

### Highlights of The Week

**Raw coffee prices finished with a weak tone in Karnataka market during this week** ended as on 16th February 2015 on lackluster buying and selling activities. Farmers are remain slow 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.

**As per sources, harvesting of Arabica coffee crops is finished now while Robusta** harvesting is done almost 60% by the Indian farmers. Overall coffee exports of India declined by 27% to 18,475 tonnes in January 2015 due to volatile global prices and lower supplies of the old crop. Arabica coffee exports declined by 47% to 4826 tonnes in January 2015 as compared to 9120 tonnes in the last year. On the other hand, Robusta coffee exports is amounted at 5736 tonnes with a fall by 30.5% against 9693 tonnes in the same period. However, exports of instant coffee stood high just doubled to 5328 tonnes in January 2015 from 9693 tonnes in January 2014. Indian coffee were shipped mainly to Italy (3785) tonnes followed by Turkey (1645) tonnes, Germany (1460) tonnnes and Ukraine (999) tonnes in January 2015.

**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.

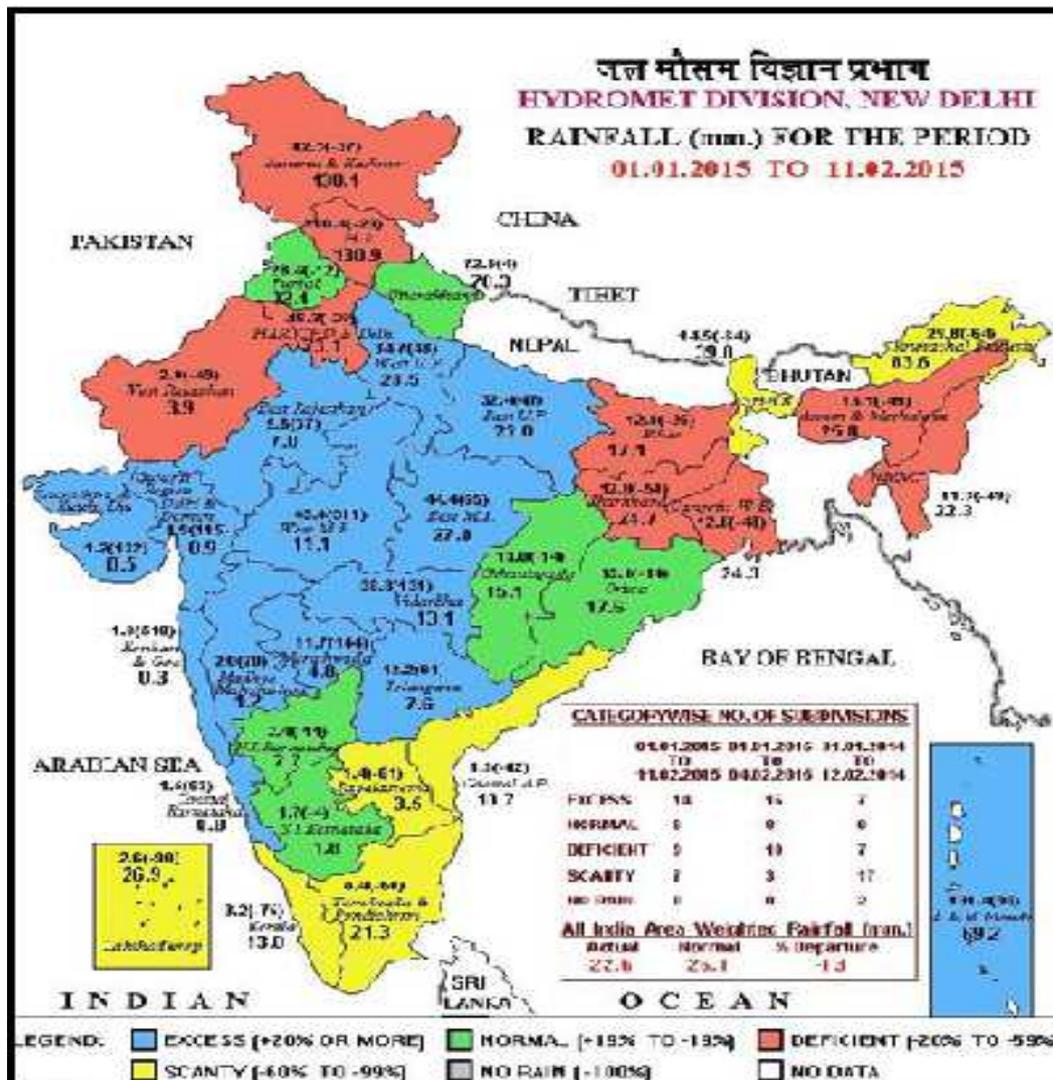
**As per Brazilian Coffee Exporters Council, Coffee exports in Brazil went up in January 2015** by 6.8% to 2.9 million 60-kg bags and increased by 53.5% to \$ 590 million in value as compared to the same month in last year. Coffee prices went up globally almost 60% on average between January 2014 and January 2015. Rains are likely to move north by the middle of next week and push into **coffee** regions in the southern half of the main producer state of Minas Gerais in Brazil. As per CWG, Brazil may receive 1.5 inches of rainfall on half of the coffee belt over the next five days

**As per sources, revenue of J.M. Smucker Co. declined by 3.5% due to lower demand for its** coffee products including the Folgers brand because of rising coffee prices in the United states. The company increased coffee prices by 9% in June 2014 on many of its packaged coffee brands followed by rising global bean prices.

**Vietnam Coffee exports slumped by 5.6% to 132,400 tonnes (2.2 million 60 kg bags) of** coffee in January 2015. While, the exports volume is reported at 427,600 tonnes in October 2014 to January 2015 with a gain of 2% against previous year during the corresponding period of time.

**Weather Updates of India**

Below Map shows weekly rainfall scenario of India:-



Source: IMD

- India received total 22.6 mm actual cumulative seasonal rainfall of India (1st January 2014 to 11th February-2015) below 13% against 26.1 mm of Normal rain.
- An upper air cyclonic circulation lies over eastern parts of Bangladesh & neighbourhood extending up to 1.5 km above mean sea level.
- Last week's upper air cyclonic circulation over Tripura & neighbourhood persisted over same area on 5th. It laid over Bangladesh & neighbourhood extending up to 1.5 km above mean sea level on 6th & 7th and became less marked on 8th.

### Exports and Imports of India

Provisional Indian green coffee exports is registered down by 37.14% to 22921 metric tonnes from 1st January 2015 to 12th February 2015 as compared to 36468 metric tonnes of previous year exports during the same period of time. India re-exports maximum Instant type of coffee which is recorded at 8548 metric tonnes in this year during 1st January 2015 to 12th February 2015 significantly higher from preceding year re-exports volume i.e. 3313 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 48.61% to 5223, 60.07% to 2288 metric tonnes, 14.62% to 1442 metric tonnes, 21.89% to 11561 metric tonnes respectively against last year exports volume i.e. 10165 metric tonnes, 2731 metric tonnes, 1689 metric tonnes, 14802 metric tonnes respectively in the same period of time.

Below table shows Indian coffee exports volume in details:-

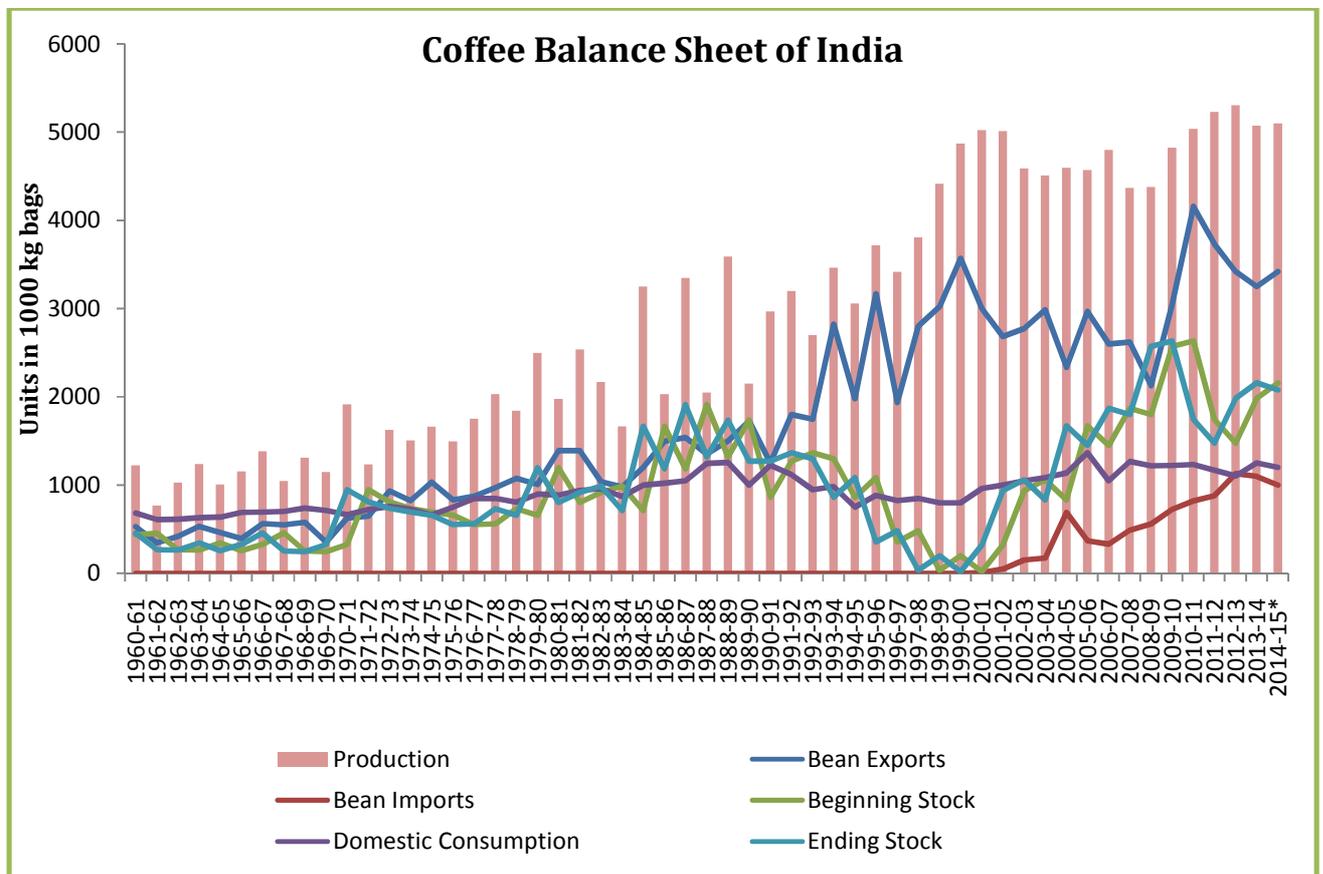
<b>Export update:</b> From 01 <sup>st</sup> January 2015 to 12th February 2015 (in metric tonnes)									
	<b>INDIAN COFFEE</b>	<b>Ar.Pmt</b>	<b>Ar.Chy</b>	<b>Rob.Pmt</b>	<b>Rob.Chy</b>	<b>Roasted seeds</b>	<b>R &amp; G</b>	<b>Instant</b>	<b>Total</b>
1	Provisional exports (Indian coffee)	5223	2288	1442	11561	4	27	2376	22921
2	Provisional exports corresponding period last year	10165	5731	1689	14802	20	20	7042	36468
3	Provisional re-exports	0	0	0	0	6	10	8532	8548
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	3313	3313
5	Total provisional exports (1+3)	<b>5223</b>	<b>2288</b>	<b>1442</b>	<b>11561</b>	<b>10</b>	<b>37</b>	<b>10909</b>	<b>31470</b>
6	Total provisional exports corresponding period last year (2+4)	<b>10165</b>	<b>2731</b>	<b>1689</b>	<b>14802</b>	<b>20</b>	<b>20</b>	<b>10355</b>	<b>39781</b>

Source: The Coffee Board of India

**Domestic Crops Condition and Production**

USDA expects a slight upside crop size in 2014/15 against 2013/14 coffee output while lower from 2012/13 record. Arabica coffee production estimate for 2014/15 is kept significantly down by 17.79% to 1400 thousands kg bags compared to 1703 thousands kg bags in the last marketing season on adverse weather condition in India however Robusta coffee crops is placed up by 9.72% to 3700 thousands kg bags against previous year in expectation of good crops yield. Indian Coffee production touched its highest level in 2012/13 supported by favorable weather condition. Ending stock will decline by 3.70% to 2077 thousands kg bags in the current marketing season as compare to last year record i.e. 2157 thousands kg bags.

Below chart shows domestic coffee balance sheet since 1960-1961 to 2014-15:-

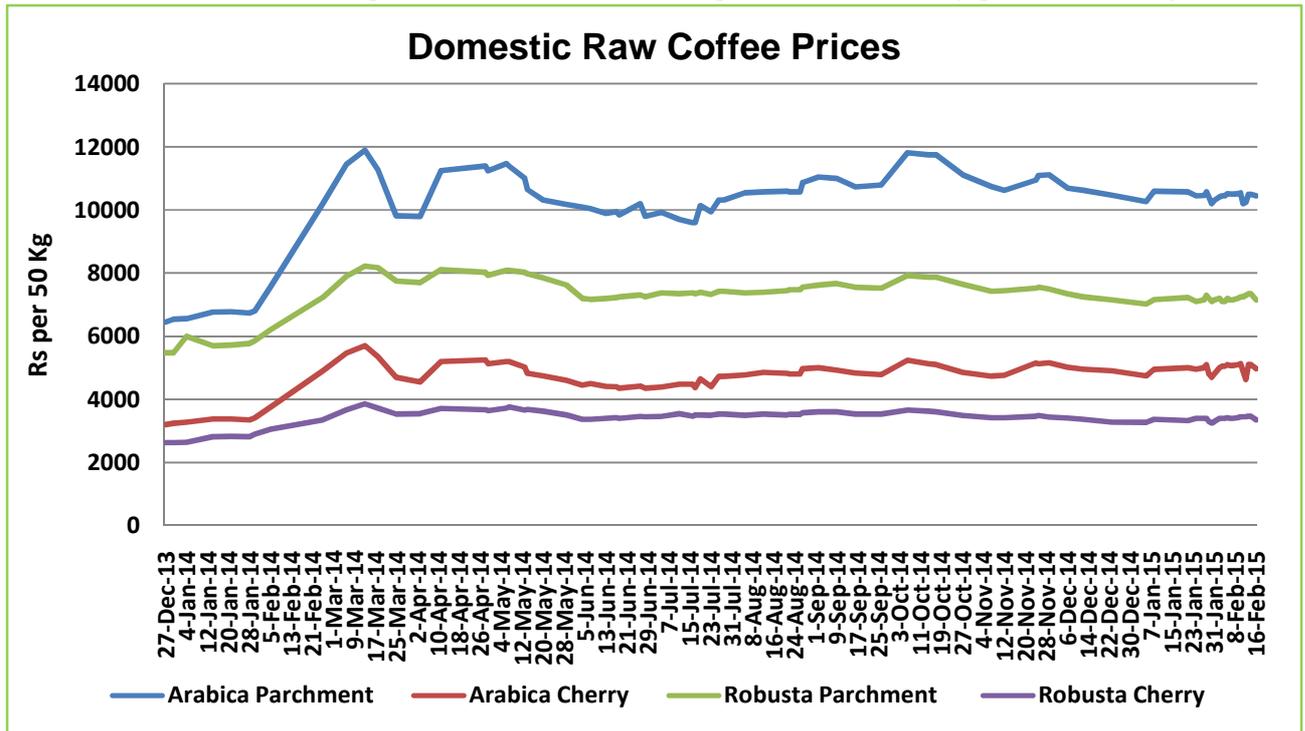


Source: USDA (\* Estimate)

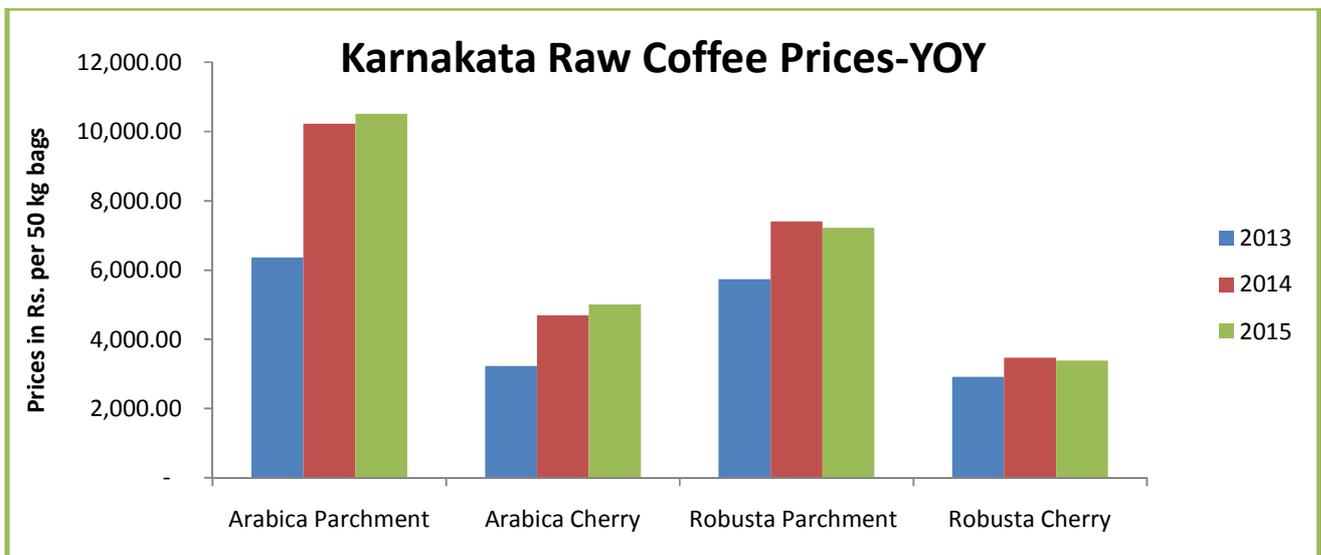
**Coffee Prices of Auction Market & State-wise Market**

Weekly domestic coffee prices dropped due to dull trading activities in this week. Arabica Parchment is registered down at 10450 Rs./50 kg in this week against last week prices i.e. 10525 Rs./50 kg. Arabica coffee average prices are upside in 2015 as compared to two years prices. While, Robusta coffee average prices are lower side in 2015 against 2014 coffee prices but remain upside from 2013 coffee prices.

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



Source: The Coffee Board Of India



Source:

**Domestic Raw Coffee Prices(Karnataka):**

Variety	16.2.2015	9.2.2015	Change
Arabica Parchment	10450	10525	-75
Arabica Cherry	4975	5100	-125
Robusta Parchment	7150	7200	-50
Robusta Cherry	3350	3425	-75

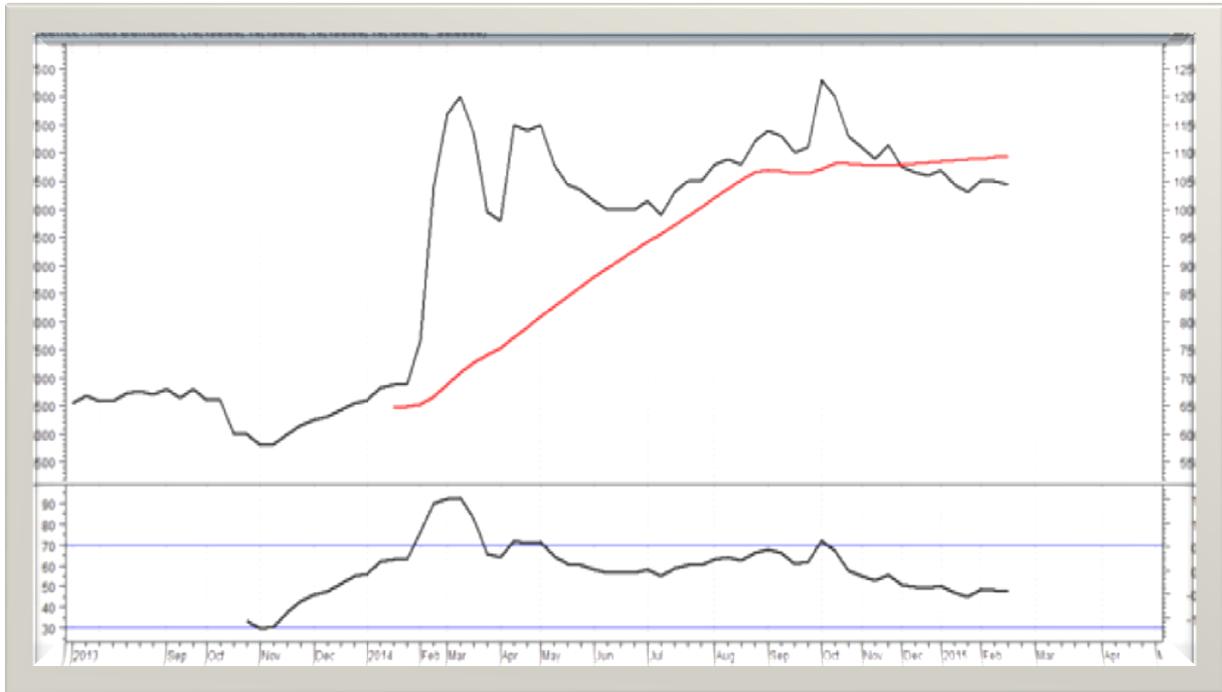
\* Values in Rs per 50 Kg

**ICTA Auction Prices (Karnataka)**

Grade	12.2.2015	5.2.2015	%Change	12.2.2015	5.2.2015	%Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	--	--	--	--	--	--
PB	--	--	--	--	--	--
A	--	--	--	--	195.00	--
AB	--	--	--	--	--	--
B	--	--	--	--	173.00	--
C	--	--	--	--	136.00	--
BBB	--	--	--	--	138.50	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	--	141.46	--
PB	--	--	--	--	--	--
AA	--	189.50	--	--	--	--
AB	--	--	--	--	136.00	--
B	--	--	--	--	--	--
C	--	--	--	--	--	--
BBB	--	--	--	--	127.00	--

Values in Rs. per kg

**Technical Analysis of Domestic Coffee at Karnataka Market**



**Weekly Technical Outlook:-**

- Above chart shows lower price trend in the market on declining demand.
- While, moving average indicates rising phase of the market in upcoming days.
- RSI is down at 47.37 in this week against 48.39 of previous week hints a fall in the prices.
- We expect prices to trade with steady to upside momentum further.

**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>10250-10600</b>

Units in Rs./50 kg.

**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
10058	10235	10450	10646	10783

Units in Rs./50 kg.

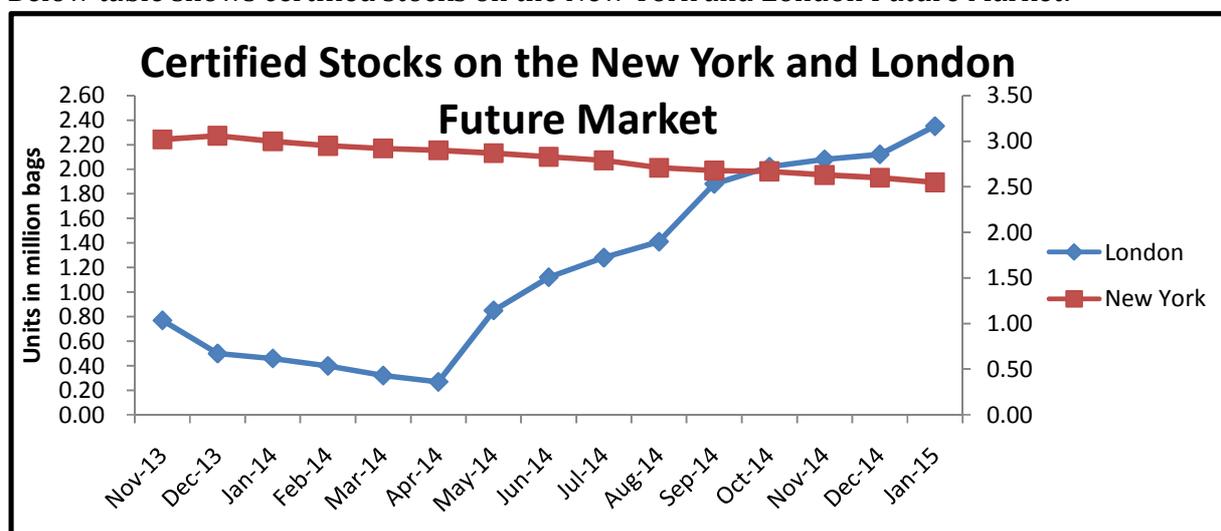
**International Market Updates:**

**Weekly Futures Review -**

ICE Arabica coffee future prices of March contract featured down in this week on the forecast of rainfall in Brazil. ICE Arabica coffee future prices declined by 2.18% to 163.20 US cents/lb as on 13th Feb. 2015 compared to 167.60 US cents/lb of last week prices. As per Exchange data, Robusta Coffee speculators increased their net long position by 2236 lots to 15910 lots as of Feb 10, 2015. Robusta coffee went up for the third straight session to a two-month high ahead of Tet holiday celebrations in top grower Vietnam.

According to ICO released data, Certified Stocks held in ICE-nominated warehouses is registered down by 1.92% at 2.55 million bags in Jan-2015 against 3.00 million bags in last year during the same period of time. While, stocks at London exchange went up by 10% to 2.35 million bags in Jan-2015 from 0.46 million bags in Jan-2014.

Below table shows certified stocks on the New York and London Future Market:-



Source:- ICO

**Brazil:-**

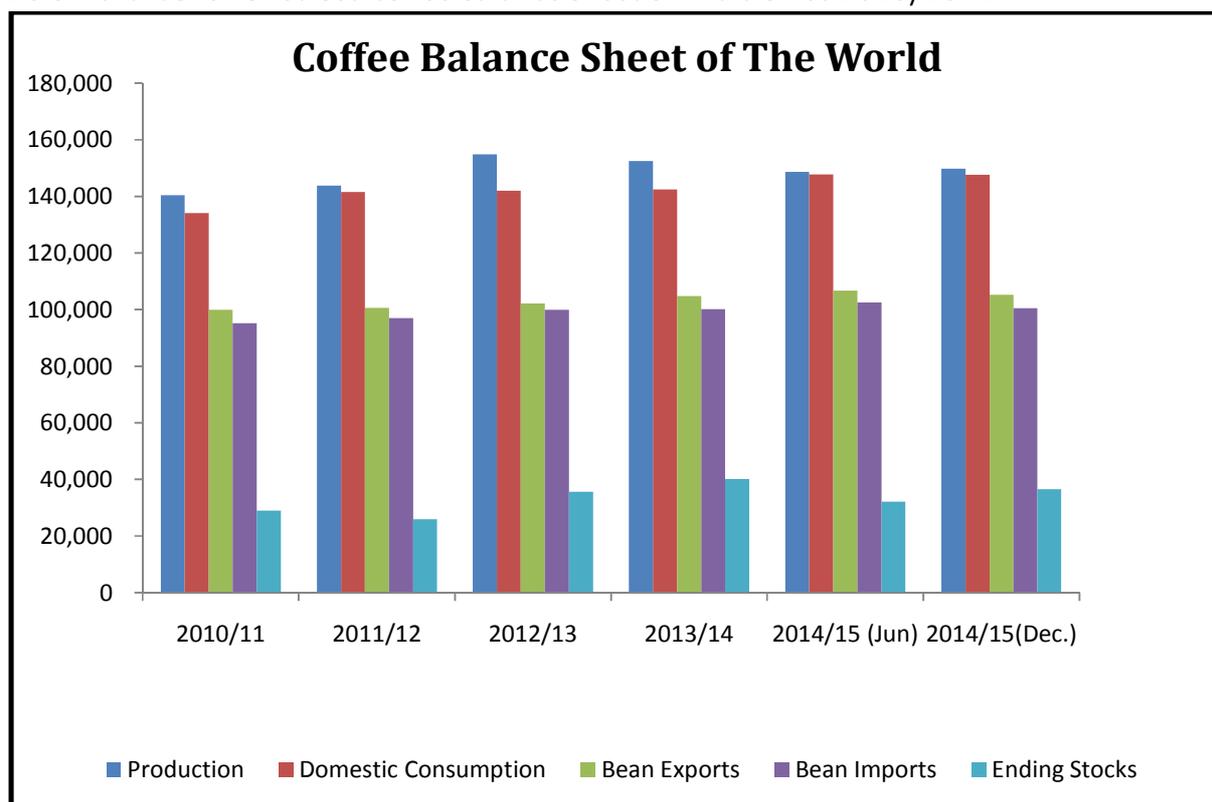
- According to Coffee Exporters Terra Forte, Brail is expected to harvest more coffee crops at 47.28 million 60-kg bags of coffee in the 2015/16 against 46.78 million bags in 2014/15 attributed to higher Arabica coffee crops estimates which may touch the level of 32.05 million bags as compared to 29.3 million bags in 2013/14. While, Robusta crops forecast is placed lower at 15.2 million bags against 17.4 million bags in last year.
- The U.S. softs market will be shut on Monday for the Presidents Day holiday, while Brazil will celebrate Carnival.
- As per Safras e Mercado, farmers in Brazil had sold 79% of the 2013/14 harvested crop as of 6th Feb 2015 higher from 75% during the same period in previous season due to rise in prices in early February in 2015 and an appreciation of the dollar which encouraged farmers to release their stocks. Arabica crop was sold around 79% of its estimated crop i.e. 33.4 million bags and Robusta crop by 77% of the 15.5 million bags of coffee. In Minas state, farmers had sold 81% coffee crop.

**Coffee Balance Sheet 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**

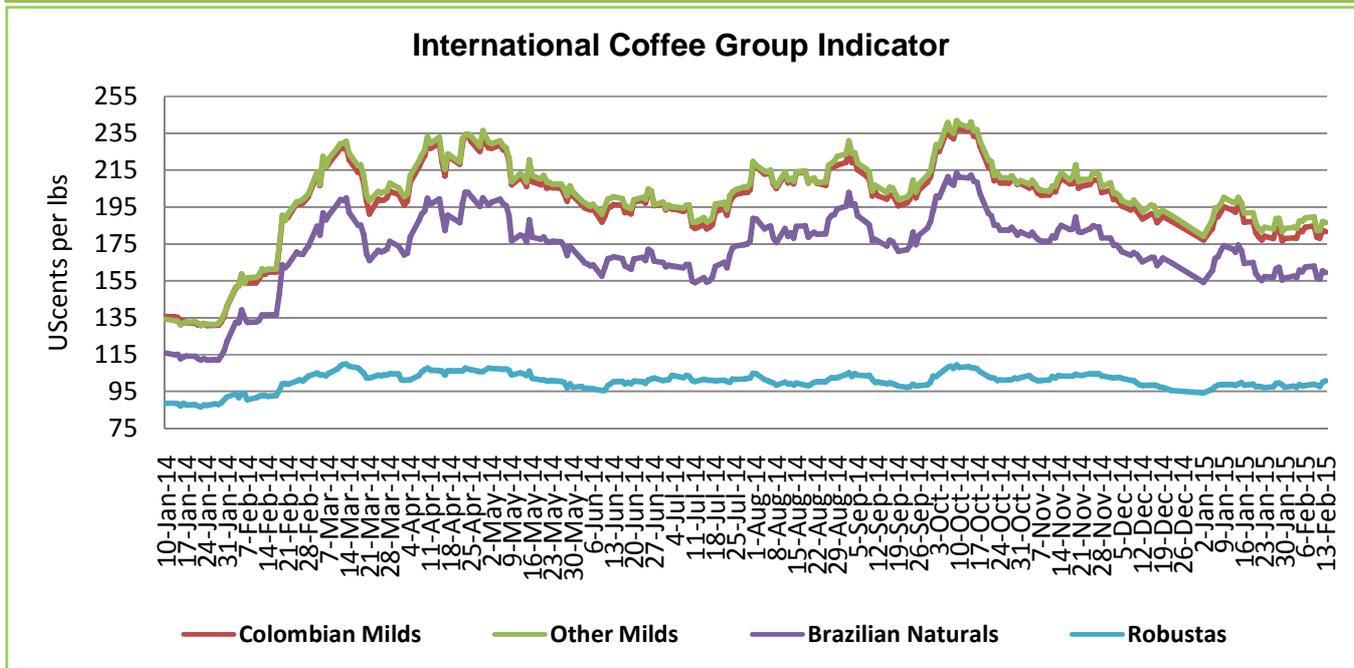
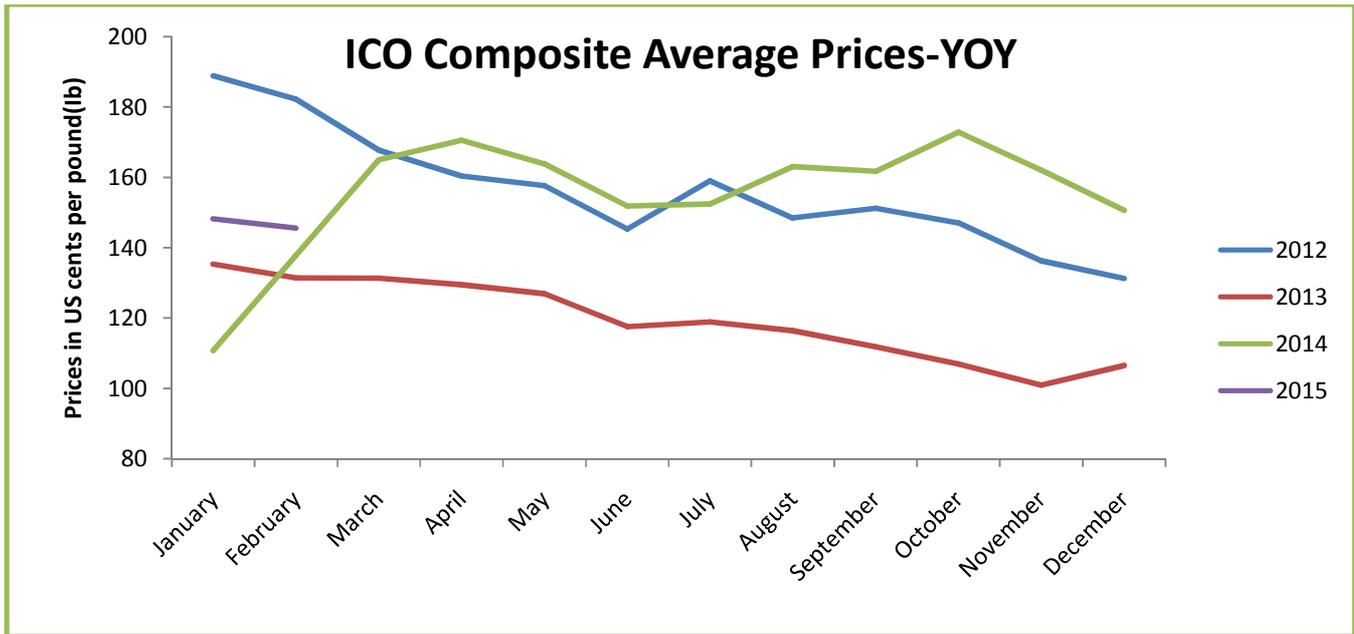
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	13.2.2015	6.2.2015	13.1.2015	13.2.2014
<b>ICO Composite Indicator</b>	146.76	147.58	152.87	128.44
<b>Colombian Milds</b>				
US	179.50	181.50	189.00	160.00
Europe	183.98	186.91	196.20	156.80
Group Indicator	181.56	183.99	192.31	158.53
<b>Other Milds</b>				
US	188.44	190.94	197.94	162.75
Europe	185.27	187.74	196.79	159.16
Group Indicator	186.48	188.96	197.23	160.52
<b>Brazilian Naturals</b>				
US	151.50	153.50	158.00	130.00
Europe	162.08	165.50	174.99	138.50
Group Indicator	159.33	162.38	170.58	136.29
<b>Robusta</b>				
US	106.92	103.58	101.67	97.75
Europe	99.59	97.12	97.52	91.80
Group Indicator	100.76	98.15	98.18	92.76

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

**International Coffee Indicators Chart:-**

ICO composite average coffee prices shows a significant gain in 2014 mainly in Oct month while it is quoting downtrend in 2015. Coffee prices made its record in 2012 after touching the highest level of 188.90 and second highest level in 2014 reaching near 172.88 Us cents per lb. Prices may fall further on recent forecast of 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(13-Feb-2015)	Week ago (6-Feb-15)	Month Ago (13-Jan-15)	Weekly Change (%)
Mar-15	163.20	166.85	176.95	-2.18
May-15	166.50	169.60	179.65	-1.82
Jul-15	169.15	172.25	182.15	-1.79

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(13-Feb-2015)	Week ago (6-Feb-15)	Month Ago (13-Jan-15)	Weekly Change (%)
Mar-15	2009	1933	1964	3.93
May-15	2036	1965	1993	3.61
Jul-15	2057	1989	2017	3.41

USC/lb

USD/T

International Coffee Prices

	13.2.2015	6.2.2015	13.1.2015	13.2.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	40050	--	40450	34800
Vietnam FOB (2-5 pct)* (Saigon port)	1937	--	1955	1800.50
Indonesian FOB (4-80 defects)** (Lampung Port)	2020	1930	1925	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 a fall in the market on selling pressures.
- However, falling 14 days EMI hints further down trend in the market.
- On the other hand, rising volume and falling prices hints short build up in the market.
- Relatively, RSI is down at 43.28 compared to last week movement at 44.89 indicating further declining phase in the next week.
- Fibonacci retracement level on downside wave shows first resistance level at 23.6% to 174.18 and second resistance level at 183.99@38.20.

**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>149-173</b>

US cents/lb

**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
140.37	148.77	163.2	174.18	183.99

US cents/lb

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



**Weekly Technical Outlook:-**

- Candlestick chart reflects rising phase of the market after buyers interests.
- However, 14-days EMI is moving up at 1958 from 1950 of last week record indicating further bullishness in the market.
- Rising volume and prices hints long build up in the market.
- The prices may recover breaking falling trend line in the upcoming days.

**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>1889-2040</b>

USD/T

**Expected Support and Resistance**

S2	S1	PCP	R1	R2
1841	1888	2009	2041	2073

USD/T

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