

Highlights of The Week

Raw coffee prices is placed steady to uptrend in Karnataka market during this week ending on 9th February 2015 on rising demand. Arabica harvesting is completed now. However, farmers are not keen to sell their crops and demanding for hefty premium for both Arabica and Robusta grades over New York and London futures due to global coffee supply deficit in 2014/15. Total 221972 kgs was on offer including 121288 kgs of Arabica coffee and 100684 kgs of Robusta coffee where 58000 kgs was sold at the auction which held on the 5th February 2015.

As per the Coffee Exporters Association of India, India may export total 270,000 tonnes in 2014/15 in marketing year lower by 10% against previous year exports on account of lower Arabica output. India has exported total 75,179 tonnes of coffee since the start of the latest season on October 1, 2014 with a significant fall of 13% against the record of previous year. Total exports of India in 2013/14 is recorded at 303,290 tonnes. In the view of Rajesh Rajah, the president of the Coffee Exporters Association of India, coffee export may fall by 10 to 12% to 90,000 tonnes this season 2014/15 due to lower Arabica output which is damaged by the stem borer pest and dry weather.

Total Indian coffee crops estimates for 2014/15 is placed higher against 2012-13&2013-14 coffee output. Post Monsoon crops 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 approx. 13% and Arabica estimates at 99,600 MT with a decline of 3% compared to last year output as per recently released data by the Coffee Board of India.

According to Reuters Poll of 13 traders and analyst, Vietnam is likely to produce 27.2 million bags in 2014/15 which is slightly lower from its previous poll in July 2014. Further, they expects ICE Robusta to increase to \$ 2115 a tonne and ICE Arabica future at \$ 1.98 cents a lb at the end of 2015 due to unsupportive weather condition in Brazil and in expectation of a stronger Brazilian real currency against the U.S. dollar. The poll set the forecast of Brazilian coffee crops for 2015/16 at 46.5 million bags.

As per ICO, Brazil 's export in Jan-2015 amounted at 2724800 -60 kg bags lower by 11% against Dec. month however 7% higher from last year during the same period of time. Below table shows Brazil's coffee details in 2014:-

Brazil's Coffee Exports Details					
Commodity	Jan-15	Dec-14	Jan-13	% change Last month	% change Last year
Coffee	2,724,800	3,044,700	2,545,500	-11	7

Source: Reuter

Weather Updates of India

Below Map shows weekly rainfall scenario of India:-

3-Day Rainfall Forecast (MORNING) DATED: 09-02-2015

S.N	MET. SUB-DIVISION	Forecast		
		09-02-2015	10-02-2015	11-02-2015
1	A & N Islands	ISOL	ISOL	DRY
2	Arunachal Pradesh	ISOL	ISOL	DRY
3	Assam & Meghalaya	ISOL	DRY	DRY
4	Nag, Mani, Mizo & Tripura	DRY	DRY	DRY
5	SHWB & Sikkim	ISOL	DRY	DRY
6	Gangetic West Bengal	DRY	DRY	DRY
7	Odisha	DRY	DRY	DRY
8	Jharkhand	DRY	ISOL	ISOL
9	Bihar	ISOL	DRY	DRY
10	East Uttar Pradesh	ISOL	DRY	DRY
11	West Uttar Pradesh	ISOL	DRY	DRY
12	Uttarakhand	ISOL	DRY	DRY
13	Haryana, Chd & Delhi	DRY	DRY	DRY
14	Punjab	DRY	DRY	DRY
15	Himachal Pradesh	ISOL	DRY	DRY
16	Jammu & Kashmir	SCT	ISOL	DRY
17	West Rajasthan	DRY	DRY	DRY
18	East Rajasthan	DRY	DRY	DRY
19	West Madhya Pradesh	ISOL	ISOL	ISOL
20	East Madhya Pradesh	ISOL	ISOL	ISOL
21	Gujarat Region	DRY	ISOL	ISOL
22	Saurashtra, Kutch & Diu	DRY	DRY	DRY
23	Konkan & Goa	DRY	DRY	DRY
24	Madhya Maharashtra	DRY	ISOL	ISOL
25	Marathawada	DRY	DRY	DRY
26	Vidarbha	DRY	ISOL	ISOL
27	Chhattisgarh	DRY	ISOL	ISOL
28	Coastal Andhra Pradesh	DRY	DRY	DRY
29	Telangana	DRY	DRY	DRY
30	Rayalaseema	DRY	DRY	DRY
31	Tamilnadu & Pudd.	DRY	ISOL	ISOL
32	Coastal Karnataka	DRY	DRY	DRY
33	N I Karnataka	DRY	DRY	DRY
34	S I Karnataka	DRY	DRY	DRY
35	Kerala	DRY	ISOL	ISOL
36	Lakshadweep	ISOL	DRY	ISOL

% of stations reporting rainfall			
% Stations	Category	% Stations	Category
76-100	Widespread/Most Places (WS)	26-50	Scattered/ few places (S)
51-75	Fairly Widespread/Many Places (FWS)	1-25	Isolated (ISOL)

Source: IMD

- Rain/thundershower would occur at isolated places over central India & adjoining east India on 12th and mainly dry weather thereafter.
- A fresh western disturbance would affect western Himalayan region from 12th onwards.
- Rain/thundershowers would occur at isolated places over northeastern states and extreme south peninsular India during 12th February to 16th February 2015.

Exports and Imports of India

Provisional Indian green coffee exports is registered down by 41.50% to 16491 metric tonnes from 1st January 2015 to 4th January 2015 as compared to 28194 metric tonnes of previous year exports during the same period of time. India re-exports maximum Instant type of coffee which is recorded at 6013 metric tonnes in this year during 1st January 2015 to 4th January 2015 significantly higher from preceding year re-exports volume i.e. 2612 metric tonnes on higher demand due to its better quality. Total provisional exports of Arabica parchment, Arabica cherry, Robusta Parchment, Robusta Cherry is placed down by 50.07% to 4112, 19.18% to 1736 metric tonnes, 32.73% to 937 metric tonnes, 28.37% to 7761 metric tonnes respectively against last year exports volume i.e. 8237 metric tonnes, 2148 metric tonnes, 1393 metric tonnes, 10836 metric tonnes respectively in the same period of time.

Below table shows Indian coffee exports volume in details:-

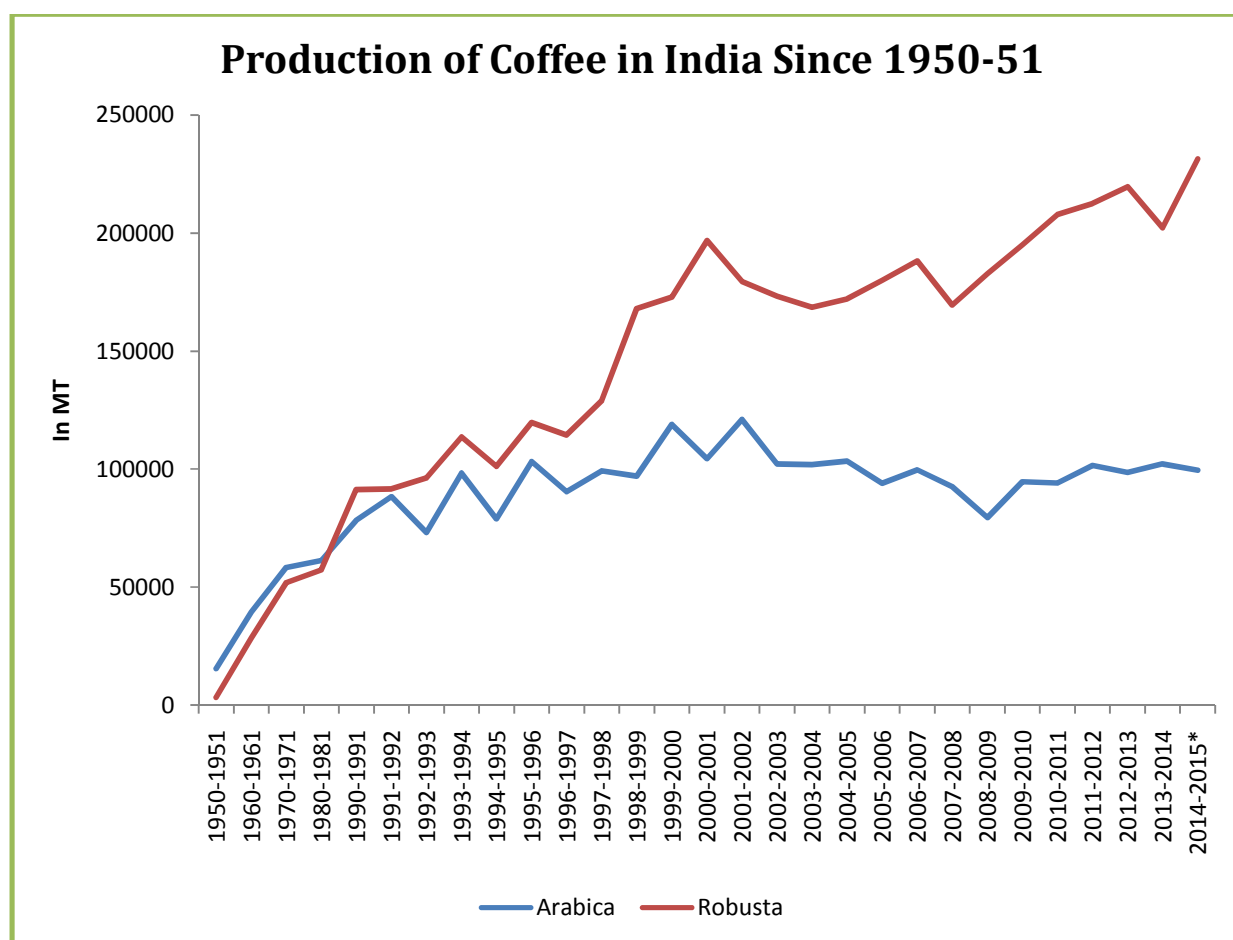
Export update: From 01 st January 2015 to 04th February 2015 (in metric tonnes)									
	INDIAN COFFEE	Ar.Pmt	Ar.Chy	Rob.Pmt	Rob.Chy	Roasted seeds	R & G	Instant	Total
1	Provisional exports (Indian coffee)	4112	1736	937	7761	4	21	1921	16491
2	Provisional exports corresponding period last year	8237	2148	1393	10836	6	17	5557	28194
3	Provisional re-exports	0	0	0	0	1	5	6008	6013
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	2612	2612
5	Total provisional exports (1+3)	4112	1736	937	7761	5	26	7929	22504
6	Total provisional exports corresponding period last year (2+4)	8237	2148	1393	10836	6	17	8169	30806

Source: The Coffee Board of India

Domestic Crops Condition and Production

Arabica and Robusta production is continue increasing if we compare to last 64 years records. The estimate of Arabica coffee is kept lower side to 99,600 MT in 2014/15 against last year crops size i.e.231400 MT due to adverse weather condition which affected to Arabica crops negatively. Post Monsoon crops 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 approx. 13% as reported by the Coffee Board of India

Below chart shows Coffee Production details of India since 1950-1951:-

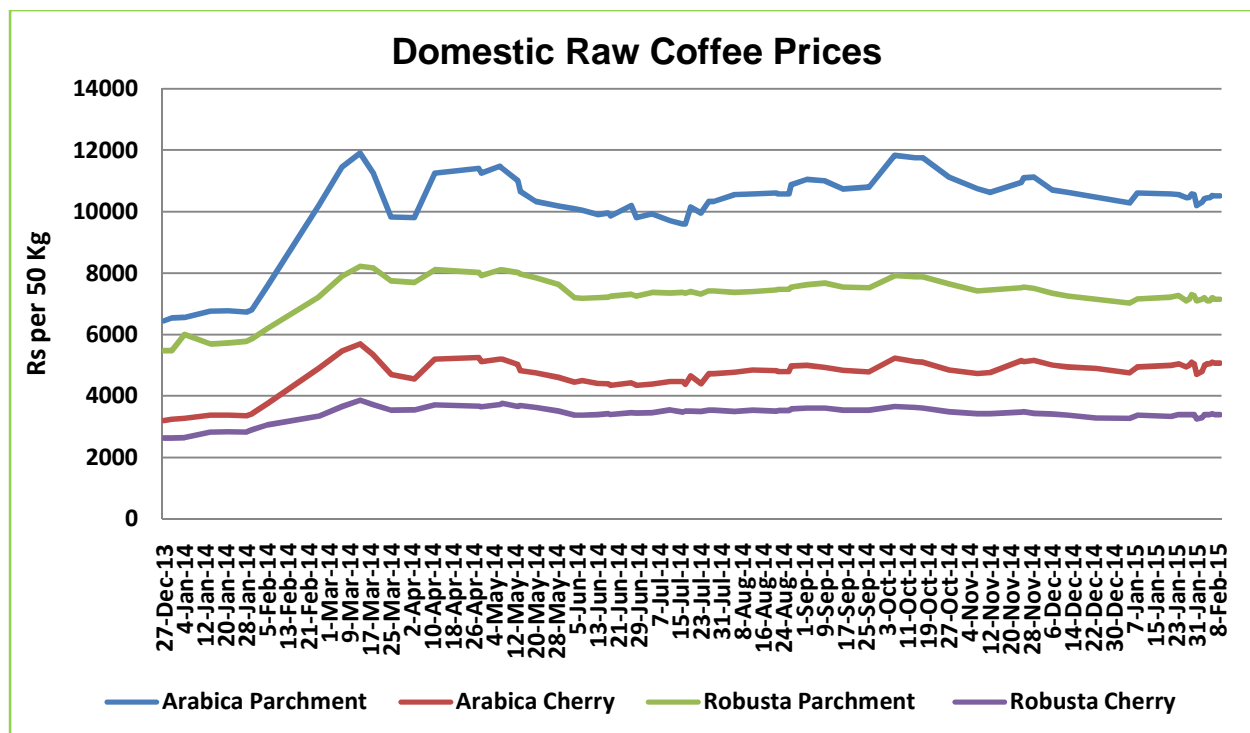


* Final Estimate, Source :- The Coffee Board of India

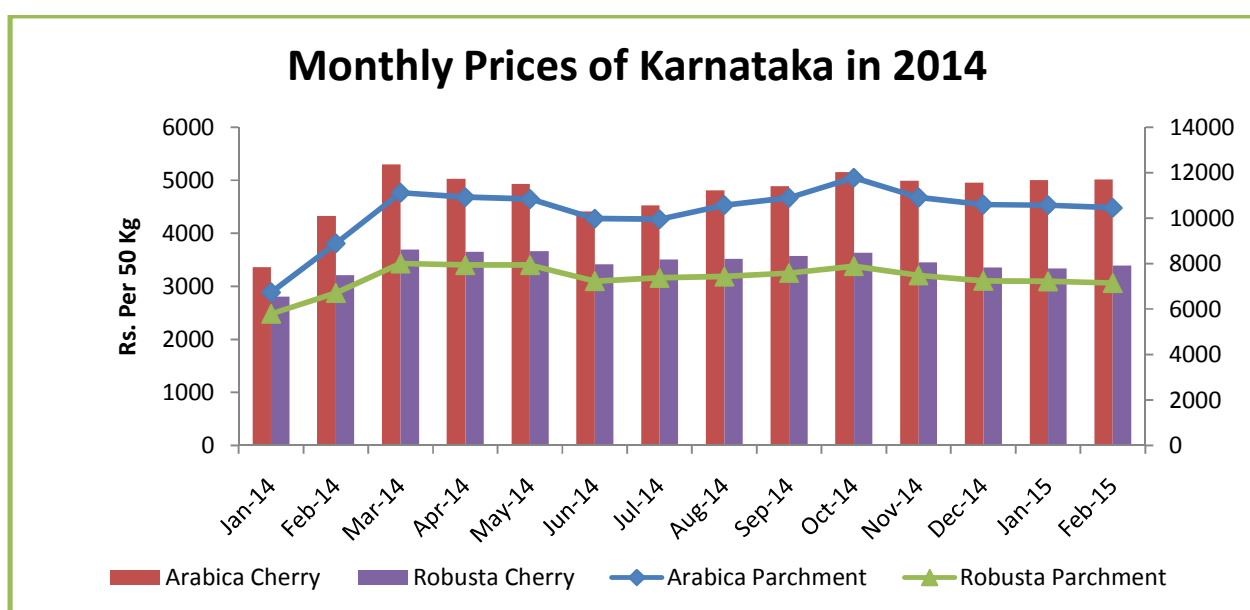
Coffee Prices of Auction Market & State-wise Market

Weekly domestic coffee prices are going up after fresh demand by exporters during this week. Arabica Parchment is registered up at 10515 Rs./50 kg in this week against last week prices i.e. 10300 Rs./50 kg. However, monthly average prices are showing mixed trend due to ups and downs in demand and supply.

Below mentioned charts depicts domestic raw coffee prices and monthly prices in 2014/15:-



Source: The Coffee Board Of India



Source: The Coffee Board Of India

Domestic Raw Coffee Prices(Karnataka):

Variety	9.2.2015	2.2.2015	Change
Arabica Parchment	10525	10425	100
Arabica Cherry	5100	5000	100
Robusta Parchment	7200	7200	Unch
Robusta Cherry	3425	3400	25

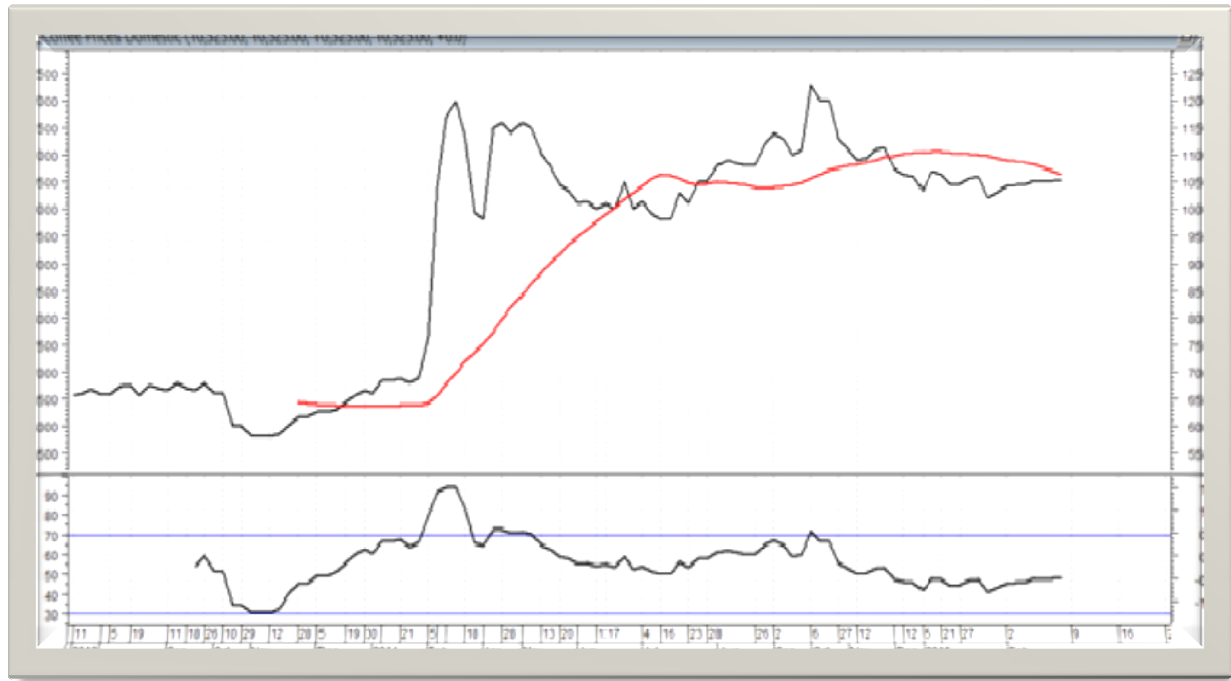
* Values in Rs per 50 Kg

ICTA Auction Prices (Karnataka)

Grade	5.2.2015	29.1.2015	%Change	5.2.2015	29.1.2015	%Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	--	266.00	--	--	--	--
PB	--	--	--	--	--	--
A	--	257.50	--	195.00	190.00	5.00
AB	--	--	--	--	--	--
B	--	213.00	--	173.00	--	--
C	--	--	--	136.00	--	--
BBB	--	--	--	138.50	132.00	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	141.46	--	--
PB	--	158.00	--	--	140.00	--
AA	189.50	--	--	--	148.00	--
AB	--	--	--	136.00	141.50	-5.50
B	--	--	--	--	--	--
C	--	--	--	--	133.50	--
BBB	--	--	--	127.00	128.00	-1.00

Values in Rs. per kg

Technical Analysis of Domestic Coffee at Karnataka Market



Weekly Technical Outlook:-

- Above chart shows uptrend in the market supported by good demand.
- While, moving average indicates declining phase of the market in upcoming days.
- We expect prices to go upside in expectation of rising exporters demand.

Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	10560-10600

Units in Rs./50 kg.

International Market Updates:
Weekly Futures Review -

ICE Arabica coffee future prices of March contract surged in this week in fear of global deficit of coffee crops. ICE Arabica coffee future prices increased by 3.05% to 166.85 US cents/lb as on 6th Feb. 2015 compared to 161.90 US cents/lb of last week prices. In long run future prices are likely to increase by this year with a global deficit in 2014/15. As per Exchange data, Robusta Coffee speculators cut their net long position by 582 lots to 13674 lots in ICE London as of Feb 03,2015. While speculators cut net long position by 3446 contracts to 10185 in week to Feb 03,2015.

Brazil:- As per Reuters Weather Dashboard, coffee areas in the center-south received 50% to 60% of average rainfall in December and January. Brazil receives 1.25 inches (3.2 cm) of rain and likely to get around half inches to 2.5 inches in 85% of the coffee area in next five days.

Vietnam:- According to the Vietnam Economic Times newspaper, Vietnam is likely to replace coffee trees growing as an alternative crop Macadamia. Farmers may produce macadamia crop in part of the 100,000 hectares (247,100) acres as it has a longer production life and higher prices than coffee.

Vietnam's farmers have sold 30-35% of their 2014/15 harvest which below from last year as farmers are not interested to release their crops as quickly at the current level of 40,000 dong (\$1.88) per kg during this week.

As per Traders, Vietnam is likely to export 85,000 to 100,000 tonnes (1.42 million to 1.67 million bags) of coffee this month down from 120,000 tonnes in Dec month due to long holiday and widespread domestic hoarding. In December month exports fell by 14.4% from last year exports during the same month. Vietnam will close all markets from Feb.14- to 23 due to festival Tet or the Lunar New Year festival. Vietnam has exported total 1.68 million tonnes of coffee with an increase of 29% from 2013.

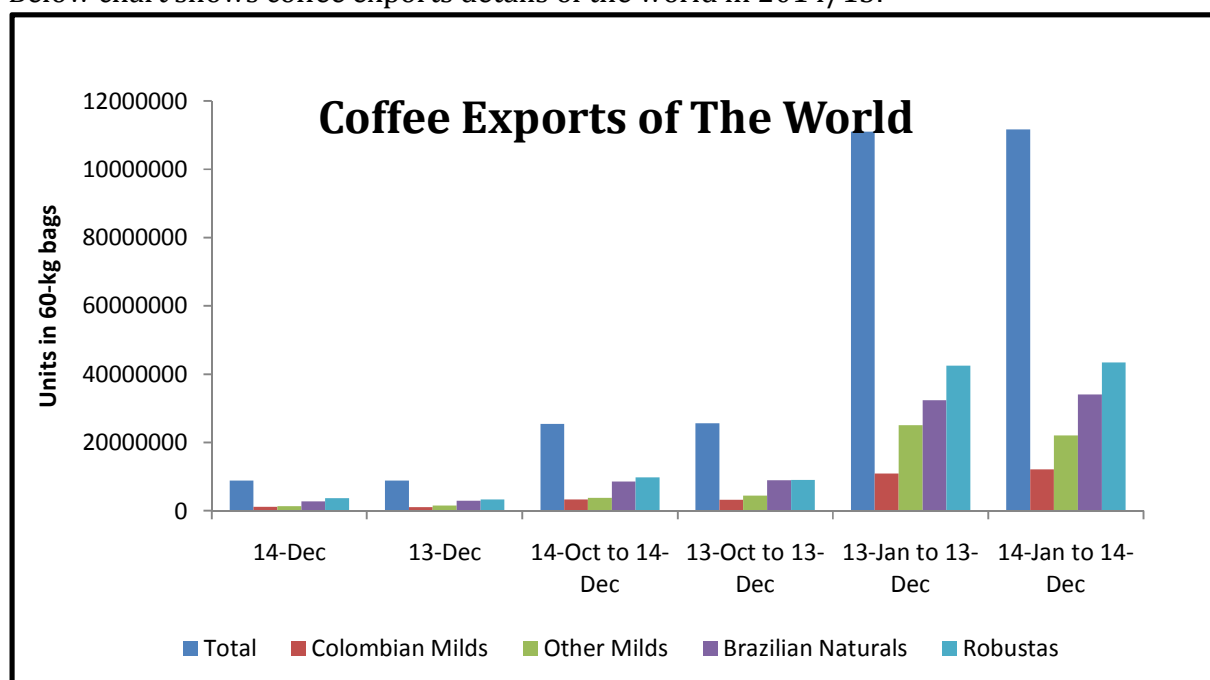
Others :-

- As per Tanzania Coffee Board, the average coffee prices of Tanzanian Arabica coffee declined at auction which held on Feb 12,2015 due to fall in demand. The average price for top grade Arabica coffee was \$184.54 per bag which is down from \$192.01 in last week. Total 17,287 bags were offered at the latest sale compared with 12,127 bags at the previous auction.
- As per the country's national coffee Institute ICAFE, Costa Rica coffee exports went down by 8.5% in January 2015 and exported total 207,990 bags in the first four months of the 2014/15 with a decline of 13.3% from last year record. On the other hand, the Central American country has exported 93,144 60 kg-bags in January against 101,802 bags during the same month last year.
- As per the National Cocoa and Coffee Board, Coffee production of Cameroon stood up at 32,808 tonnes in the 2013/14 from 16,665 tonnes the last year. Cameroon is one of the few African producers of Robusta and Arabica beans but some are smuggled to neighbouring Nigeria where farmers receive a higher price.

Exports Details of The World

World coffee volume is pegged at 8.85 million bags in December 2015 slightly higher by 0.21% from 8.83 million bags of previous year record in the same month. Total exports of the World stood also higher by 0.58% to 111.72 million bags during Jan-2014 to Dec-2014 against 111.08 million bags in Jan-2013 to Dec-2013 followed by Arabica exports at 68.26 million bags compared to 68.53 million bags and Robusta exports at 43.47 million bags compared to 42.55 million bags.

Below chart shows coffee exports details of the world in 2014/15:-



	14-Dec	13-Dec	14-Oct to 14-Dec	13-Oct to 13-Dec	13-Jan to 13-Dec	14-Jan to 14-Dec
Total	8850186	8831555	25422808	25640192	111081550	111727894
Colombian Mils	1156182	1108247	3315032	3203982	10990020	12144053
Other Mils	1363127	1521163	3722069	4431277	25120061	22069674
Brazilian Naturals	2711481	2908712	8612181	8944978	32418592	34048019
Robustas	3619396	3293433	9773525	9059956	42552877	43466147

Source: ICO

International Coffee Price Trend

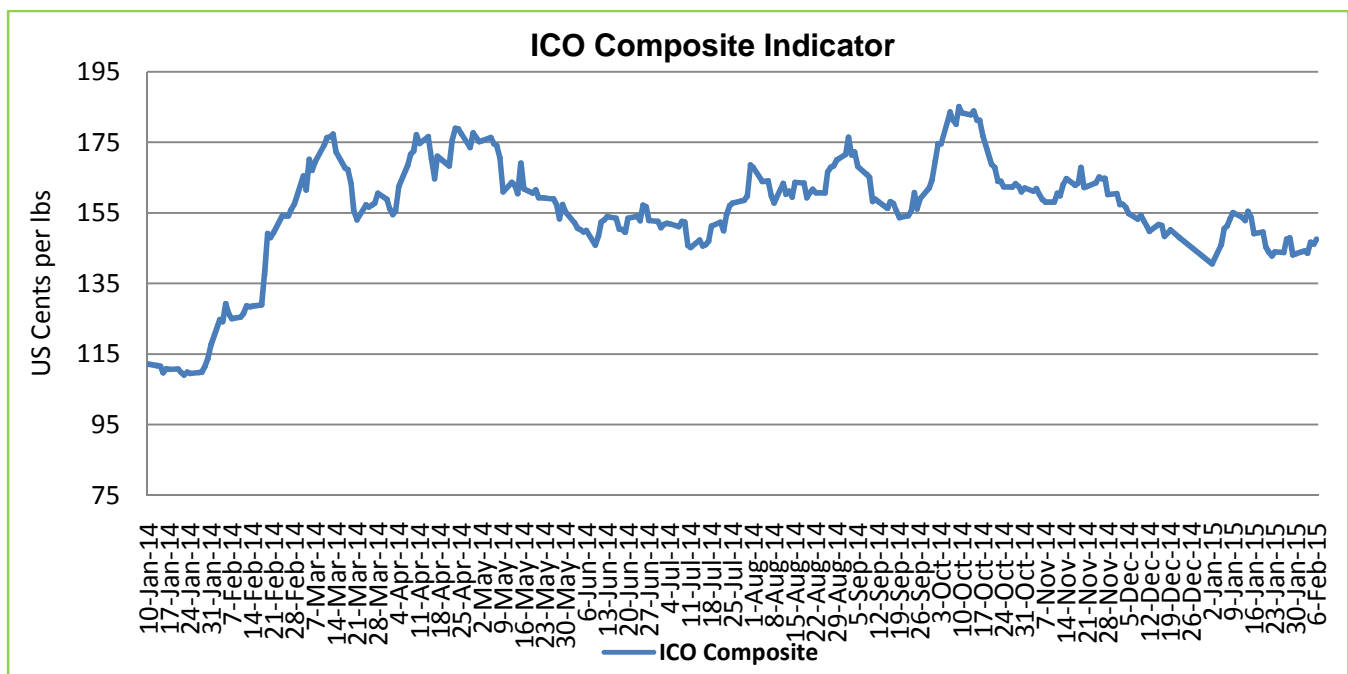
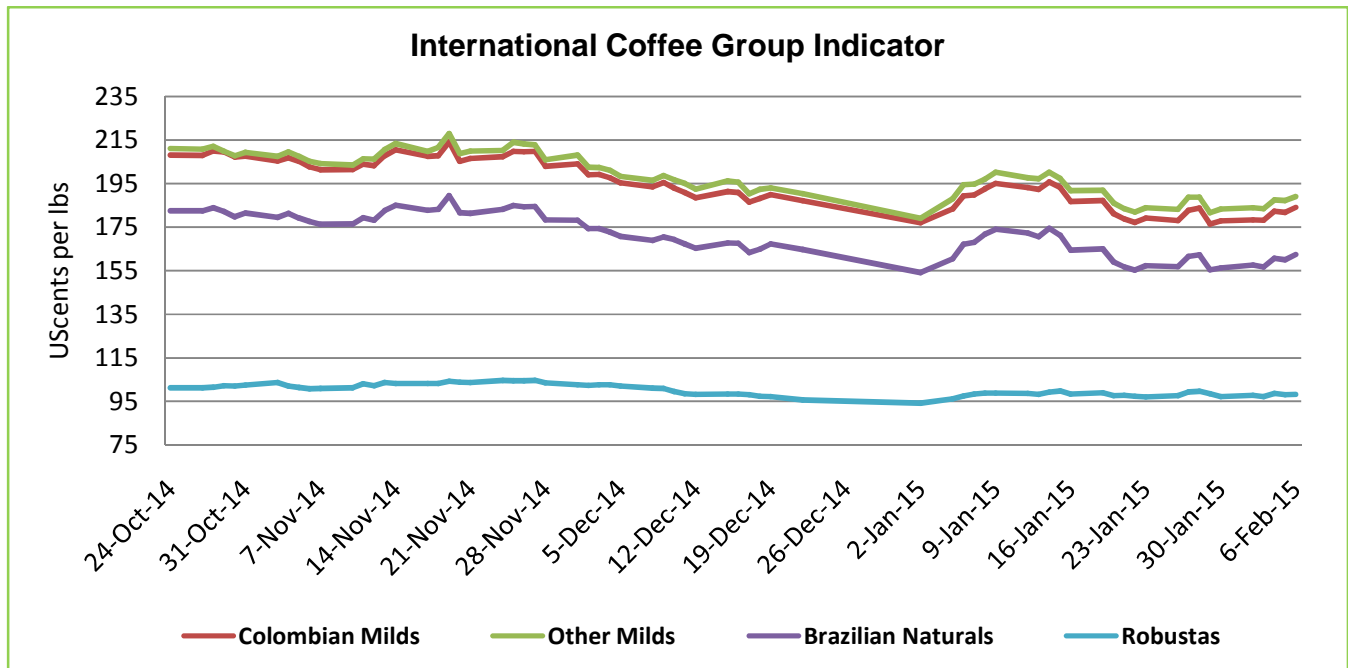
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	6.2.2015	30.1.2015	6.1.2015	6.2.2014
ICO Composite Indicator	147.58	143.43	150.58	126.40
Colombian Milds				
US	181.50	175.00	186.00	153.75
Europe	186.91	181.37	193.26	154.81
Group Indicator	183.99	177.93	189.34	154.24
Other Milds				
US	190.94	183.19	195.44	157.50
Europe	187.74	183.32	193.76	151.06
Group Indicator	188.96	183.27	194.40	153.51
Brazilian Naturals				
US	153.50	146.00	153.00	124.75
Europe	165.50	159.95	172.00	138.49
Group Indicator	162.38	156.32	167.06	134.92
Robusta				
US	103.58	103.75	100.50	98.08
Europe	97.12	95.90	96.92	93.26
Group Indicator	98.15	97.16	97.49	94.03

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

International Coffee Indicators Chart:-

ICO composite indicators prices went up in expectation of lower global crops size. Prices may improve further due to below than average rainfall in Brazil.

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



Source: ICO

International- Future Market Prices:-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(6-Feb-2015)	Week ago (30-Jan-15)	Month Ago (6-Jan-15)	Weekly Change (%)
Mar-14	166.85	161.90	177.55	3.05
May-15	169.60	164.65	179.90	3.00
Jul-15	172.25	167.35	181.95	2.92

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(6-Feb-2015)	Week ago (30-Jan-15)	Month Ago (6-Jan-15)	Weekly Change (%)
Jan-15	1933	1921	1934	0.62
Mar-14	1965	1925	1952	2.07
May-14	1989	1954	1975	1.79

USC/lb

USD/T

International Coffee Prices

	6.2.2015	30.1.2015	6.1.2015	6.2.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	--	40350	39900	36150
Vietnam FOB (2-5 pct)* (Saigon port)	--	1952.50	1880	1880.50
Indonesian FOB (4-80 defects)** (Lampung Port)	1930	1940	1890	1815

*FOB Values are in USD/T

Weekly Auction Prices Of Tanzania

Grade	Offered	Sold	Low	High	Average
Arabica AA	5608	4670	165	203	184.54
Arabica A	2631	1632	161.6	187.8	175.8
Arabica AB	4196	3250	161	199.2	186.1
Arabica B	2488	1385	157.6	185	175.65
Arabica PB	1449	1064	162	189	178.14
Arabica C	915	693	150	180	168.18

Units in \$ per 50 kg bags

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



Weekly Technical Outlook:-

- Candlestick chart shows uptrend breaking three week lower trend.
- However, falling 14 days EMI hints further down trend in the market.
- On the other hand, rising volume and prices hints fresh long build up in the market.
- Relatively, RSI is also up at 44.89 compared to last week movement at 42.18 indicating further uptrend in the next week.
- Fibonacci retracement level on upside wave shows first resistance level at 61.8% to 176.37 and first support level at 147.32 @38.20.

Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	148-177

US cents/lb

Expected Support and Resistance

S2	S1	PCP	R1	R2
129.34	147.32	166.85	176.37	185.68

US cents/lb

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



Weekly Technical Outlook:-

- Candlestick chart depicts upside closing after buyers interest.
- However, 14-days EMI is moving down at 1950 from 1953 of last week record indicating further steady to bearish zone of the market.
- Rising volume and prices hints long build up in the market.
- Fibonacci retracement on upside wave shows first support level at 1848@50% & second support level at 1748@ 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>	1849-1999

USD/T

Expected Support and Resistance

S2	S1	PCP	R1	R2
1748	1848	1933	1999	2053

USD/T

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