

**Highlights of The Week****Raw coffee prices slumped in Karnataka market during this week ended as on 27th**

February 2015. Due to the sharp drop in the International coffee price exporters as well as domestic trade were less active for new season 2014/15. PB and C grade on offer remained unsold as sellers price expectation were higher than the buyers interest. Indian sellers are offering Arabica bean in the range of \$ 180-190 per 50 kg bags which is higher than other countries prices i.e. in the range of \$130-140 per 50 kg bags. Total 207956 kgs was on offer including 99599 kgs of Arabica coffee and 108357 kgs of Robusta coffee where 31000 kgs was sold at the auction which is held on the 19th February 2015. Currently, Italy and South America are the main buyers for Indian coffee. Exporters may increase their buying activities since April-May 2015 which may support further prices to increase.

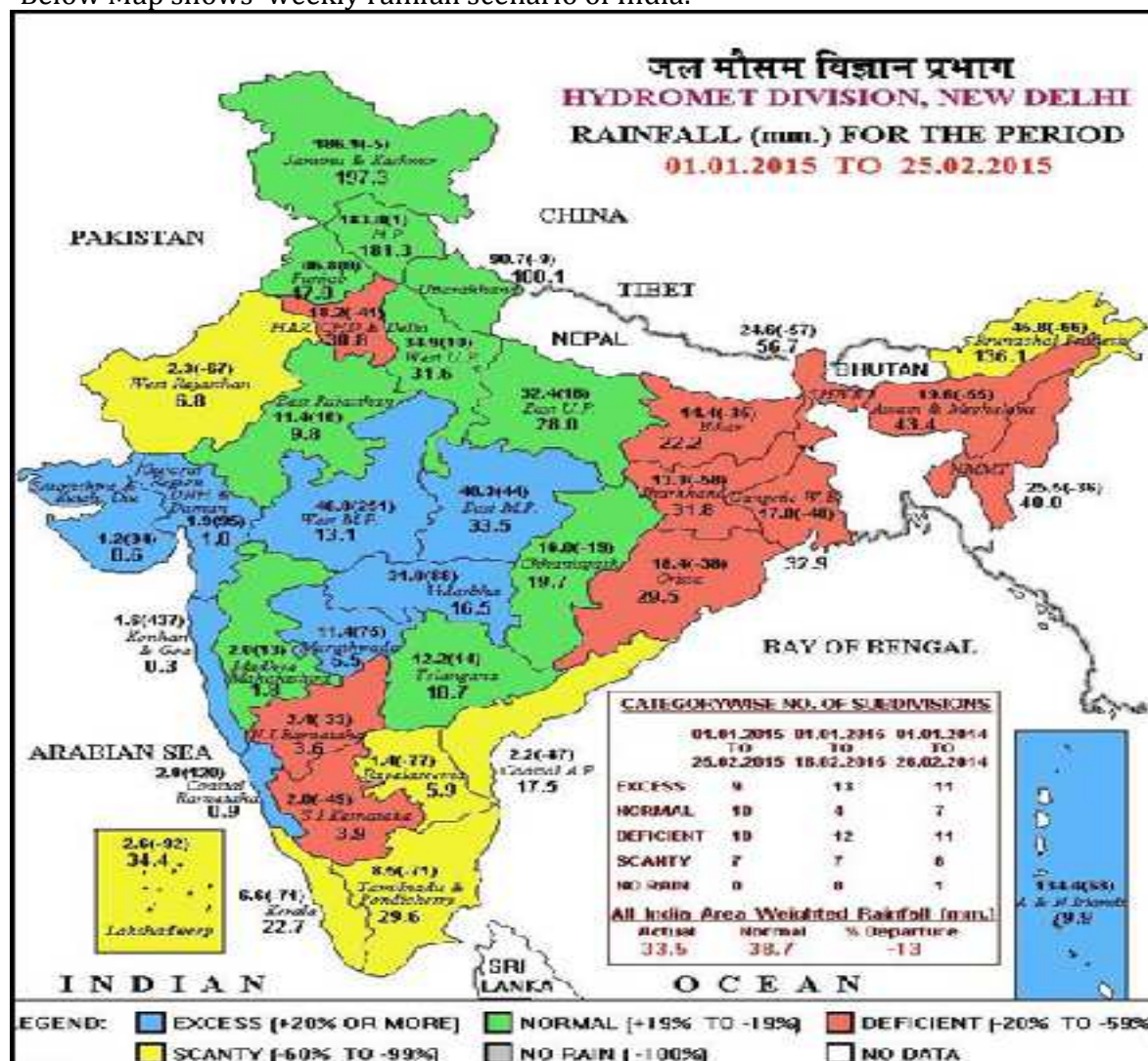
**As per Traders, Robusta harvesting is completed in India. They expects Robusta crops for 2014/15 up by 15% against last year crop size due to its better yield. While, they placed Arabica crop output down by 10% as compared to previous season as crop damaged by adverse weather condition. Indian coffee belts is getting 35°C to 40°C temperature during this week.**

**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.**

**As per Volcafe recent forecast (19th Feb 2015), global coffee production may reach at the level of 152.8 million 60 kg bags in 2015/16 higher from 142.2 million bags in 2014/15 forecast. Coffee production forecast for Brazil is kept up at 49.5 million bags for 2015/16 against 47 of prior season followed by Arabica coffee production at 33 million bags and Robusta coffee production at 16.5 for 2015/16. While, Brazil's output may touch the level of 47.28 in 2015/16 slightly higher from 46.78 million bags in previous year with Arabica's production at 35.05 million bags and Robusta's production 15.2 million bags according to Terra Forte.**

### Weather Updates of India

Below Map shows weekly rainfall scenario of India:-



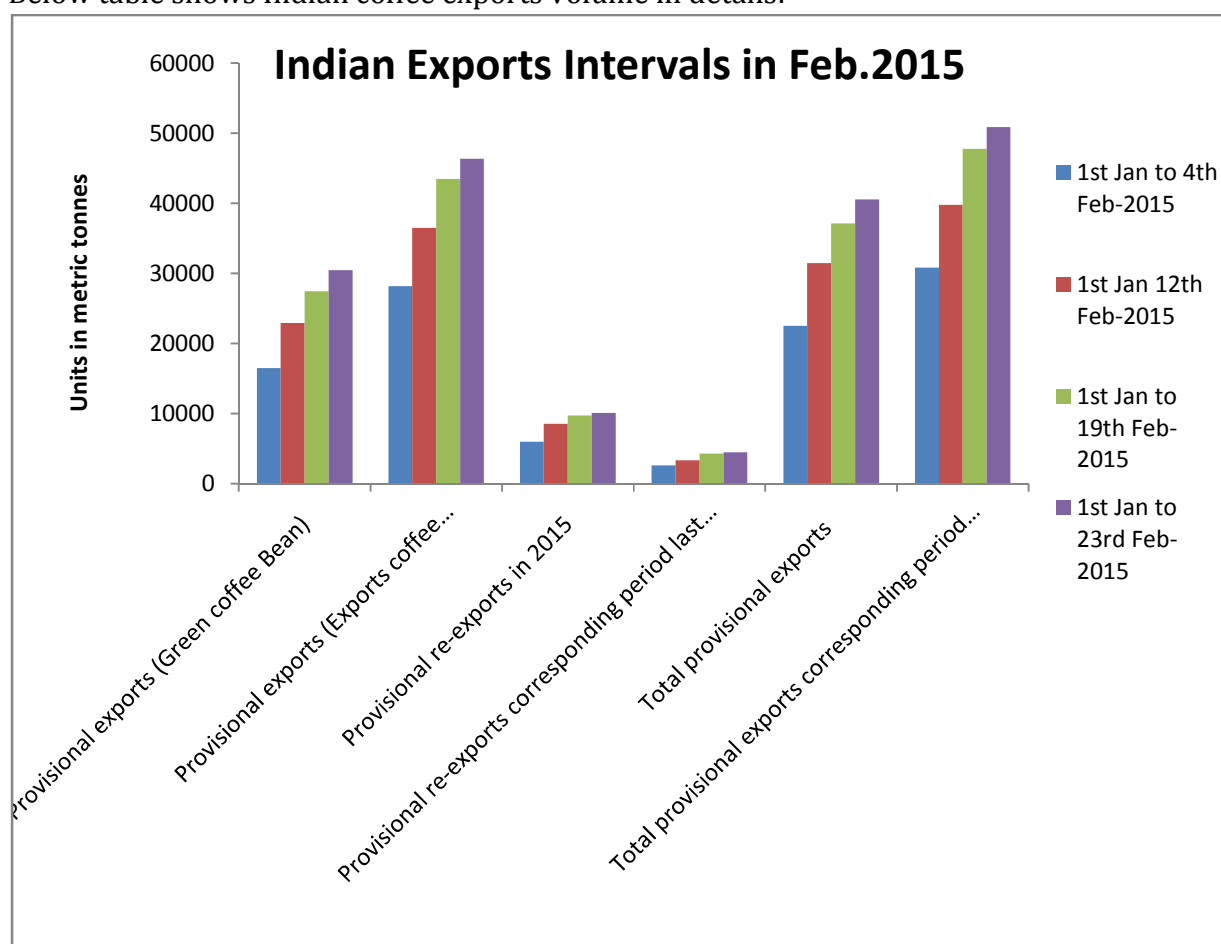
Source: IMD

- India received total 33.5 mm actual cumulative seasonal rainfall of India (1st January 2014 to 25th February-2015) below 13% against 38.7 mm of Normal rain.
- A Western Disturbance as an upper air cyclonic circulation lies over north Pakistan & adjoining Jammu & Kashmir extending up to mid-tropospheric levels.

### Exports and Imports of India

Provisional Indian green coffee exports is registered down by 34.32% to 30444 metric tonnes from 1st January 2015 to 23rd February 2015 as compared to 46357 metric tonnes of previous year exports during the same period of time. India re-exports maximum Instant type of coffee which is recorded at 10084 metric tonnes in this year during 1st January 2015 to 23rd February 2015 significantly higher from preceding year re-exports volume i.e. 4473 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 49.62% to 6617, 24.06% to 2571 metric tonnes, 8.09% to 2248 metric tonnes, 14.64% to 16012 metric tonnes respectively against last year exports volume i.e. 13135 metric tonnes, 3386 metric tonnes, 2446 metric tonnes, 18759 metric tonnes respectively in the same period of time.

Below table shows Indian coffee exports volume in details:-



Source: The Coffee Board of India

### Domestic Balance Sheet (USDA)

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 due to adverse weather condition in 2014.

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

State/District	Post Monsoon Estimation			Final Estimate		
	2014-15			2013-14		
	Arabica	Robusta	Total	Arabica	Robusta	Total
<b>Karnataka</b>						
Chikmagalur	38,300	41,335	<b>79,635</b>	38,250	30,640	<b>68,890</b>
Kodagu	18,855	104,800	<b>123,655</b>	21,040	90,820	<b>111,860</b>
Hassan	18,850	14,200	<b>33,050</b>	19,150	11,200	<b>30,350</b>
<b>Sub total</b>	<b>76,005</b>	<b>160,335</b>	<b>236,340</b>	<b>78,440</b>	<b>132,660</b>	<b>211,100</b>
<b>Kerala</b>						
Wayanad	0	57,150	<b>57,150</b>	0	56,425	<b>56,425</b>
Travancore	900	7,400	<b>8,300</b>	900	6,700	<b>7,600</b>
Nelliampathies	1,175	1,600	<b>2,775</b>	1,100	1,550	<b>2,650</b>
<b>Sub total</b>	<b>2,075</b>	<b>66,150</b>	<b>68,225</b>	<b>2,000</b>	<b>64,675</b>	<b>66,675</b>
<b>Tamil Nadu</b>						
Pulneys	7,500	375	<b>7,875</b>	6,975	325	<b>7,300</b>
Nilgiris	1,550	3,850	<b>5,400</b>	1,800	3,950	<b>5,750</b>
Shevroys (Salem)	3,400	50	<b>3,450</b>	3,875	50	<b>3,925</b>
Anamalais (Coimbatore)	900	500	<b>1,400</b>	1,300	500	<b>1,800</b>
<b>Sub total</b>	<b>13,350</b>	<b>4,775</b>	<b>18,125</b>	<b>13,950</b>	<b>4,825</b>	<b>18,775</b>
<b>Non Traditional Area</b>						
Andhra Pradesh	7,490	60	<b>7,550</b>	7,250	70	<b>7,320</b>
Orissa	550	0	<b>550</b>	440	0	<b>440</b>
<b>Sub Total</b>	<b>8,040</b>	<b>60</b>	<b>8,100</b>	<b>7,690</b>	<b>70</b>	<b>7,760</b>
North Eastern Region	130	80	<b>210</b>	120	70	<b>190</b>
<b>Grand Total (India)</b>	<b>99,600</b>	<b>231,400</b>	<b>331,000</b>	<b>102,200</b>	<b>202,300</b>	<b>304,500</b>

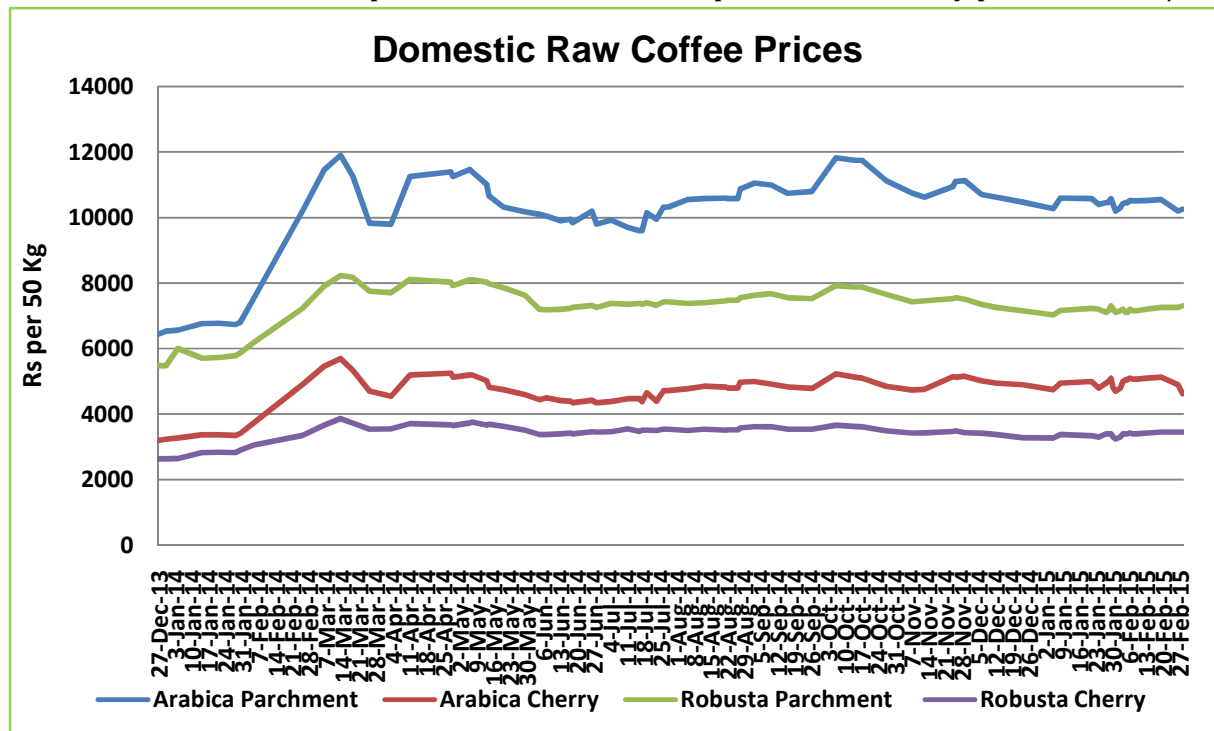
Source: The Coffee Board of India



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

All the prices are moving in a range in Feb month 2015. Arabica prices are moving in between 10000 to 10550 only on ups and downs in demand during Feb month. While, Robusta Parchment is trading in between 7100 to 7350 Rs. per 50 kg bags in Feb month due to steady exporters as well as domestic demand.

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



Source: The Coffee Board Of India

### Domestic Raw Coffee Prices(Karnataka):

Variety	2.3.2015	23.2.2015	Change
Arabica Parchment	9500	10300	-800
Arabica Cherry	4650	4925	-275
Robusta Parchment	6750	7200	-450
Robusta Cherry	3150	3450	-300

\* Values in Rs per 50 Kg

**ICTA Auction Prices (Bangalore)(New Season(2014-2015) Crop**

Grade	2.3.2015	19.2.2015	%Change	2.3.2015	19.2.2015	%Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	-	14300	--	--	--	--
AA	13300	14100	--	8750	--	--
PB	13100	13600-13900	--	--	--	--
A	12950	13500-13900	--	--	--	--
AB	9000	--	--	--	--	--
B	11000	11600-12100	--	--	--	--
C	7250	10850-11150	--	--	--	--
BBB	7000	6900-7905	--	--	--	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	--	--	--
PB	9300	9350	--	--	--	--
AA	--	--	--	--	--	--
AB	9000	--	--	--	--	--
B	--	--	--	--	--	--
C	7250	--	--	--	--	--
BBB	--	--	--	--	--	--

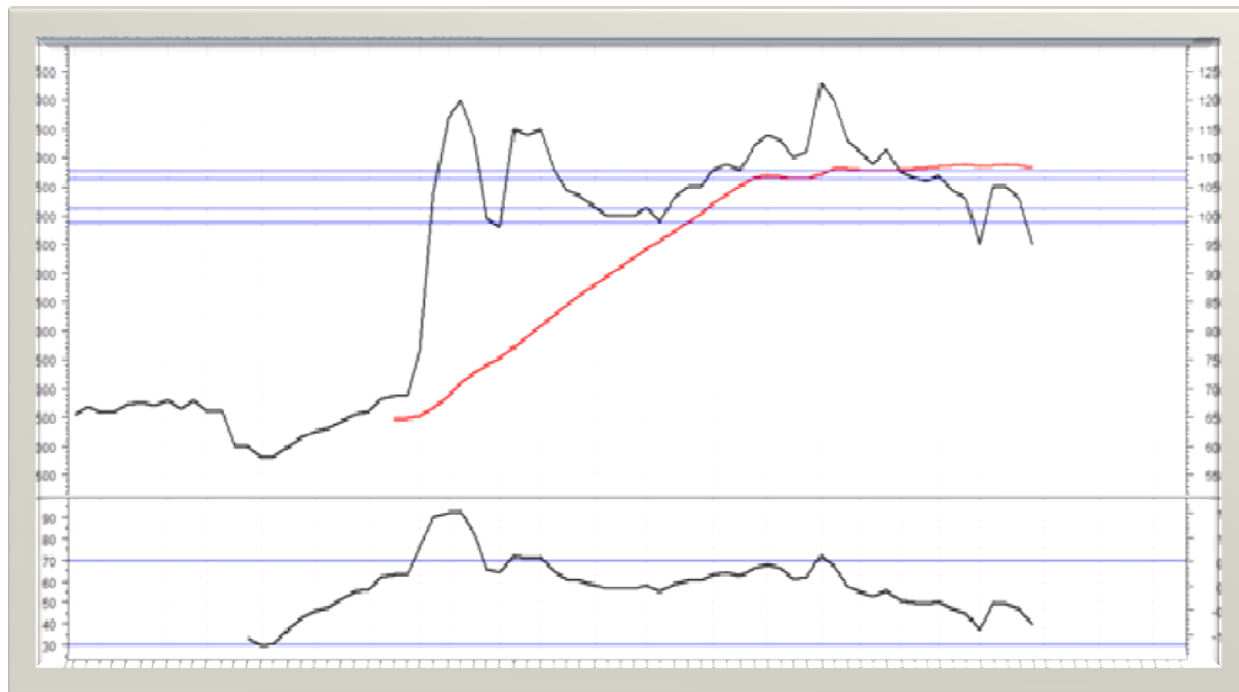
Values in Rs. per kg

**ICTA Auction Prices (Bangalore)(Old Season(2013-2014) Crop**

Grade	3.2.2015	19.2.2015	%Change	3.2.2015	19.2.2015	%Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	6750	--	--	9900	--	--
PB	--	--	--	--	--	--
A	--	11105-13250	--	--	--	--
AB	--	--	--	--	--	--
B	--	--	--	--	--	--
C	--	--	--	--	--	--
BBB	--	--	--	--	--	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	
RKR	--	--	--	--	--	--
A	--	--	--	--	--	--
PB	--	--	--	--	7100	--
AA	--	--	--	--	--	--
AB	--	--	--	6750	7000-7050	--
B	--	--	--	--	7400	--
C	--	--	--	--	7150-7175	--
BBB	--	--	--	--	6400-6500	--

Values in Rs. per 50kg.

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



**Weekly Technical Outlook:-**

- Above chart shows down price trend in the market after slow buying activities.
- However, moving average indicates rising phase of the market in upcoming days.
- RSI is down at 44.04 in this week against 48.10 of previous week indicates further a fall in the prices.
- We expect prices to trade with steady to downside movement 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>9400-9900</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>
8922	9314	10200	9862	10293

Units in Rs./50 kg.

**International Market Updates:**

**Weekly Futures Review -**

ICE Arabica coffee future prices of March contract shows downtrend in this week. ICE Arabica coffee future prices significantly declined by 8% to 136.75 US cents/lb as on 27th Feb. 2015 compared to 148.65 US cents/lb of last week prices.

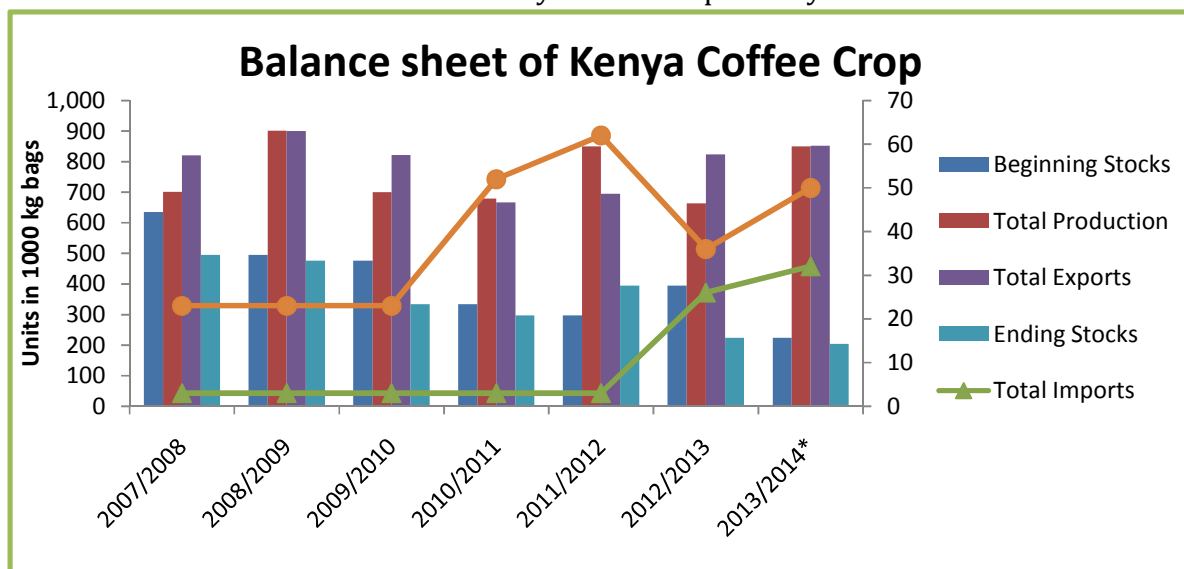
**Brazil:-**

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.

**Others:-**

- As per source, Uganda's coffee exports may fall by 30% to 250,000 60 kg bags in February compared with the same month in 2014 on account of dry weather. The exports in January month declined to 310,829 60 kg bags against 391,514 60 kg bags in the same month last year. Uganda is Africa's second largest coffee producer after Ethiopia and the continent's leading exporter, and coffee shipments is one of its largest sources of foreign exchange.
- As per the Coffee Board of Kenya, Kenya has covered total coffee area at 111(1000 Ha.) in 2013/14 upside from 110 (1000 Ha.) of 2012/13 area. Total production of Kenya is placed up by 21.88% to 850(1000 kg bags) against 664 (1000 kg bags) due to increasing demand on account of good quality.

Below chart shows balance sheet of Kenya coffee crop last 7 years:-

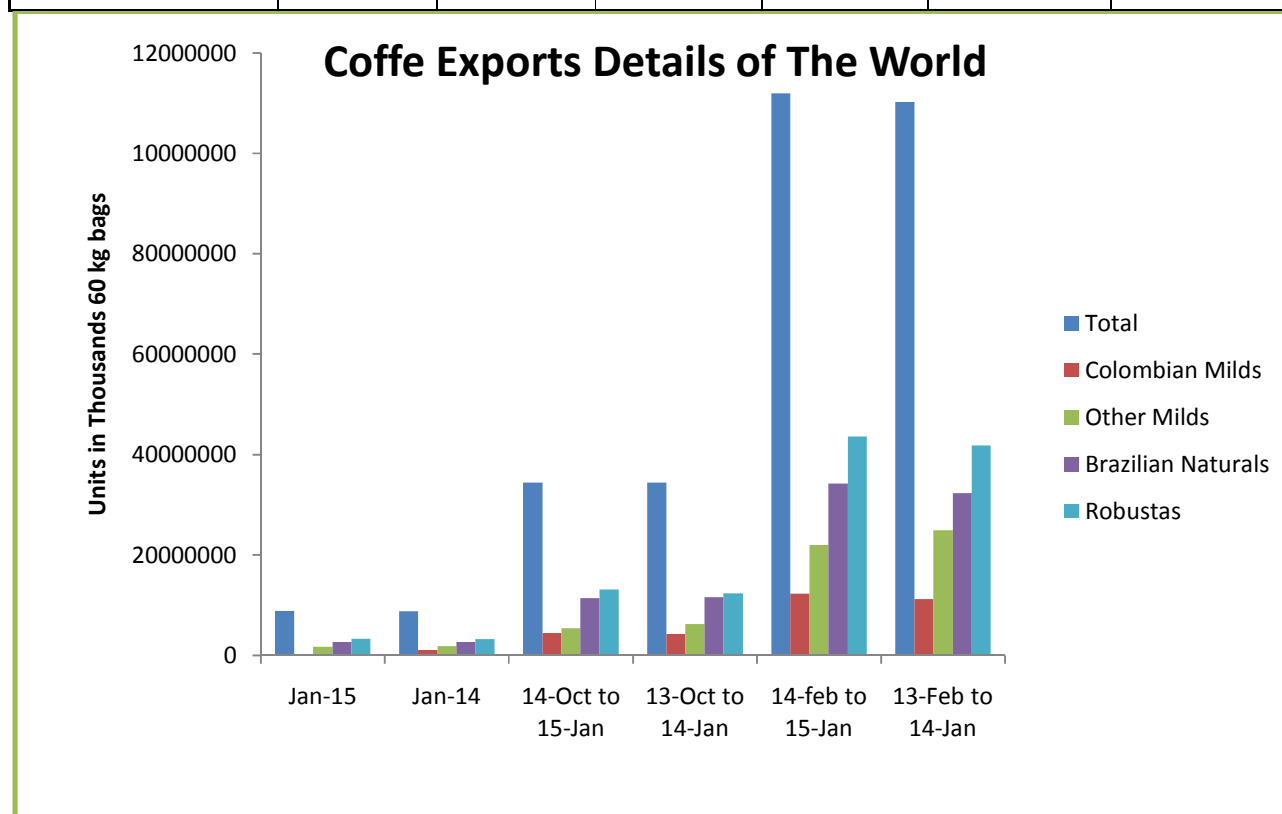


Source: The Coffee Balance sheet of Kenya

**Coffee Balance Sheet of the World**

Below chart depicts form-wise total exports of the world in 2014:-

	Jan-15	Jan-14	14-Oct to 15-Jan	13-Oct to 14-Jan	14-feb to 15-Jan	13-Feb to 14-Jan
<b>Total</b>	<b>8792804</b>	<b>8770645</b>	<b>34378308</b>	<b>34418337</b>	<b>111994189</b>	<b>110236325</b>
<i>Colombian Milds</i>	<i>149241</i>	<i>1044985</i>	<i>4477435</i>	<i>4248966</i>	<i>12261472</i>	<i>11187325</i>
<i>Other Milds</i>	<i>1676683</i>	<i>1790199</i>	<i>5414243</i>	<i>6221155</i>	<i>22001073</i>	<i>24884782</i>
<i>Brazilian Naturals</i>	<i>2673888</i>	<i>2679930</i>	<i>11406615</i>	<i>11624908</i>	<i>34175774</i>	<i>32306318</i>
<i>Robustas</i>	<i>3292992</i>	<i>3255531</i>	<i>13080016</i>	<i>12323307</i>	<i>43555869</i>	<i>41857900</i>



Source:ICO



**International Coffee Price Trend**

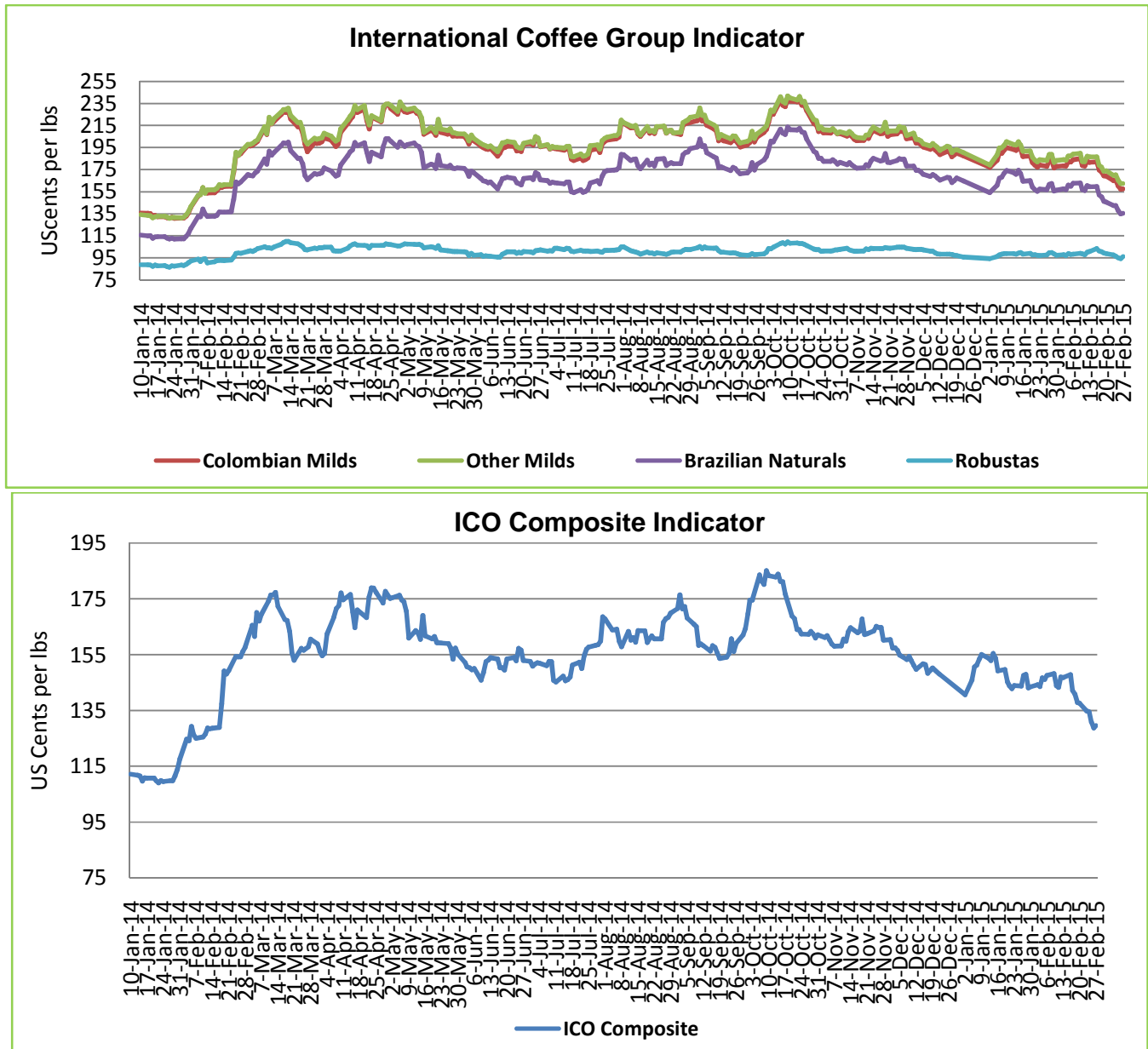
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	27.2.2015	20.2.2015	27.1.2015	27.2.2014
<b>ICO Composite Indicator</b>	129.60	137.58	147.57	155.98
<b>Colombian Milds</b>				
US	155.50	168.00	--	200.25
Europe	159.62	170.15	186.65	197.14
Group Indicator	157.39	168.99	182.75	198.82
<b>Other Milds</b>				
US	162.94	175.19	--	202.00
Europe	161.79	172.95	188.70	199.56
Group Indicator	162.22	173.80	188.68	200.49
<b>Brazilian Naturals</b>				
US	128.50	138.00	--	164.25
Europe	137.55	148.14	165.51	174.53
Group Indicator	135.20	145.50	161.51	171.86
<b>Robusta</b>				
US	101.83	104.17	--	108.25
Europe	94.97	97.74	98.35	100.72
Group Indicator	96.07	98.77	99.37	101.92

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

### International Coffee Indicators Chart:-

ICO composite average coffee prices are falling due to lower demand as buyers are not much interest to buy beans at the current level on expectation of further fall in coffee prices. 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.

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



Source: ICO

**International- Future Market Prices:-**

ICE Arabica Coffee Futures Prices				
Contract Months	Today(27-Feb-2015)	Week ago (20-Feb-15)	Month Ago (27-Jan-15)	Weekly Change (%)
Mar-15	136.75	148.65	168.20	-8.00
May-15	140.50	152.90	170.90	-8.10
Jul-15	143.50	155.75	173.50	-7.86

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(27-Feb-2015)	Week ago (20-Feb-15)	Month Ago (27-Jan-15)	Weekly Change (%)
Mar-15	1871	1942	1987	-3.65
May-15	1907	1974	2015	-3.39
Jul-15	1929	2001	2040	3.59

USC/lb

USD/T

**International Coffee Prices**

	27.2.2015	20.2.2015	27.1.2015	27.2.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	--	--	39700	38550
Vietnam FOB (2-5 pct)* (Saigon port)	--	--	1935	1933
Indonesian FOB (4-80 defects)** (Lampung Port)	--	1990	1950	1990

\*FOB Values are in USD/T

**Weekly Auction Prices Of Kenya**

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (24/02/2015)	Average Prices In	Prices Last Auction In (17/02/2015)
Arabica AA	150-449	296.5	190-534
Arabica AB	109-339	241.85	138-368
Arabica C	102-248	194.37	86-260
Arabica PB	189-331	250.38	166-377
Arabica T	97-199	156.14	82-178
Arabica TT	91-225	200.87	117-236

Units in \$ per 50 kg bags

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



**Weekly Technical Outlook:-**

- Candlestick chart shows declining phase on selling pressures.
- Falling 14 days EMI hints further down trend in the market.
- Relatively, declining volume and prices hints further bearish phase of the market.
- RSI is down at 33.54 compared to last week movement at 37.49 indicating a fall 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>133-162</b>

US cents/lb

**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
125.46	132.03	136.75	163.61	170.62

US cents/lb

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



**Weekly Technical Outlook:-**

- Candlestick chart shows continue falling trend in the market.
- On the other hand, 14-days EMI is moving slight down at 1945 from 1956 of last week record indicating further bearish phase of the market.
- Fibonacci retracement level on upside wave shows first support level at 1735@38.20% and second support level at 1609@23.6%.

**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>1736-2009</b>

USD/T

**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
<b>1609</b>	<b>1735</b>	<b>1942</b>	<b>2010</b>	<b>2049</b>

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> © 2015 Indian Agribusiness Systems Pvt. Ltd.