36
BBB	137	141.50	3.18		136.50	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	-	--	--	--	142.00	--
A		--	--	--	--	--
PB	163.5	177.00	-7.62	--	--	--
AA	-	--	--	--	--	--
AB	-	--	--	--	138.50	--
B	-	--	--	139.5	--	--
C	-	--	--	--	--	--
BBB	-	130.00	--	--	--	--

Values in Rs. per kg

International Market Updates:**Weekly Futures Review -**

ICE Arabica coffee future prices of March contract declined on lackluster trading activities during the current week. ICE Arabica coffee future prices slumped by 5% to 165.15 US cents/lb as on 23rd Jan. 2015 compared to 173.65 US cents/lb of last week prices. While, Robusta future prices of March contract at Liffe went down by 2% to 1931 USD/T at the end of this week against 1970 USD/T of last week prices. As per Exchange data, Robusta Coffee Speculators cut their net long position by 338 lots to 13977 lots in ICE London as of Jan.20,2015.

Brazil:- As per meteorologist , a cold front is likely to finally break through to southeastern and center-west Brazil by Thursday which will be beneficial to standing coffee crops. Somar expects good rain in Brazil during the last week of January and first week of February.

As per Exporter Comexim, Total coffee private stocks of Brazil stood at 30.6 million bags as of Jan.1,2015 after harvesting a 2014/15 crop of 48.85 million bags previous year. With the help of 2.3 million bags of government stocks, total Brazilian stocks is available around 32.3 million bags as of beginning of the year.

Vietnam:- As per Traders, sellers are not much eager to sell their crops at the current prevailing prices which is running below domestic market prices. Currently, farmers are holding their stocks ahead of higher prices along with Tet festival in February. Presently, buyer are not willing to buy Vietnam's coffee crops despite lower prices. Vietnam's exports is recorded at 115,400 tonnes (1.92 million 60-kg bags) of coffee in December 2014 up 37.3% from a month earlier. However it is lower than the forecast of traders and government. Vietnam exported 295,200 tonnes with an increase of 7% during October 2014-December 2014 against previous year during the same period of time. Further they added that , farmers have been increasing coffee areas in most of regions despite Dhaklak

Others:-

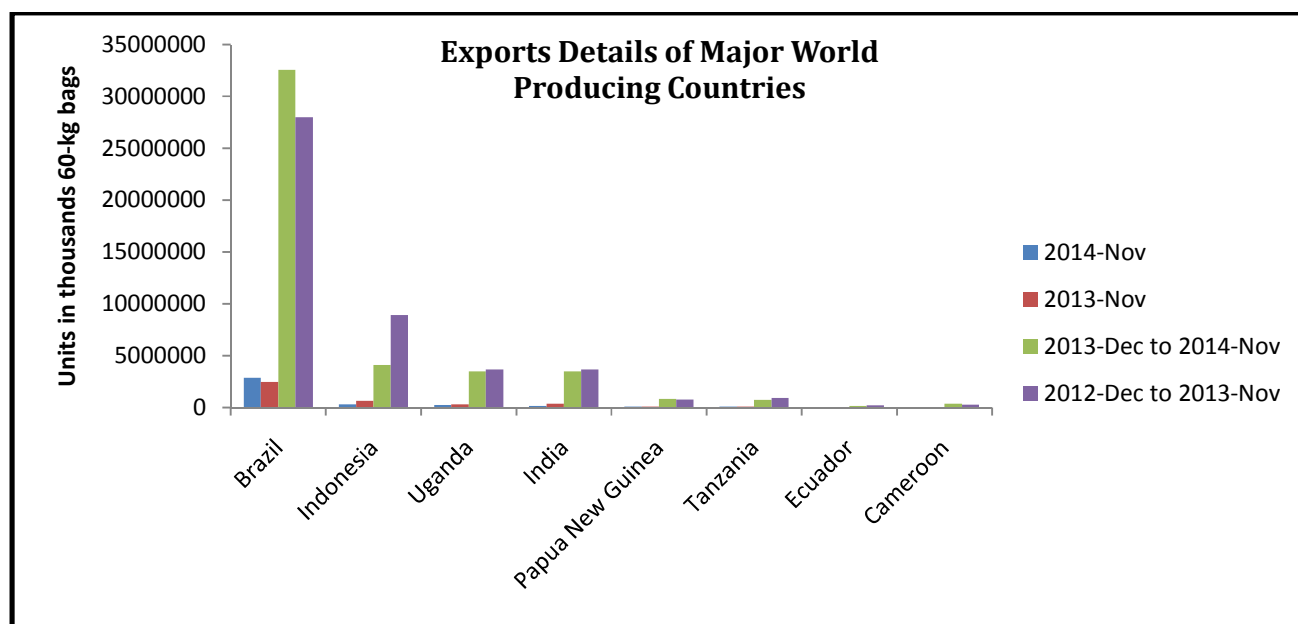
- As per Uganda Coffee Development Authority (UCDA), monthly exports of Uganda's coffee exports went down by 13% to 224,803 60-kg bags in December 2014 against previous year during the same period of time. Uganda may export around 230,000 bags in January 2015 which is lower than 391,514 bags in same period last year.
- Total coffee exports of Cameroon is registered upside to 19,704 tonnes of Robusta coffee in 2013/14 against 14,725 tonnes in the 2012/13 while Arabica stood down against 2522 tonnes of exports volume. Country exported higher to 698 tonnes of Robusta coffee in Dec. month against 236 in the same month of last year. Dec. is the first month of the 2014/15 season as reported by the National Cocoa and Coffee Board(NCCB).
- According to Tanzania Coffee Board , the average price for top grade Arabica coffee was \$192.01 per bag at the auction held on Thursday, up from \$185.29 in last week on the back of good demand. Total 12,127 bags were offered at the latest sale as compared to 17,046 bags at the last auction in December.

Coffee Estimates of the World

As per ICO, Brazilian coffee exports in Nov. 2014 is registered up by 15.20% to 2.82 million bags against 2.44 million bags in Nov. 2013. On the other hand, Brazil exported at 32.57 million bags in last eleven month (Dec-2013 to Nov-2014) with an increase of 16.37% from 27.99 million bags in (Dec-2012 to 2013-Nov.). While, other countries like Indonesia, Uganda, India, Tanzania, Ecuador seems with lower coffee exports volume during the same period of time on declining demand ahead lower crops size than expected.

Below chart depicts total coffee exports of major producing countries of the world in 2014:-

Major Countries Exports of Green Arabica and Green Robusta				
	2014-Nov	2013-Nov	2013-Dec to 2014-Nov	2012-Dec to 2013-Nov
Brazil	2820935	2448571	32575158	27990372
Indonesia	280000	625820	4119292	8935484
Uganda	219948	263733	3474934	3655124
India	130000	341401	3474934	3655124
Papua New Guinea	64807	71029	828682	781900
Tanzania	54644	61911	742343	926222
Ecuador	12711	14921	152279	220864
Cameroon	5000	1500	363475	279114



Source: ICO

International Coffee Price Trend

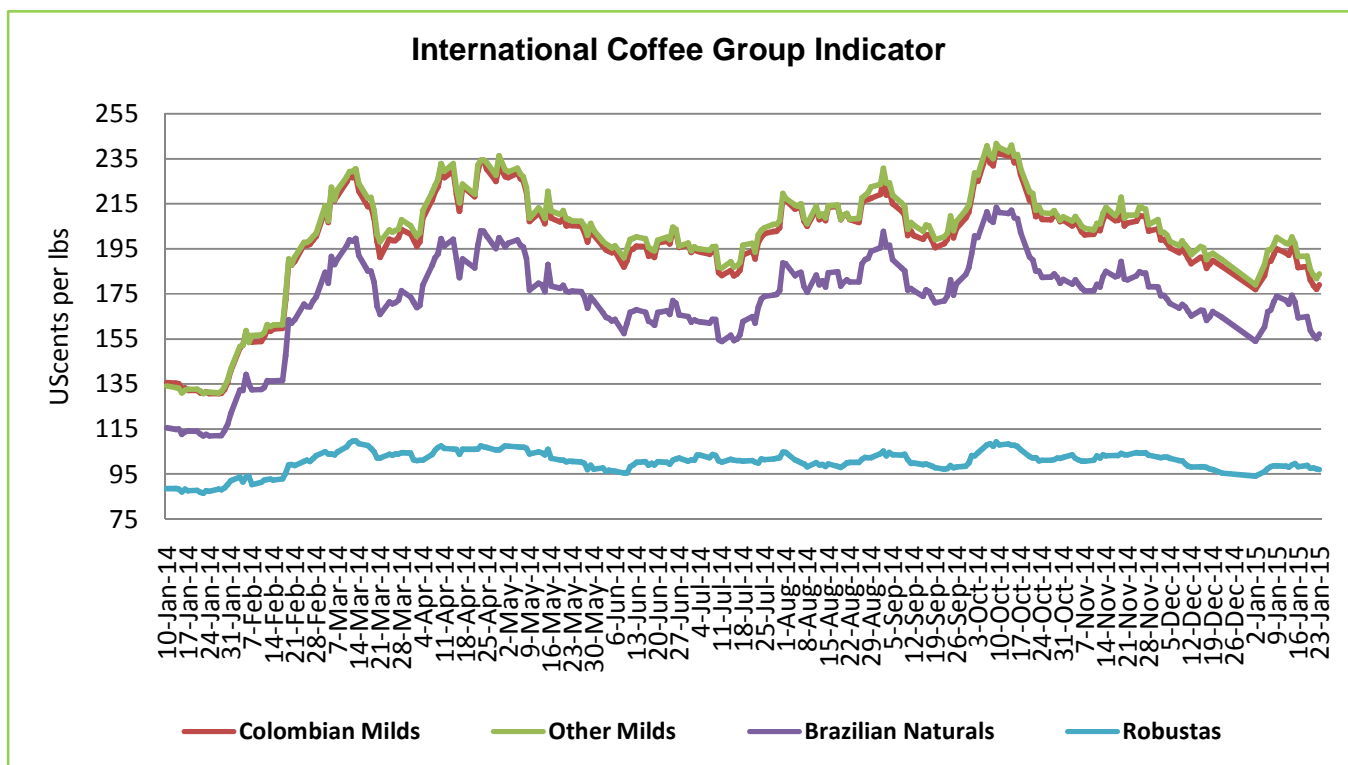
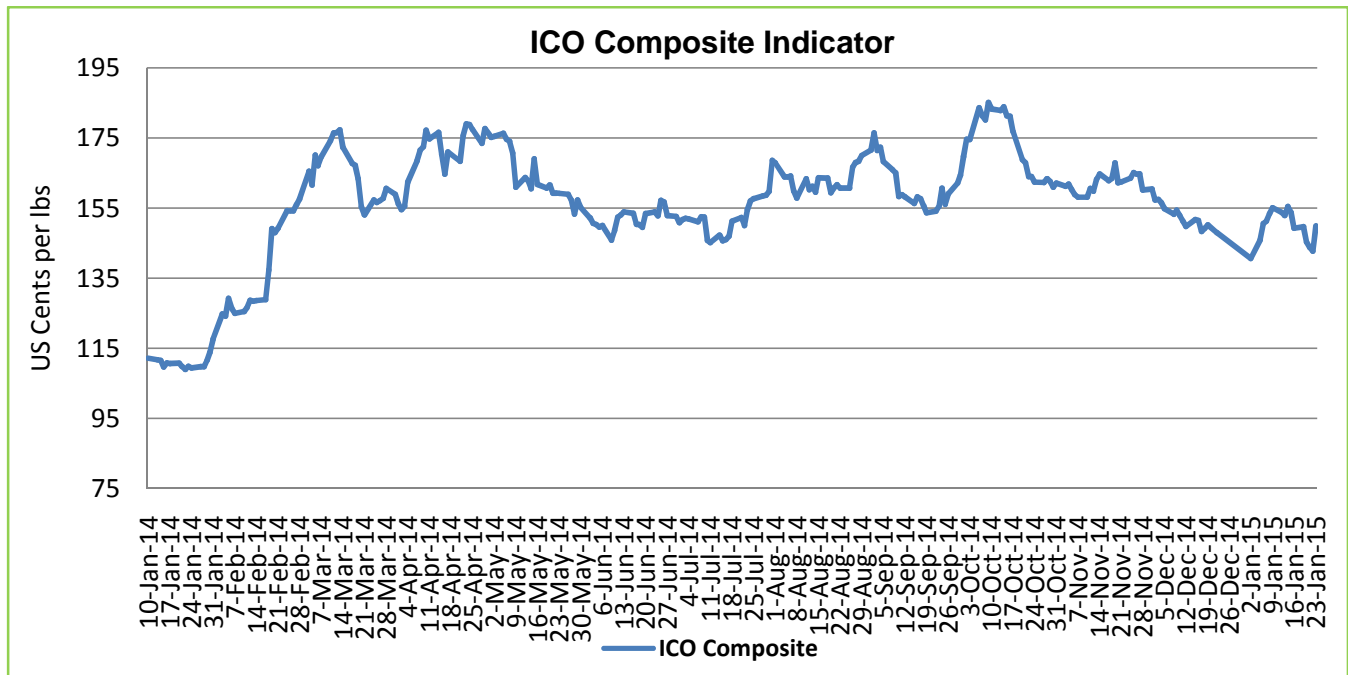
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	23.1.2015	16.1.2015	22.12.2014	23.1.2014
ICO Composite Indicator	149.95	149.18	147.99	109.85
Colombian Milds				
US	176.5	184.00	186.75	132.75
Europe	182.24	189.96	190.87	130.42
Group Indicator	179.14	186.74	187.22	131.68
Other Milds				
US	184.19	192.19	195.69	133.5
Europe	183.73	191.44	188.7	130.06
Group Indicator	183.91	191.73	190.32	131.37
Brazilian Naturals				
US	161.04	152.00	154.75	106.25
Europe	157.26	168.75	169.03	114.89
Group Indicator	101.04	164.39	164.71	112.64
Robusta				
US	101.83	102.25	100.50	92.83
Europe	96.14	97.59	94.92	86.66
Group Indicator	97.05	98.33	95.56	87.65

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

International Coffee Indicators Chart:-

The prices of ICO composite indicators is continue declining on lower demand. Buyers and sellers are in wait and watch condition.

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



Source: ICO

International- Future Market Prices:-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(23-Jan-2015)	Week ago (16-Jan-15)	Month Ago (23-Dec-14)	Weekly Change (%)
Mar-14	162.45	171.00	173.60	-5
May-15	165.15	173.65	176.10	-4.89
Jul-15	167.75	176.10	178.40	-4.74

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(23-Jan-2015)	Week ago (16-Jan-15)	Month Ago (23-Dec-14)	Weekly Change (%)
Jan-15	1903	1941	1872	0.97
Mar-14	1931	1970	1911	-1.97
May-14	1960	1997	1930	-1.85

USC/lb

USD/T

International Coffee Prices

	22.1.2015	15.1.2015	22.12.2014	22.1.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	39700	40750	38800	33950
Vietnam FOB (2-5 pct)* (Saigon port)	1940	1965	1870	1940
Indonesian FOB (4-80 defects)** (Lampung Port)	1940	1950	1930	1760

*FOB Values are in USD/T

Weekly Auction Prices Of Kenya

Coffee Grade	Prices This Auction In (12/01/2015)	Average Prices In	Prices Last Auction In (19/01/2015)
Arabica AA	148-486	275.15	192-402
Arabica AB	117-352	227.2	101-323
Arabica C	101-232	200.32	82-251
Arabica PB	166-296	241.79	150-260
Arabica T	80-191	145.62	80-214
Arabica TT	81-238	195.81	146.253

Units in \$ per 50 kg bags

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



Weekly Technical Outlook:-

- Candlestick chart depicts declining phase of the market.
- Falling 14 days EMI hints further steady to down trend in the market.
- Lower volume and prices indicates further bearish trend of the market.
- On the other hand, RSI is also down at 42.39 compared to last week movement at 45.77 indicating further declining phase of the next week.
- Descending formation of triangle hints further down phase 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>	159-180

US cents/lb

Expected Support and Resistance

S2	S1	PCP	R1	R2
151.98	158.30	162.45	180.40	190.33

US cents/lb

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



Weekly Technical Outlook:-

- Candlestick chart shows a significant down closing of the market.
- On the other hand, 14-days EMI is moving down at 1958 from 1966 of last week record indicating further lower trend in the market.
- Falling volume and prices hints bearish phase of the market.
- Fibonacci retracement on downside wave shows second resistance level at 1843@50% 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>	1868-1972

USD/T

Expected Support and Resistance

S2	S1	PCP	R1	R2
1843	1867	1903	1973	2001

USD/T

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2014 Indian Agribusiness Systems Pvt. Ltd.