

Highlights of The Week

Mixed trend were seen in Karnataka market during this week ended as on 9th March 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. Exporters may increase their buying activities since April-May 2015 which may support further prices to increase.

The Coffee Board's Post monsoon estimate for the year 2014-15 is 3,31,000 M.T. Growers

estimation is 20 % to 30% lower than the Board. The growers estimate is less due to Arabica Coffee being hit by high incidence of WSB due to prolonged high temperature and dropping of berries of both Arabica and Robusta due to heavy rains during monsoon. As on date harvest in Robusta estates in progress. Going by the present price trend, Arabica prices are on the downward trend and may come to the price levels existing before it started shooting up on the news that Brazil's drought had severely affected its production.

According to latest information, the drought in Brazil has passed and production is higher so there is more coffee in the market and naturally supporting further to price fall.

As per DGCIS report, India has received total coffee exports revenue around Rs. 308.60

crore which is in USD 49.59 million in January 2015 lower by 16.50% in Rs. and 16.71% in USD respectively against Rs. 369.57 crore and USD 59.54 million respectively in previous year during the same month. It stood at Rs.3759.46 crore and the value in USD at 618.79 million since April-2014 to Jan-2015 up by 2.02 in Rs. and 0.17% when the value is counting in USD against last year revenue i.e. Rs.3685.20 crore and in USD 617.77 million in corresponding period of time.

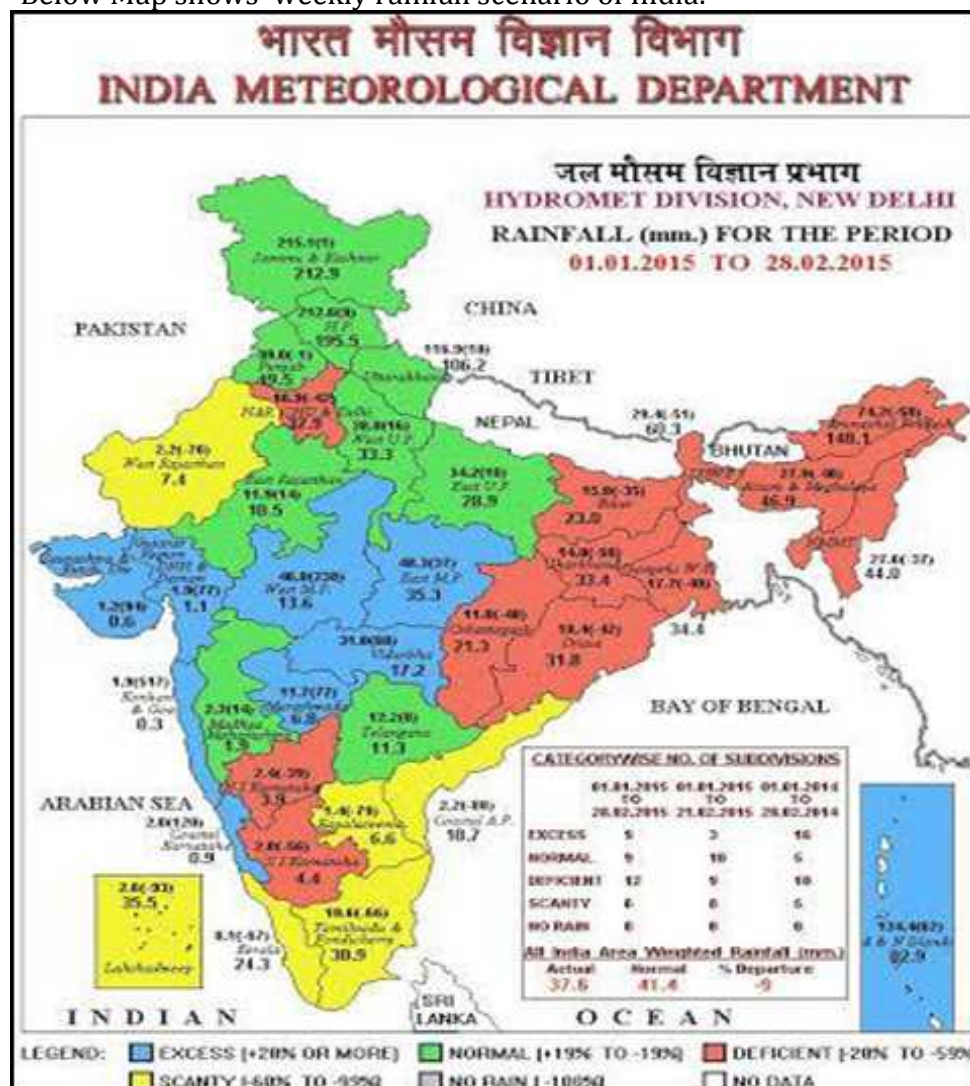
According to ICO recently released data, total production of the World in crop year 2014/15 is now forecasted down by 3.2% at 142 million bags less than 2013/14 crop size which is slightly higher than the previous estimate in the expectation of higher production in Honduras (revised up to 5.4 million), and slight upward adjustments in Tanzania (to 1 million), Cameroon (475,000), Rwanda (280,000) and Burundi (250,000). However, Coffee Production in India has been revised down slightly to 5.5 million bags, according to the post-monsoon estimate of the Coffee Board of India, and Mexico has also been adjusted slightly lower to 3.9 million bags. While the production estimate of Brazil, Vietnam, Colombia and Indonesia has been kept at the same level.

According to the Private National Coffee Growers federation, Colombia's output of washed

Arabica coffee is registered up by 18% to 1.03 million bags in February 2015 against last year in the same month. The production has rebounded after being hit by excessive wet weather for many years and Roya disease as growers accepted a way to replant their farms with tree resistance to the fungus. As a result, new tress started to give better fruits and berry. Total production of Colombia stood at 12.37 million bags from March 2014 to February 2015 with an increase by 10% from a year ago during the corresponding period of time.

Weather Updates of India

Below Map shows weekly rainfall scenario of India:-



Source: IMD

- India received total 37.6 mm actual cumulative seasonal rainfall of India (1st January 2015 to 28th February-2015) below 9% against 41.4 mm of Normal rain.
- A western disturbance as an upper air trough in the mid tropospheric westerlies runs roughly along longitude 67°E and north of latitude 30.0°N.
- Another Western Disturbance would affect western Himalayan region from 7th and plains of northwest & central India from 8th onwards. Wind confluence would also take place over central India & neighbourhood from 7th onwards.

Exports and Imports of India

Provisional Indian green coffee exports is registered down by 33.51% to 37199 metric tonnes from 1st January 2015 to 2nd March 2015 as compared to 55951 metric tonnes of previous year exports during the same period of time. India re-exports maximum Instant type of coffee which is recorded at 12074 metric tonnes in this year during 1st January 2015 to 2nd March 2015 significantly down from preceding year re-exports volume i.e. 4709 metric tonnes on higher demand due to its better quality. Total provisional exports of Arabica parchment, Arabica cherry, Robusta cherry is placed down by 47.37% to 7908, 29.58% to 2908 metric tonnes, 17.42% to 19246 metric tonnes respectively against last year exports volume i.e. 15027 metric tonnes, 4130 metric tonnes, 23308 metric tonne respectively in the same period of time while Robusta Parchment and R&G coffee exports declined during the same period of time.

Below table shows Indian coffee exports volume in details:-

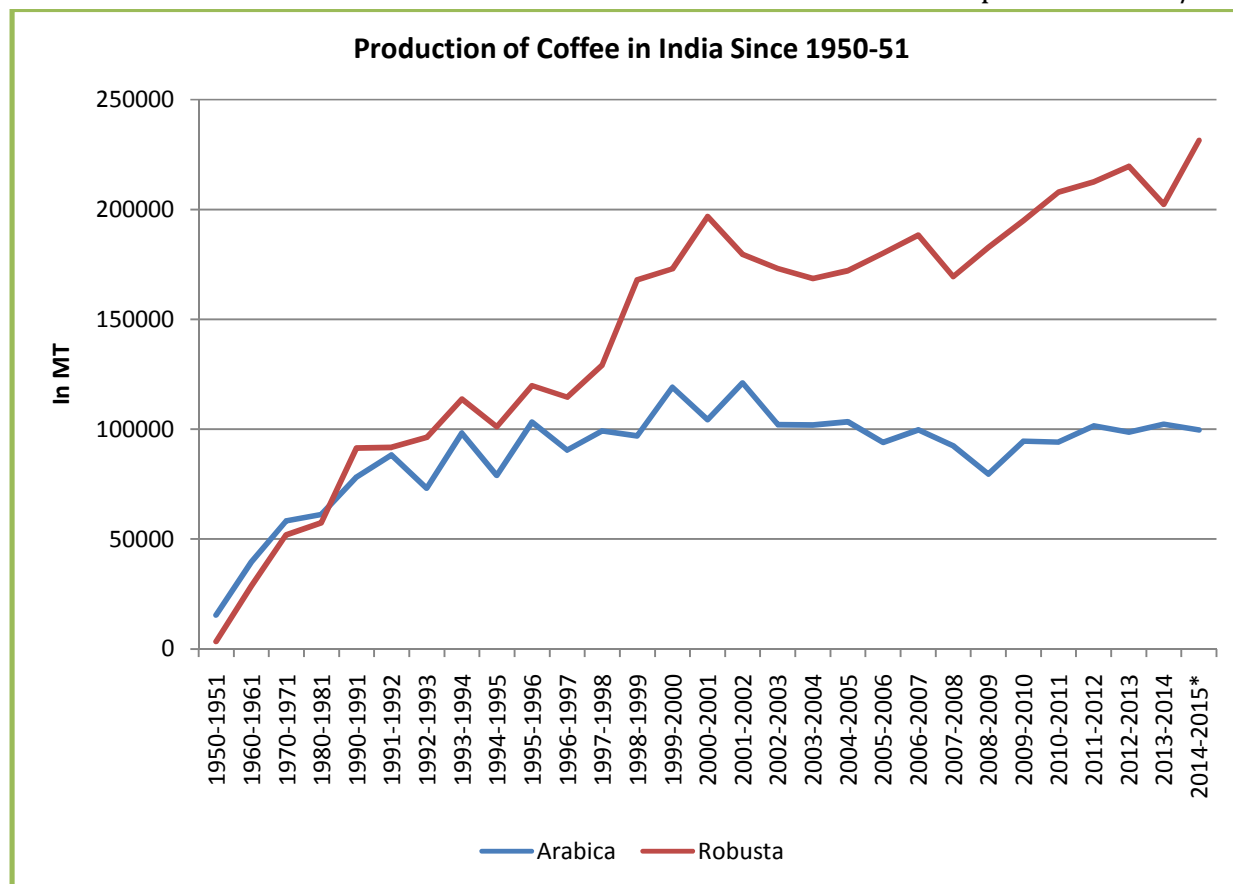
Export update: From 01 st January 2015 to 02nd March 2015 (in metric tonnes)									
	INDIAN COFFEE	Ar.Pmt	Ar.Chy	Rob.Pmt	Rob.Chy	Roasted seeds	R & G	Instant	Total
1	Provisional exports (Indian coffee)	7908	2908	3880	19246	6	43	3207	37199
2	Provisional exports corresponding period last year	15027	4130	2807	23308	23	39	10616	55951
3	Provisional re-exports	0	0	0	0	6	12	12055	12074
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	4709	4709
5	Total provisional exports (1+3)	7908	2908	3880	19246	12	55	15263	49273
6	Total provisional exports corresponding period last year (2+4)	15027	4130	2807	23308	23	39	15325	60660

Source: The Coffee Board of India

Domestic Balance Sheet (USDA)

According to the Coffee Board Of India, Arabica output of India is estimated down at 99600 metric tonnes for 2014/15 crop year due to adverse weather condition while Robusta output is predicted up by 14.38% to 231400 metric tonnes against last 65 years record on account of better yield during this crop season. Arabica crop harvesting of this season is completed as on date while Robusta crop harvesting is under process and near to finish in this month. 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:-

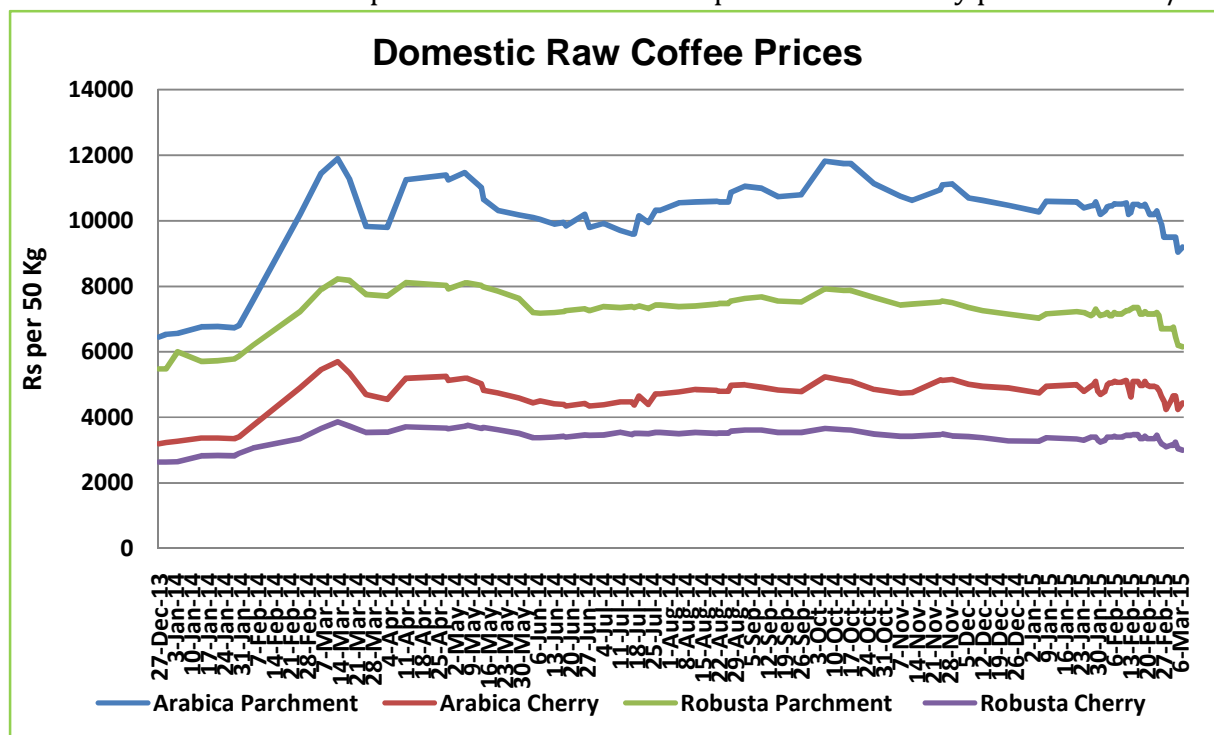


Source: The Coffee Board of India

Coffee Prices of Auction Market & State-wise Market

Domestic coffee prices started falling from Feb month due to continue declining exporters demand. Prices are likely to improve in April month in expectation of fresh demand from foreigners.

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	9.3.2015	2.3.2015	Change
Arabica Parchment	9500	9500	Unch
Arabica Cherry	4650	4650	Unch
Robusta Parchment	6250	6750	-500
Robusta Cherry	3250	3150	100

* 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	--	--	--	--	--	--

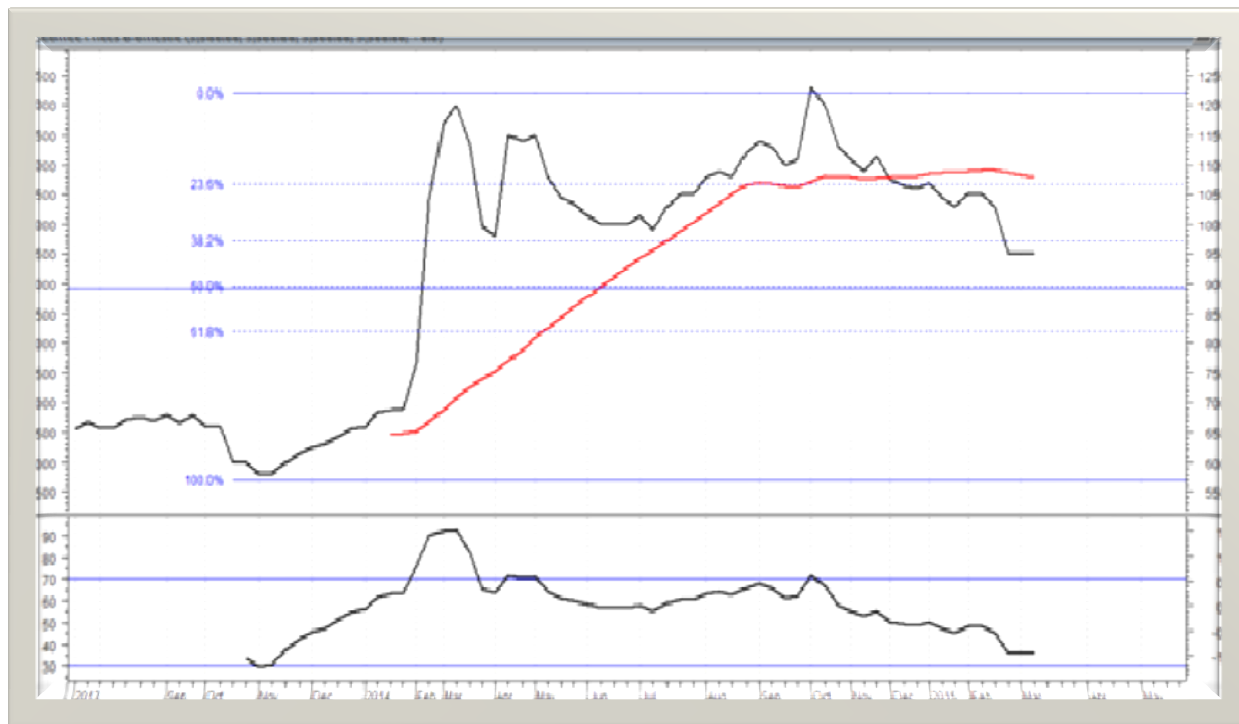
Values in Rs. per kg

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 steady price trend in the market after slow buying activities.
- RSI is moving in steady zone at 36.26 in this week against of previous week indicates further steady to weak tone in the prices.
- Fibonacci retracement on down wave shows second support level at 8922@ 50%.
- We expect prices to trade with steady to downside movement further.

Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	9320-9860

Units in Rs./50 kg.

Expected Support and Resistance

S2	S1	PCP	R1	R2
8922	9314	9500	9862	10293

Units in Rs./50 kg.

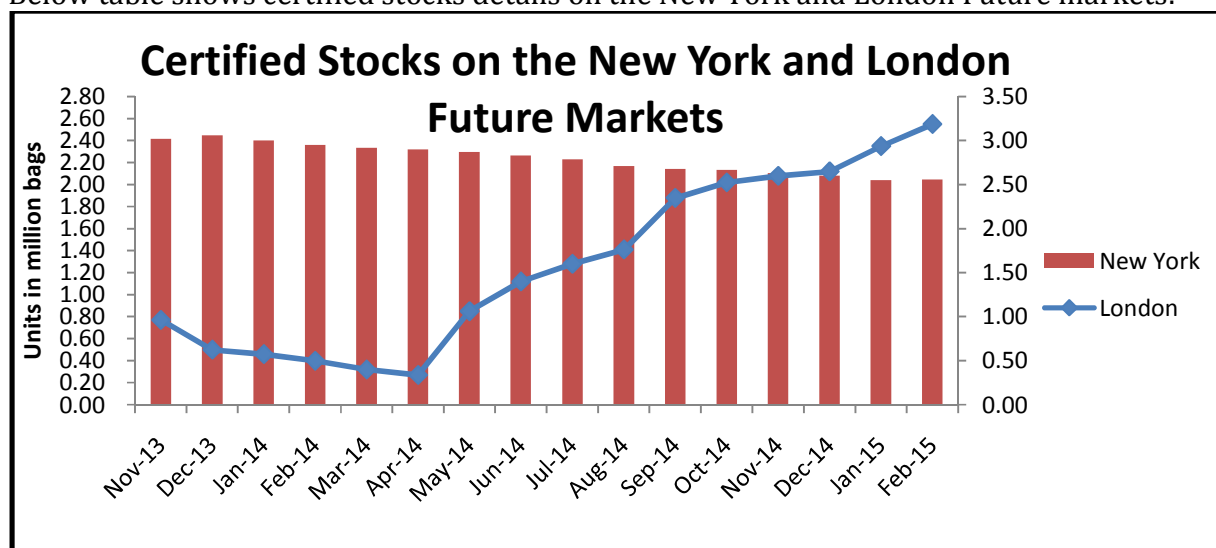
International Market Updates:

Weekly Futures Review -

ICE Arabica coffee future prices of March contract remained down in this week. ICE Arabica coffee future prices slightly declined by 0.18% to 136.50 US cents/lb as on 6th March, 2015 compared to 136.75 US cents/lb of last week prices. As per U.S. Commodity Future Trading Commission data, speculators increased their net short position on ICE futures U.S. in the week ended March 3, 2015.

As per ICO, certified stocks on the London futures market have been significantly reconstituted over the last year, from a low of just 270,000 bags in April 2014 to 2.6 million in February 2015. This reflects the large level of exports from Vietnam and Brazil over the last 12 months, which have compensated for the lower availability from Indonesia. Certified stocks on the New York market, on the other hand, have been declining gradually over the same time period, from nearly 3 million bags to 2.6 million.

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



Source: ICO

Vietnam:- In the view of traders, the pace of coffee exports from Vietnam is slow in the current situation because of domestic speculators who bet on higher prices on account of a smaller harvest. Further, they forecast Vietnam's coffee exports at 90,000-110,000 tonnes in March month 2015 which is unchanged from Feb month coffee exports volume. Growers are not selling their crop at the current prevailing price which is below 40,000 dong per kg in Vietnam. Normally growers sell their crop in full swing for cash during their watering process between February and early May however it is down in this year.

Brazil:- As per Reuters Weather Dashboard, Brazil is likely to receive more intense rain in the next five to 10 days as a cold front pushes through Brazil's southeast. Other sources like local forecaster Somar forecast rain in Sao Paulo state towards the weekend and then move into key coffee -growing regions of Minas Gerais in the coffee rich mountains zone and South Minas area.

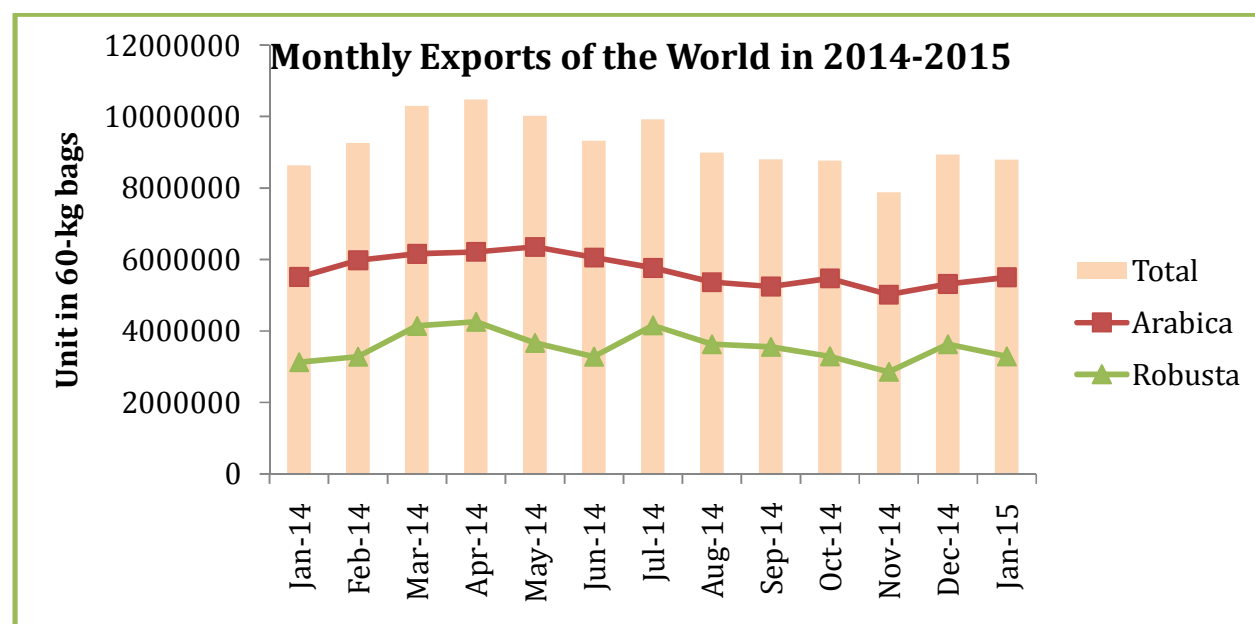
Coffee Exports Details Of The World

Coffee Balance Sheet of the World

According to ICO recently released data, monthly coffee exports of the world is amounted lower by 1.68% to 8.79 million bags in January 2015 compared to last year in the same period of time. Robusta's coffee exports is recorded at 3.29 million bags higher than 3.63 million bags in January 2015 while Arabica's exports is placed up by 3.55% to 5.31 million bags in January 2015 against previous year during the same period of time.

Below chart depicts monthly exports of the world in 2014-2015:-

Coffee Exports of the World in 2014-15			
Month	Total	Arabica	Robusta
Jan-14	8637804	5509171	3128634
Feb-14	9260202	5975171	3285032
Mar-14	10301949	6154479	4147470
Apr-14	10473221	6211565	4261657
May-14	10021541	6349136	3672405
Jun-14	9321164	6053211	3283961
Jul-14	9923068	5762654	4159517
Aug-14	8995520	5364002	3631518
Sep-14	8799744	5242683	3557061
Oct-14	8763948	5469625	3294323
Nov-14	7878295	5018094	2860201
Dec-14	8943262	5310763	3632500
Jan-15	8792804	5499812	3292992



Source:ICO

International Coffee Price Trend

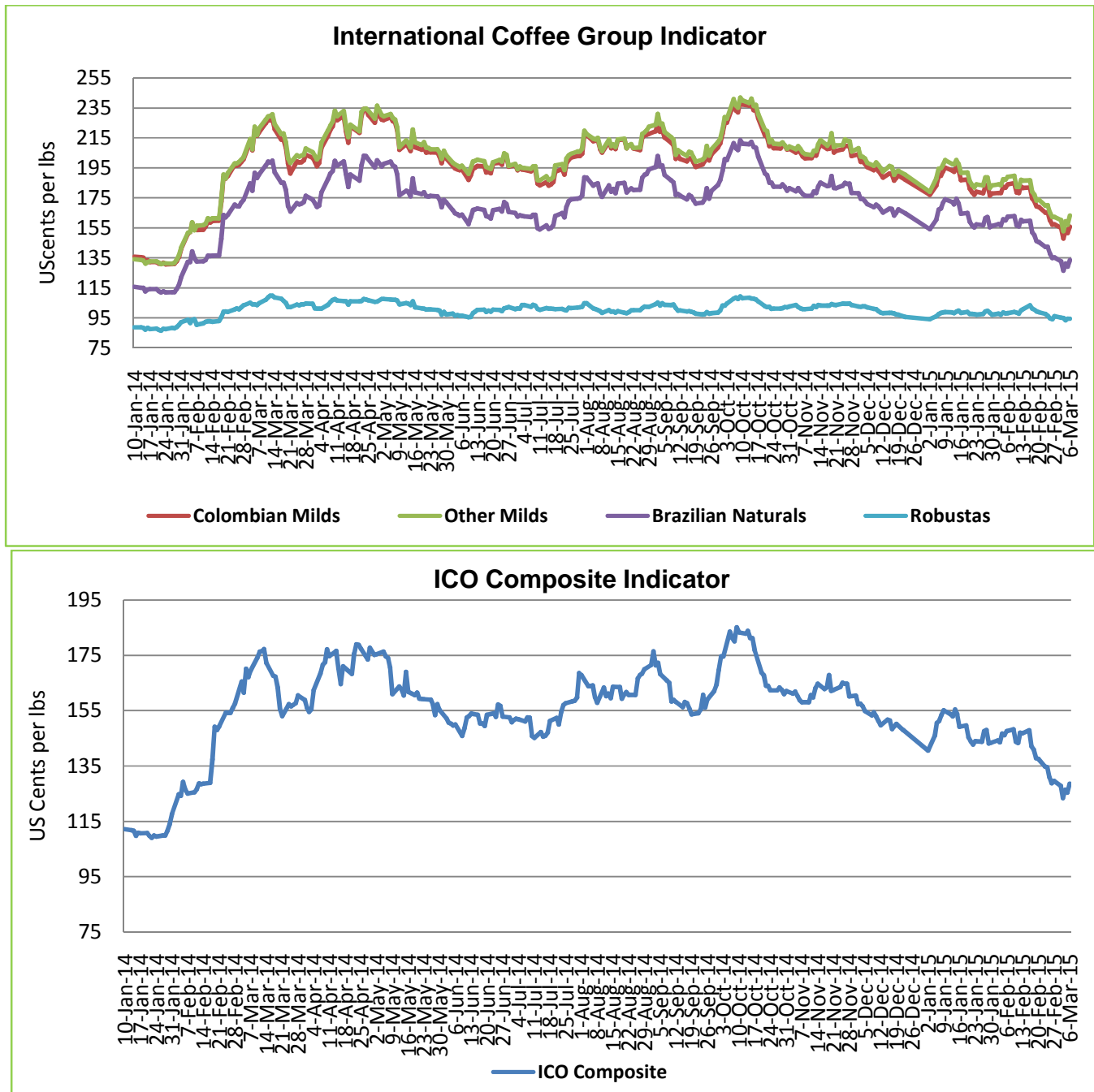
	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	6.3.2015	27.2.2015	6.2.2015	6.3.2014
ICO Composite Indicator	128.60	129.60	147.58	167.09
Colombian Milds				
US	155.00	155.50	181.50	219.50
Europe	156.81	159.62	186.91	212.74
Group Indicator	155.83	157.39	183.99	216.39
Other Milds				
US	163.19	162.94	190.94	220.25
Europe	163.31	161.79	187.74	214.77
Group Indicator	163.27	162.22	188.96	216.85
Brazilian Naturals				
US	129.00	128.50	153.50	180.50
Europe	135.10	137.55	165.50	190.78
Group Indicator	133.51	135.20	162.38	188.11
Robusta				
US	100.58	101.83	103.58	110.83
Europe	93.29	94.97	97.12	102.08
Group Indicator	94.45	96.07	98.15	103.48

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

International Coffee Indicators Chart:-

The coffee market fell sharply in February followed by improved weather in Brazil contributed to heavy selling pressure. The daily price of the ICO composite dropped from a high of 148.25 cents/lb to a low of 128.75 cents, its lowest level since mid-February 2014. The monthly average settled on 141.10 cents, 4.8% lower than January, and the lowest monthly average in the last twelve months.

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



International- Future Market Prices:-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(6-Mar-2015)	Week ago (27-Feb-15)	Month Ago (6-Feb-15)	Weekly Change (%)
Mar-15	136.50	136.75	166.85	-0.18
May-15	139.90	140.50	169.60	-0.42
Jul-15	143.00	143.50	172.25	-0.34

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(6-Mar-2015)	Week ago (27-Feb-15)	Month Ago (6-Feb-15)	Weekly Change (%)
Mar-15	1847	1871	1965	-1.28
May-15	1881	1907	1989	-1.36
Jul-15	1907	1929	2014	-1.14

USC/lb

USD/T

International Coffee Prices

	6.3.2015	27.2.2015	6.2.2015	6.3.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	38750	--	39150	40400
Vietnam FOB (2-5 pct)* (Saigon port)	1851	--	1867	1973
Indonesian FOB (4-80 defects)** (Lampung Port)	1910	--	1930	2030

*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 remained down trend of the market.
- 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 33.46 compared to last week movement at 33.54 indicating a fall in 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>	120-148

US cents/lb

Expected Support and Resistance

S2	S1	PCP	R1	R2
112.50	119.96	136.50	149.34	163.93

US cents/lb

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



Weekly Technical Outlook:-

- Candlestick chart depicts bearish trend of the market.
- On the other hand, 14-days EMI is moving down at 1932 from 1945 of last week record indicating further a fall in the market.
- Declining volume and prices hints further down trend in the market.

Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	1783-1945

USD/T

Expected Support and Resistance

S2	S1	PCP	R1	R2
1718	1782	1871	1946	2007

USD/T

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