

**Highlights of The Week**

**Domestic coffee prices in Karnataka market surged during this week ended as on 23rd March 2015.** Indian coffee prices are primarily influenced by the development of Brazil crop reports. Farmers are confined to release their holding crops despite rising demand in expectation of higher prices. Arabica Plantation coffees met with limited enquiry from the exporters as well as from the domestic trade. Arabica Cherry coffees received enquiry only from the domestic trade. All varieties of old season coffees met with selective enquiry from the domestic trade. Robusta Parchment coffees received support from the exporters. Total quantity of 310288 kgs was on offer including 156014 kgs of Arabica coffee and 154274 kgs of Robusta coffee where 106000 kgs was sold at the auction which is held on the 19th March 2015. B and C grade of new season remained unsold as sellers price expectation were higher than the buyers interest. On the other hand, Arabica Plantation BBB of new season price were higher by Rs.850 Per 50 Kgs during this week,

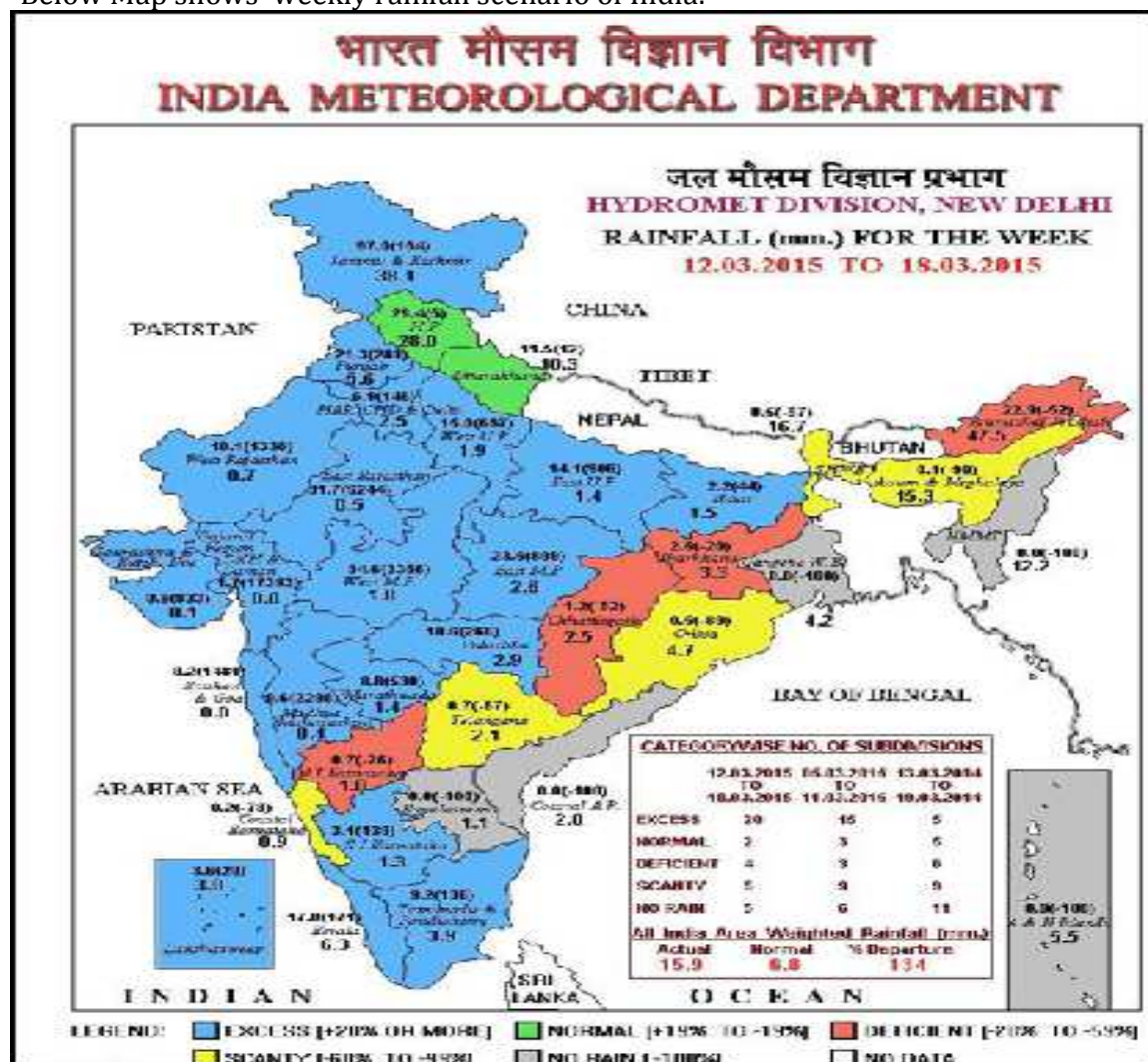
**In view of Traders, Robusta harvesting of 2014/5 is almost finished in the key growing regions of Karnataka, Tamil Nadu and Kerala.** As per exporters, Arabica crop size of India is placed around 90,000 tonnes and Robusta crops at 2.3 lakh. While, Post Monsoon crop estimates for 2014-15 stood up by 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 the Coffee Board of India. Indian exporters are looking forward to some support from the Government in the forthcoming Export-Import Policy. Sources expects to increase the DEPB rates (Duty entitlement pass book) to around 2-3% from the current 1%. DEPB is an export incentive scheme of Indian Government provided to Exporters in India. DEPB rates are applied on the basis of FOB value or value cap whichever is lower.

**As per DGCIS report, India has received total coffee exports revenue around Rs. 487.85 crore** which is in USD 78.64 million in February 2015 higher by 3.48% in Rs. and 3.8% 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.

**In the recent forecast of Brazil crop, German coffee trader Neumann keeps Brazil coffee crop output higher at 45.3 million bags for 2015/16 season** from its previous given forecast i.e. 45 million bags in August 2014. Brazil will commence its coffee harvesting in May 2015. He kept 2014/15 coffee crop size at 47.7 million bags. While, other sources like Ecom expects Brazil's crop production higher at 49 million bags followed by 32 million bags of Arabica crop and 17 million bags of Robusta crop for 2015/16 season.

### Weather Updates of India

Below Map shows weekly rainfall scenario of India:-



Source: IMD

- Rainfall was excess/normal in 27, deficient/scanty in 8 and no rain in 1 out of 36 meteorological sub-divisions. (All India Actual: 49.2 mm, Normal: 16.6 mm and Departure: +197).
- An induced upper air cyclonic circulation formed over south Pakistan & neighbourhood extended up to 2.1 km above mean sea level on 13th. It was seen as a feeble induced low pressure area over West Rajasthan & neighbourhood on 14th, over West Rajasthan & neighbourhood on 15th and thereafter seen as an Upper air cyclonic circulation over East Rajasthan & neighbourhood extended upto 1.5 km above mean sea level on 16th became less marked on 17th.

### Exports and Imports of India

Provisional Indian green coffee exports is registered down by 30.31% to 50062 metric tonnes from 1st January 2015 to 16th March 2015 as compared to 71842 metric tonnes of previous year exports during the same period of time. India re-exports maximum Instant type of coffee which is recorded at 15997 metric tonnes in this year during 1st January 2015 to 16th March 2015 significantly up from preceding year re-exports volume i.e. 6817 metric tonnes on higher demand due to its better quality. Total provisional exports of Arabica parchment, Arabica cherry, Robusta cherry is placed down by 46.13% to 10163, 30.84% to 3514 metric tonnes, 14.16% to 26455 metric tonnes respectively against last year exports volume i.e. 18866 metric tonnes, 5081 metric tonnes, 30819 metric tonne respectively in the same period of time.

Below table shows Indian coffee exports volume in details:-

<b>Export update: From 01<sup>st</sup> January 2015 to 16th March 2015 (in metric tonnes)</b>									
	<b>INDIAN COFFEE</b>	<b>Ar.Pmt</b>	<b>Ar.Chy</b>	<b>Rob.Pmt</b>	<b>Rob.Chy</b>	<b>Roast ed seeds</b>	<b>R &amp; G</b>	<b>Instant</b>	<b>Total</b>
1	Provisional exports (Indian coffee)	10163	3514	5733	26455	6	52	4138	50062
2	Provisional exports corresponding period last year	18866	5081	4713	30819	23	49	12290	71842
3	Provisional re-exports	0	0	0	0	18	22	15957	15997
4	Provisional re-exports corresponding period last year	0	0	0	0	0	0	6817	6817
5	Total provisional exports (1+3)	<b>10163</b>	<b>3514</b>	<b>5733</b>	<b>26455</b>	<b>24</b>	<b>74</b>	<b>20095</b>	<b>66059</b>
6	Total provisional exports corresponding period last year (2+4)	<b>18866</b>	<b>5081</b>	<b>4713</b>	<b>30819</b>	<b>23</b>	<b>49</b>	<b>19107</b>	<b>78658</b>

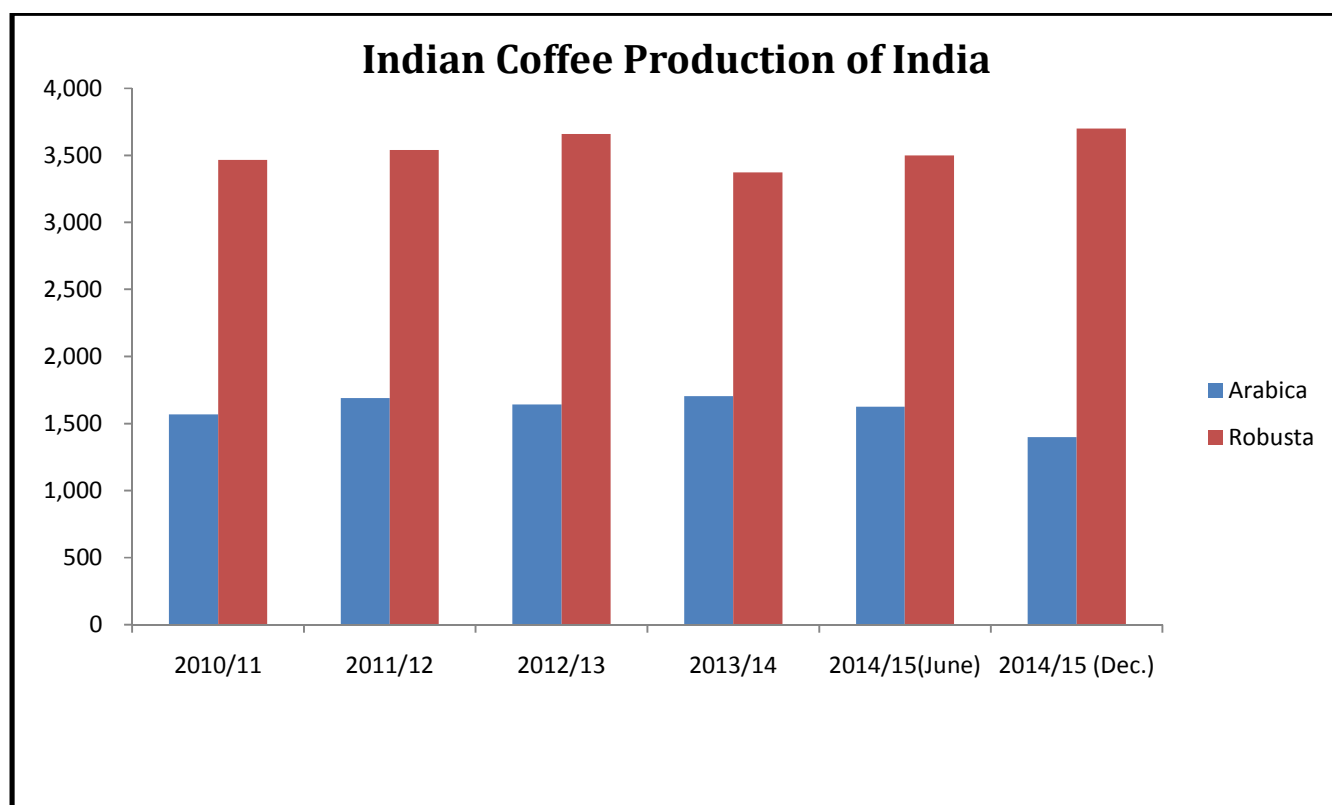
Source: The Coffee Board of India

### Domestic Balance Sheet (USDA)

According to USDA report, Indian coffee production is likely to go up slightly by 0.49% to 5100 thousands 60 kg-bags for 2014/15 against 5075 thousands bags in 2013/14. Arabica coffee crops is expected to decline by 18% to 1400 thousands bags (60 kg bags) from 1703 thousand bags in 2013/14 on the back of adverse weather condition while Robusta coffee crop in 2014/15 may touch higher level of 3700 thousand bags with an increase by 10% against last year crop size i.e. 3372 thousand bags in 2013/14 due to good crop yield.

Below chart shows domestic coffee balance sheet since 2011-12 to 2014-15:-

Types	2010/11	2011/12	2012/13	2013/14	2014/15 (June)	2014/15 (Dec.)	% change last estimates	% Change Last year
Arabica	1,570	1,690	1,643	1,703	1,625	1,400	-14	-18
Robusta	3,465	3,540	3,660	3,372	3,500	3,700	6	10

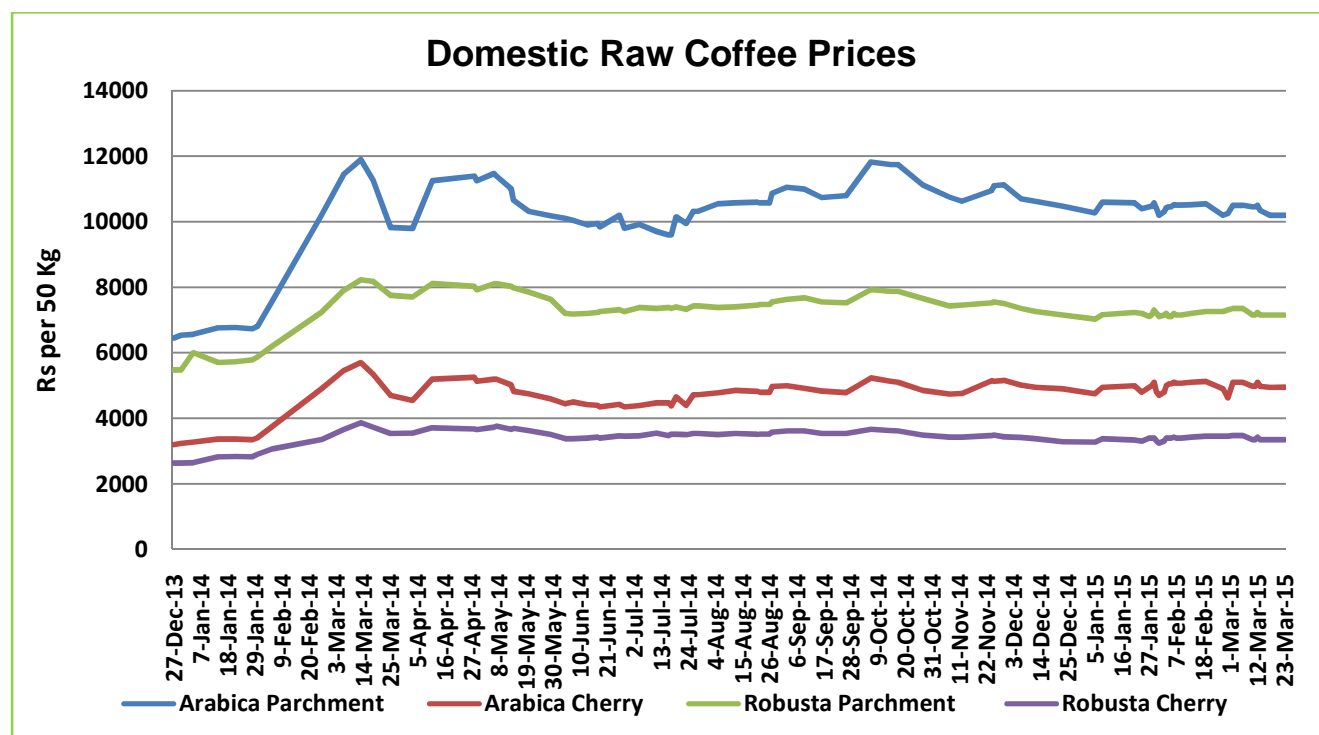


Source: USDA (\* Estimate)

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

Domestic coffee prices are volatile and fetching higher prices on good demand against lower supplies. As farmers are not interested to release their in hand stocks despite good demand in expectation of better prices in future. Prices are likely to improve in April month due to better supply and demand scenario.

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	23.3.2015	16.3.2015	Change
Arabica Parchment	9700	9000	700
Arabica Cherry	4750	4100	650
Robusta Parchment	6250	6000	250
Robusta Cherry	3150	3075	75

\* Values in Rs per 50 Kg

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

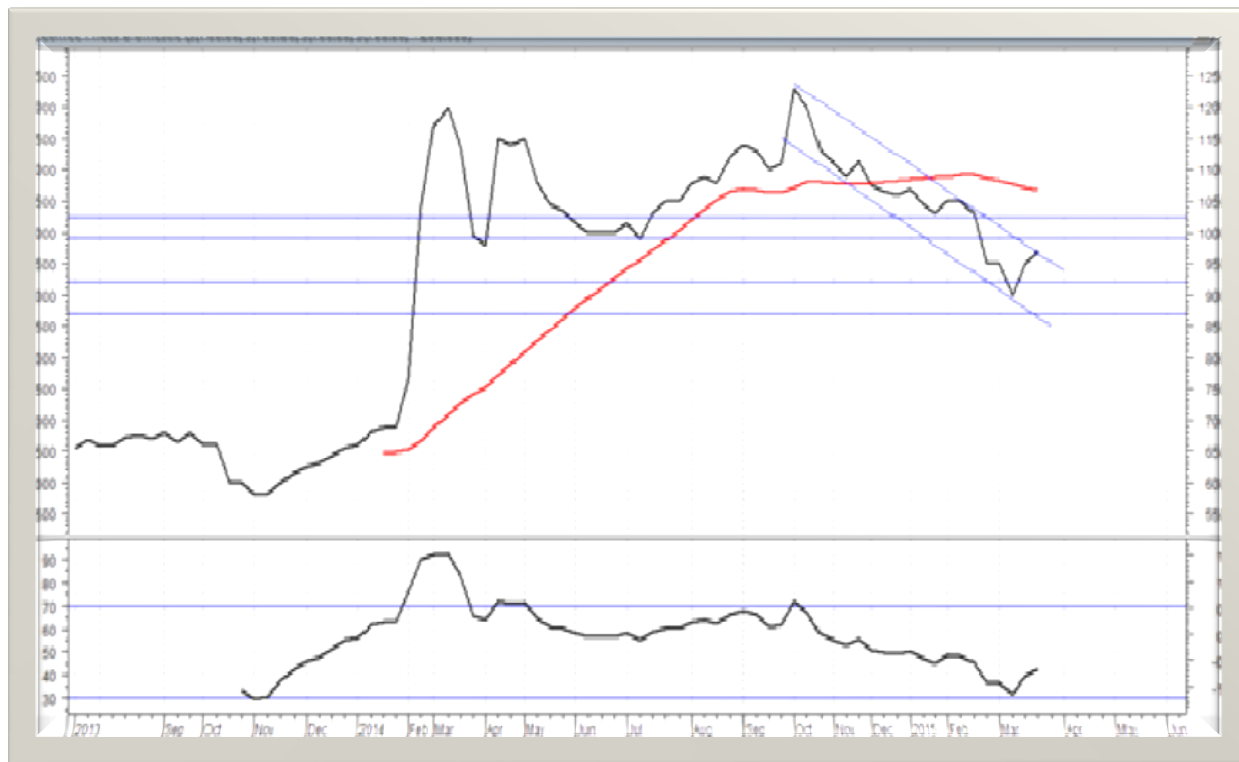
Grade	26.3.2015	19.3.2015	Change	26.3.2015	19.3.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	--	13620	--	--	--	--
PB	12900	13100	-200	8400	--	--
A	13750	--	--	--	--	--
AB	--	--	--	8600	--	--
B	--	--	--	--	--	--
C	--	9400	--	--	--	--
BBB	8200	7350	850	6500	--	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	Change
RKR	--	--	--	--	--	--
A	--	--	--	--	--	--
PB	--	7600	--	--	--	--
AA	8050	--	--	--	--	--
AB	7950	8160	-210	--	--	--
B	--	--	--	--	--	--
C	--	--	--	--	--	--
BBB	6150	--	--	6005	--	--

Values in Rs. per kg

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

Grade	26.3.2015	19.3.2015	%Change	26.3.2015	19.3.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	--	--	--	--	--	--
PB	--	--	--	9000	--	--
A	--	--	--	--	--	--
AB	--	--	--	8710	--	--
B	--	--	--	--	--	--
C	--	--	--	--	--	--
BBB	--	--	--	--	--	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	Change
RKR	--	--	--	--	--	--
A	--	--	--	--	--	--
PB	--	--	--	6250	--	--
AA	--	--	--	--	--	--
AB	--	--	--	6300	--	--
B	--	--	--	--	6440	--
C	--	--	--	6150	6315	165
BBB	--	--	--	--	6240	--

Values in Rs. per 50kg.

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

**Weekly Technical Outlook:-**

- Above chart shows recovery in the market on buyers interests.
- RSI is moving in neutral region at 42.82 down in this week against 31.67 of previous week indicates further strong trend of the prices.
- Prices moved upside breaking previous week support level i.e.8805 Rs. per 50 kg bags.
- We expect prices to change its direction towards upside 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>	

Units in Rs./50 kg.

**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
8707	9216	9700	9902	10235

Units in Rs./50 kg.

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

ICE Arabica coffee future prices of May contract increased on Brazil crop concern. Arabica coffee prices inched up by 10.71% . While, Robusta coffee future prices of May contract went up by 6.55% at \$1820 in this week against \$1708 in the previous week. According to Exchange data, Robusta coffee speculators cut net long position by 5376 lots to 12486 lots as of 17th March 2015 against previous week. According to the exchange data, Certified Robusta **coffee** stocks held in ICE-nominated warehouses went up to 163,650 tonnes as of March 16 against 157,440 tonnes as of March 2,2015.

**Brazil:-** According to Costa Report, coffee beans on standing crop in Brazil are still green now and is likely to turn towards exact color in the coming months before harvest starts in May 2015 to June 2015. Yield and quality depends totally on the rain at the time of harvesting.

Brazilian government crop supply agency Conab is likely to sell 40,809 bags of coffee from public stocks in an auction which would be held on 25th March 2015. Currently, total stocks are supposed to be around at 1.61 million bags. Coffee is likely to be sold in the Minas Gerais, Espirito Santo and Goias states. The government have decided to fix prices two days before auction day.

**Vietnam:-** As per traders, farmers have started to third phase of watering in the Central Highlands coffee belts. Farmers are facing hot and issue of water supply and waiting to be normal when rain is expected to return on time in early May 2015. The rainfall in Central highlands coffee belt in Vietnam is expected below about 40-50% from previous records along with that regions' river which may lower between 40-70% as per local forecaster. Delay rainfall may reduce yield of the next 2015/16 coffee crop.

**Others:-**

- As per sources, Uganda may exports total 3.2 million bags of its coffee in 2014/15 (Oct 2014-Sep 2015) which is lower than earlier projection of 3.5 million bags due to dry weather condition as seen in last three months which may cause to reduce standing crop yield. Mostly pods are likely to be forming but depending upon wet weather condition for better beans. Currently, Uganda have been facing a dry spell since late December 2014 which had destroyed nearly 60% of the newly planted coffee trees.
- According to the National export center Cetrex, Nicaragua's coffee exports increased by 25% to 185,183 60 kg bags in February 2015 from the same month during the 2013/14 season. Total exports of five month in 2014/15 season stood higher by 34.6% to 453,717 60-kgs bags from the corresponding period of time during the previous season.

**Coffee Exports Details Of The World**

Below table shows the estimates for coffee output (in million bags 60 kg bags) :-

Source	Date Issued	2014/15	2015/16	Robusta	Arabica	Global Production Forecast 2014/15	Supply/Demand 2014/15
Neumann			45.3				
Ecom	March		49	17	32		
CNC/Procafe	13-Mar-15		40.3-43.25	10.3-11.1	30-32.15		
Volcafe	19-Feb-15	47	49.5	16.5	33	142.2	-8.9
Terra Forte	13-Feb-15	46.78	47.28	15.2	32.05		
Olam	12-Feb-15		49				
IBGE Statistics Institute	12-Feb-15		43.9	11.7	32.2		
Conab	13-Jan-15		44.1-46.6	11.6-12.2	32.5-34.4		
Conab	22-Dec-15	45.3		13.03	32.3		
USDA	19-Dec-14	51.2		17	34.2	149.8	
Volcafe	17-Dec-14		49.5	16.5	33		
Ecom	15-Dec-14	55	50				
ICO	11-Dec-14					141	-0.8
Citi Research	1-Dec-14		44.7				
Ranobank	1-Dec-14		42-47			144.4	-5.1
Spicete Generale	25-Nov-14					148.4	1.2
Volcafe	21-Nov-14	47				141.5	-10
USDA attach	14-Nov-14	51.2		17	34.2		
Comexin	13-Nov-14		44-47	16	28-31		
Rabobank	28-Oct-14	47	47	17	30		
F.O.Licht	26-Sep-15	46	43				
Conab	16-Sep-15	44.14	48.83	13.03	32.11		
Neumann	26-Aug-15		45				
Abic.	26-Aug-15	45-47					
Spicete Generale	25-Nov-14					148.4	1.2
Volcafe	21-Nov-14	47				141.5	-10
USDA attach	14-Nov-14	51.2		17	34.2		
Comexin	13-Nov-14		44-47	16	28-31		
Rabobank	28-Oct-14	47	47	17	30		
F.O.Licht	26-Sep-15	46	43				
Conab	16-Sep-15	44.14	48.83	13.03	32.11		
Neumann	26-Aug-15		45				
Abic.	26-Aug-15	45-47					

Source: Reuters

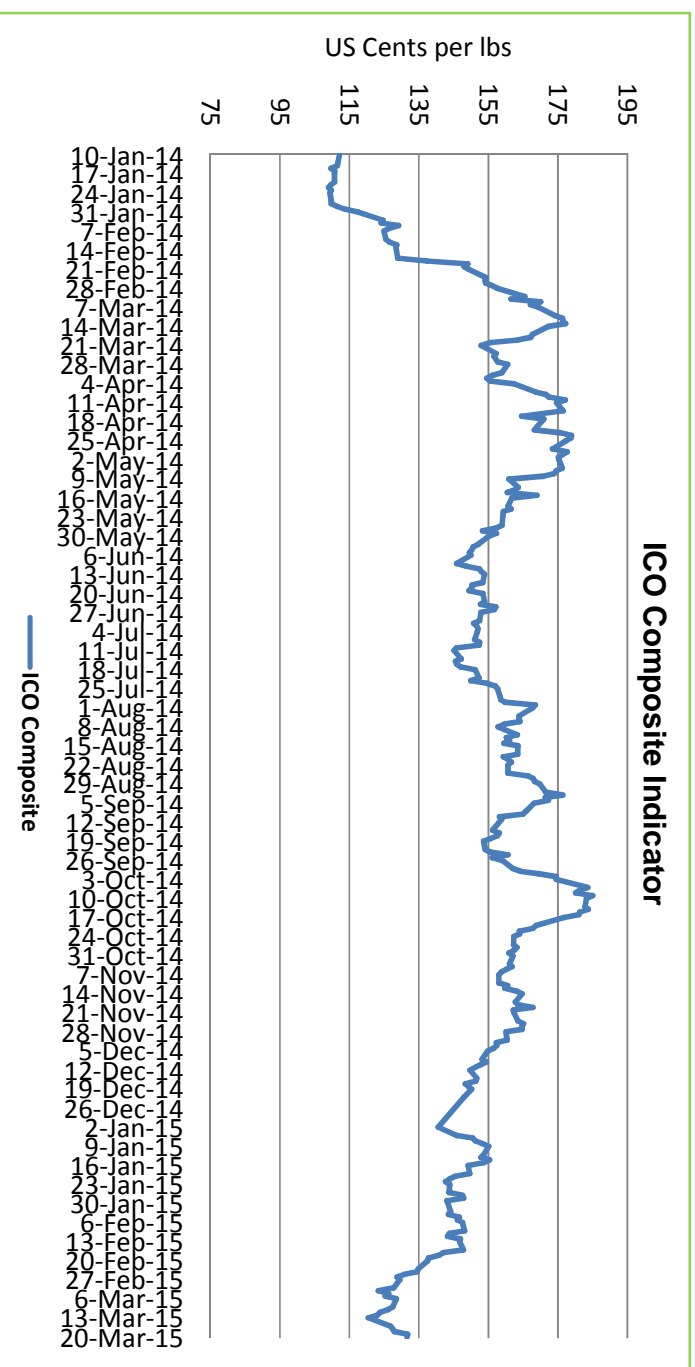
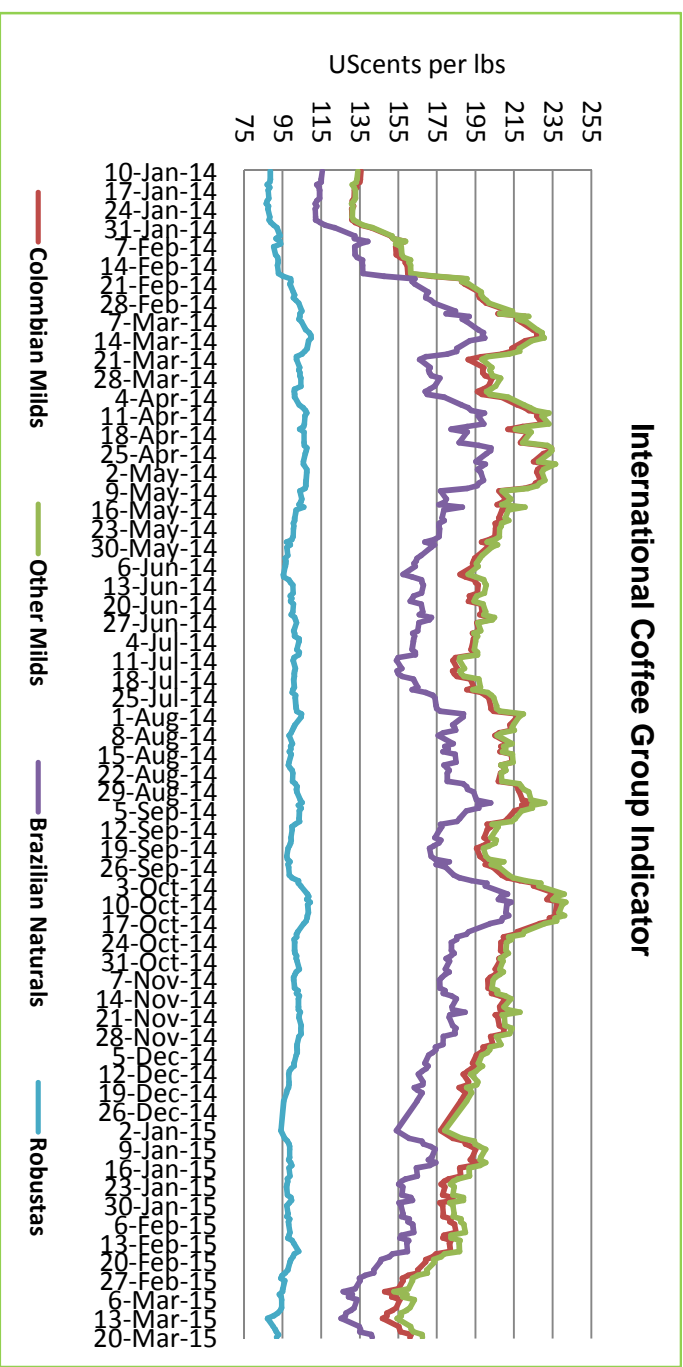
**International Coffee Price Trend**

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	20.3.2015	13.3.2015	20.2.2015	20.3.2014
<b>ICO Composite Indicator</b>	131.59	120.50	137.58	155.47
<b>Colombian Milds</b>				
US	158.25	144.75	168.00	200.25
Europe	164.20	149.18	170.15	195.36
Group Indicator	160.99	146.79	168.99	198.00
<b>Other Milds</b>				
US	166.19	153.19	175.19	202.75
Europe	168.31	155.08	172.95	200.55
Group Indicator	167.50	154.36	173.80	201.39
<b>Brazilian Naturals</b>				
US	136.25	119.75	138.00	159.25
Europe	143.18	127.32	148.14	173.01
Group Indicator	141.38	125.35	145.50	169.43
<b>Robusta</b>				
US	98.50	93.17	104.17	109.17
Europe	90.59	86.05	97.74	100.89
Group Indicator	91.86	87.19	98.77	102.21

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



International Coffee Indicators Chart:-



Source: ICO

International- Future Market Prices:-

ICE Arabica Coffee Futures Prices				
Contract Months	Today(20-Mar-2015)	Week ago (13-Mar-15)	Month Ago (20-Feb-15)	Weekly Change (%)
May-15	143.35	129.80	152.90	10.43
Jul-15	146.65	133.15	155.75	10.13
Sep-15	149.65	136.15	158.40	9.91

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(20-Mar-2015)	Week ago (13-Mar-15)	Month Ago (20-Feb-15)	Weekly Change (%)
May-15	1820	1708	1974	6.55
Jul-15	1846	1735	2001	6.39
Sep-15	1873	1760	2022	6.42

USC/lb

USD/T

#### International Coffee Prices

	20.3.2015	13.3.2015	20.2.2015	20.3.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	38400	37750	40050	41150
Vietnam FOB (2-5 pct)* (Saigon port)	1845	1870	1937	2079
Indonesian FOB (4-80 defects)** (Lampung Port)	1890	1840	1990	2070

\*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	164-438	270.42	150-390
Arabica AB	128-354	222.64	120-321
Arabica C	112-236	184.41	79-234
Arabica PB	116-299	221	124-314
Arabica T	76-183	113.92	71-187
Arabica TT	89-240	184.74	86-274

Units in \$ per 50 kg bags

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



**Weekly Technical Outlook:-**

- Candlestick chart depicts firm trend in the market on buyers interests.
- However, falling 14 days EMI hints further lower trend of the market.
- On the other hand, slight up volume and prices reflects a small recovery in the market.
- Relatively, RSI is up at 40.41 compared to last week movement at 30.04 indicating towards a gain in the next week.
- Fibonacci retracement on down wave hints first resistance level at 151.35@38.2% and second resistance at 165.54@38.20% for the upcoming 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>126-150</b>

US cents/lb

**Expected Support and Resistance**

<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
114.79	125.29	143.35	151.32	165.54

US cents/lb

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



### Weekly Technical Outlook:-

- Candlestick chart shows gain in the market.
- On the other hand, 14-days EMI is moving down at 1885 from 1899 of last week record indicating further a bearish phase in the market.
- Prices are likely to improve in next week.

### Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	1670-1900

USD/T

### Expected Support and Resistance

S2	S1	PCP	R1	R2
1589	1668	1796	1908	1975

USD/T

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