

Highlights of The Week

Domestic coffee prices declined in Karnataka market due to lackluster trading activities during this week ended as on 6th April 2015. Currently, Indian coffee prices are remain higher than exporters prices which is weighing on domestic coffee prices. Price trend is likely to move in steady to down zone after the news of better crop condition in Brazil on account of good rains in January and February 2015. The direction of prices may change the trend in long run once Brazil starts its next season harvest i.e. in May/ June 2015. On the other hand, the global coffee prices may get support in short run if the crude oil will continue fall as buyers may switch to coffee for higher margin.

According to ICO recently released data, total Indian coffee exports is recorded at 3.52 million bags in February 2015 down by 18.57% from 4.32 million bags during the same month in 2014. Total exports between Oct-2014 to Feb-2015 stood lower by 18.78% to 10.41 million bags against 12.82 million bags in the corresponding period of time in the last season. Relatively, India exported total 31.07 million bags since March 2014 to February -2015 with a decline of 18.48% as compared to 38.12 million bags in preceding year during the same period of time.

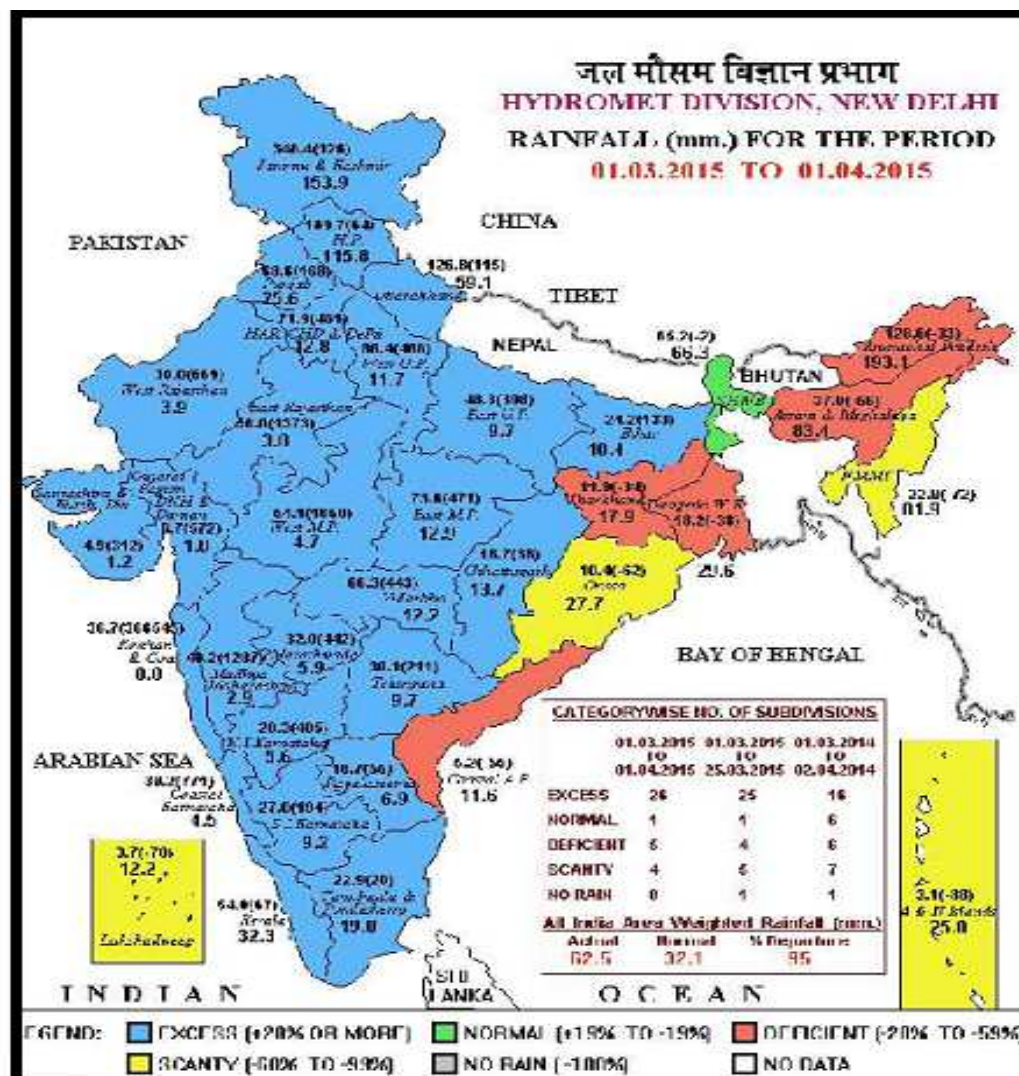
As per Vietnam Customs recently released data, total coffee exports of Vietnam is recorded at 63000 tonnes in the first half of March with a decline 54% against the same period of time in 2014. Total coffee exports stood down by 25.5% to 649,600 tonnes during October 2014 to March 2015 the first half of the current 2014/15 season against the corresponding period of time in last season. As per sources, approx. 4500 hectares (1.4 million acres) of coffee in five provinces have been affected by dryness and approx. 700 hectares in Lam Dong province have destroyed from frost. Further, dryness is likely to be continued until mid- May or early June 2015.

As per Volcafe recent forecast, 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. Other sources like Coex Coffee Group, Brazil may harvest crops down at 45.08 million bags in 2015/16 against 47.5 million bags in 2015/16.

Further, they expect Colombia washed Arabica coffee production at 13 million bags in 2015 up from 12 million last year on account of favorable weather condition.

Weather Updates of India

Below Map shows weekly rainfall scenario of India:- (Source-IMD)

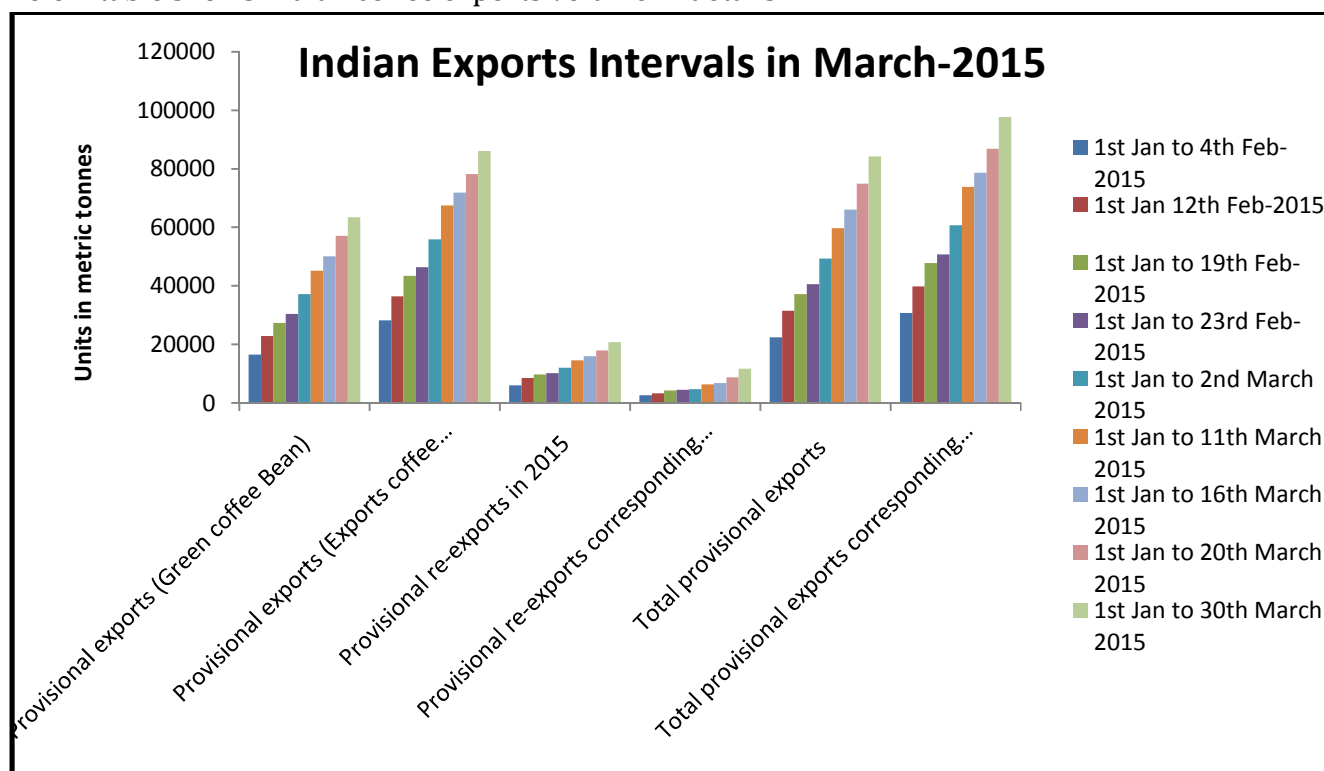


- Rainfall was excess/normal in 27 and deficient/scanty in 9 out of 36 meteorological sub-divisions. (All India Actual: 62.5 mm, Normal: 32.1 mm and Departure: +95).
- Heat wave condition prevailed at isolated places over Himanchal Pradesh; West Rajasthan; West Madhya Pradesh and Gujarat State during the first half of the week.
- Another upper air cyclonic circulation lay centered over East Rajasthan & adjoining northwest Madhya Pradesh extending up to 1.5 km above mean sea level on 31st and became less marked on 1st April.

Exports and Imports of India

Provisional Indian green coffee exports is registered down by 44.26% to 63447 metric tonnes from 1st January 2015 to 30th March 2015 as compared to 86022 metric tonnes of previous year exports during the same period of time. India re-exports maximum Instant type of coffee and recorded at 20811 metric tonnes in this year during 1st January 2015 to 30th March 2015 significantly up from preceding year re-exports volume i.e. 11662 metric tonnes on higher demand due to its better quality. Total provisional exports of Arabica parchment, Arabica cherry, Robusta cherry is placed down by 44.26% to 12487, 39.47% to 3994 metric tonnes, 11.51% to 33031 metric tonnes respectively against last year exports volume i.e. 22389 metric tonnes, 6599 metric tonnes, 37328 metric tonne respectively in the same period of time.

Below table shows Indian coffee exports volume in details:-

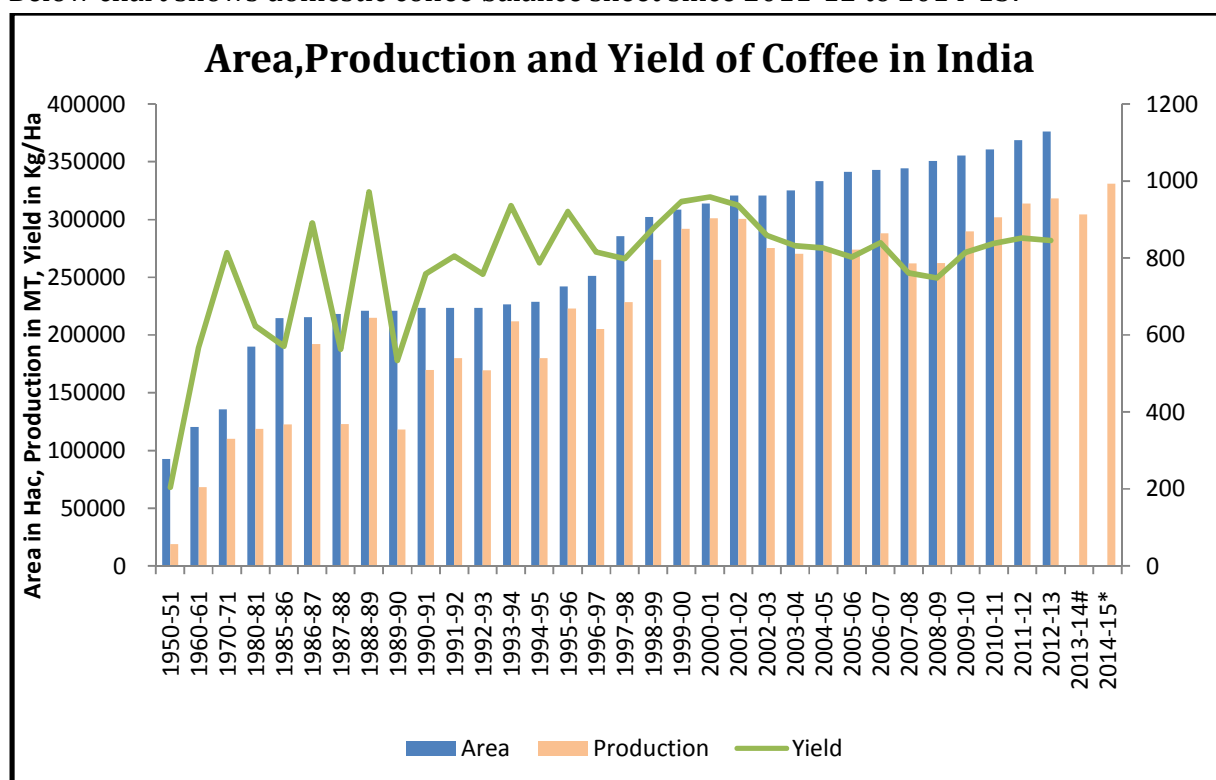


Source: The Coffee Board Of India

Domestic Crops Condition and Production

According to the Coffee Board Of India, Indian coffee crop is estimated almost higher against last 64 years due to good crops prediction of Robusta crop. In 2014/15 season, Board forecasts coffee crop size at 331,000 million tonnes. Where, Robusta crops is kept at 231,400 million tonnes and Arabica crops is at 99,600 million tonnes. However, 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. Total planting area of next season is likely to increase by 5 to 6% in the next season. In 2012/13, coffee area is sown higher by 1.37% to 415341 hac against 409690 hac. in 201/13. Coffee area is continue increasing since 1950-51 due to rising demand. , India produces mainly Robusta crop which contributes 65% of total coffee production and rest 35% of Arabica crops which may damage easily if there would be even a little bit adverse weather condition.

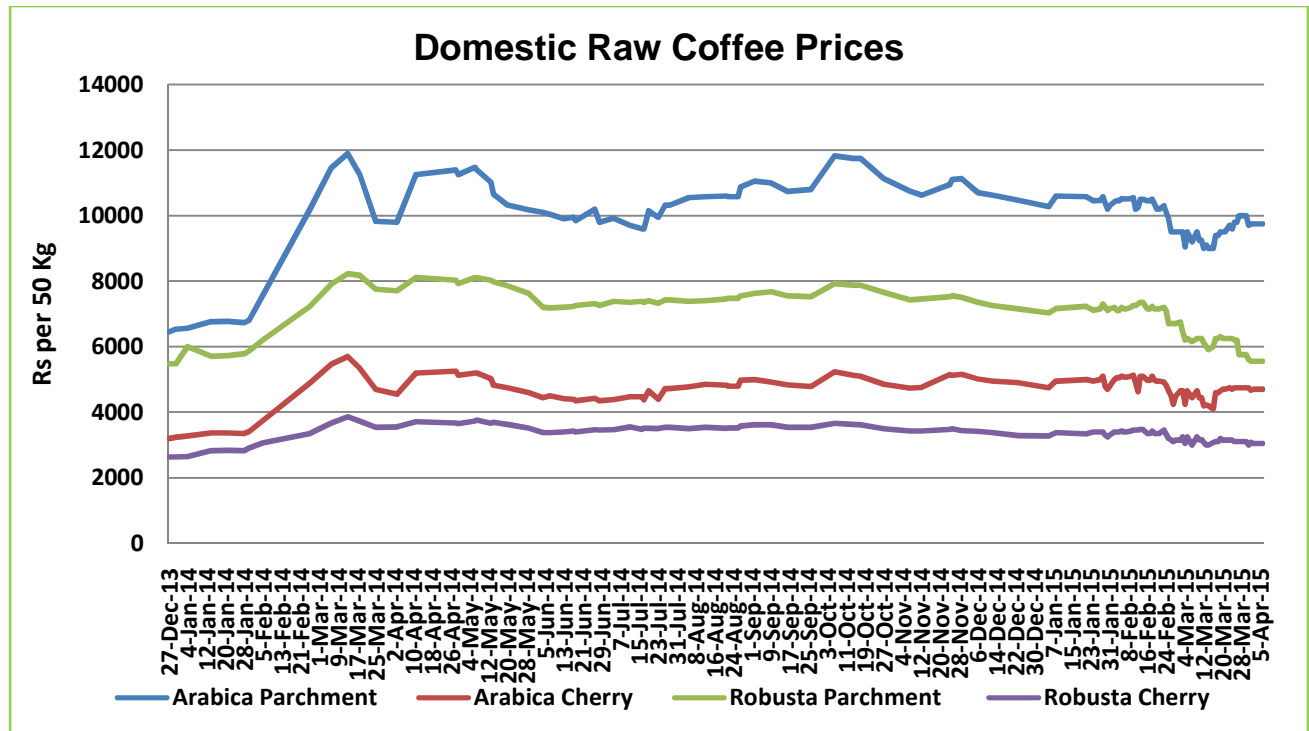
Below chart shows domestic coffee balance sheet since 2011-12 to 2014-15:-



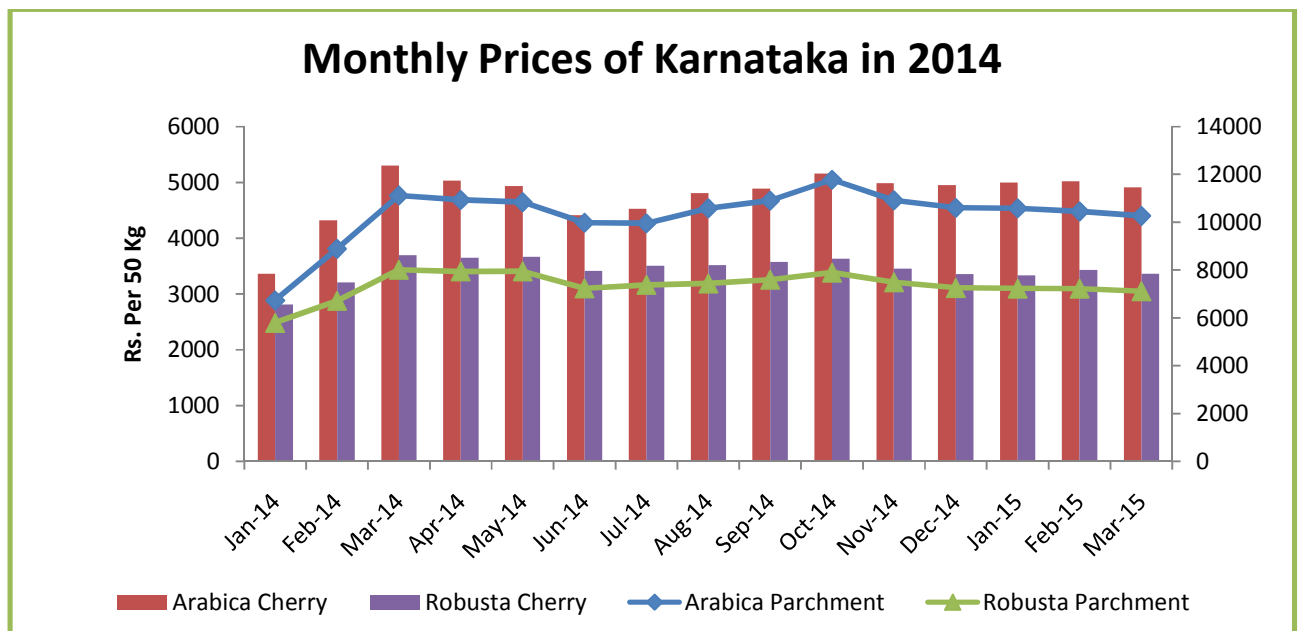
Source: The Coffee Board Of India (* Estimates # Final estimates)

Coffee Prices of Auction Market & State-wise Market

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	6.4.2015	30.3.2015	Change
Arabica Parchment	9750	10000	-250
Arabica Cherry	4700	4750	-50
Robusta Parchment	5550	5750	-200
Robusta Cherry	3050	3100	-50

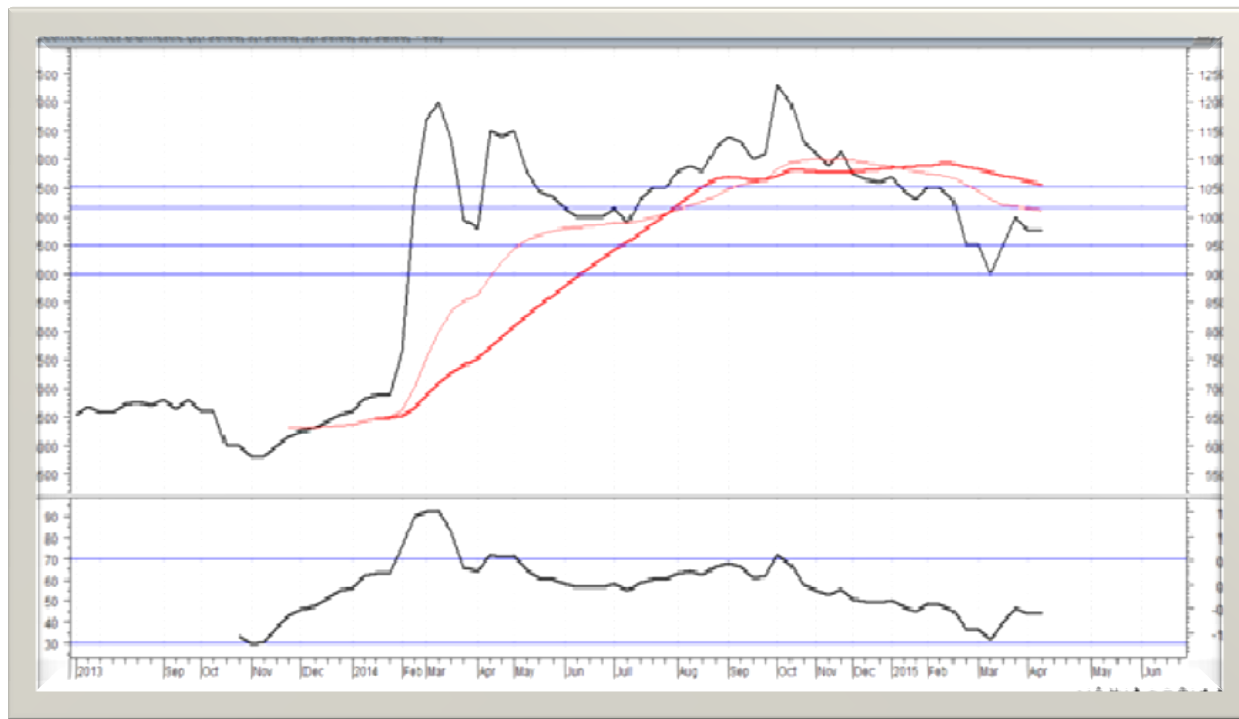
* Values in Rs per 50 Kg

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

Grade	6.4.2015	1.4.2015	Change	6.4.2015	1.4.2015	Change
	Arabica Plantation	Arabica Plantation		Arabica Cherry	Arabica Cherry	
MNEB	--	--	--	--	--	--
AA	--	--	--	--	--	--
PB	--	12550	--	--	--	--
A	--	--	--	--	--	--
AB	--	--	--	--	--	--
B	--	10750	--	--	--	--
C	--	9800	--	--	--	--
BBB	--	--	--	--	6205	--
Grade	Robusta Parchment	Robusta Parchment		Robusta Cherry	Robusta Cherry	Change
RKR	--	--	--	--	--	--
A	--	--	--	--	--	--
PB	--	8450	--	--	6400	--
AA	--	--	--	--	--	--
AB	--	8650	--	--	6500	--
B	--	--	--	--	--	--
C	--	7200	--	--	6365	--
BBB	--	6550	--	--	6200	--

Values in Rs. per kg

Technical Analysis of Domestic Arabica Parchment Coffee at Karnataka Market



Weekly Technical Outlook:-

- Above chart shows down phase of the market during this week.
- RSI is moving in neutral region at 44.03 in this week against 46.74 hints further sideways to down trend in the market.
- Simple moving average shows declining phase of the market in the next week.
- We expect prices to trade remain steady to down zone 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>	9491-10155

Units in Rs./50 kg.

Expected Support and Resistance

S2	S1	PCP	R1	R2
8981	9490	9450	10156	10509

Units in Rs./50 kg.

International Market Updates:

Weekly Futures Review -

ICE Arabica coffee future prices of May contract advanced by 1.95% to 140.90 USC cents per lb from 138.20 USC cents per lb during this week after a recovery in the value of Brazil's real currency against the dollar prompted short-covering in the market. On the other hand, Robusta coffee prices slid up by 0.89% to 1804 USD/T boosted by exports delayed in top producer Vietnam.

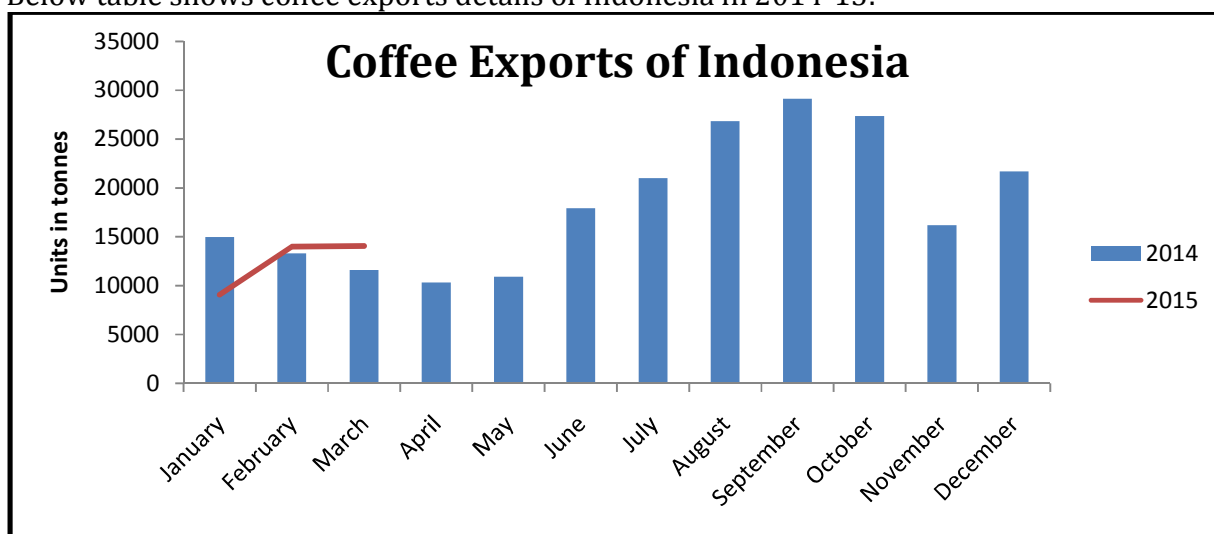
Brazil:- In view of Comexim, Brazil may produce coffee crops down at 48.6 million bags in 2015/16 as compared to 49.35 million bags in 2014/15 due to drought in Espirito Santo state followed by Arabica output at 34.95 million bags higher from 32.75 million bags a year earlier and Robusta output at 13.65 million bags up against 16.6 million bags in preceding year.

Vietnam:- As per traders, exporters in Vietnam have failed to buy beans on the domestic market which may delay coffee deliveries in April 2015 while speculators had already stored stocks on lower prices i.e. almost below than 40,000 dong (\$ 1.86) per kg. and waiting for price hike from the current level.

Indonesia: According to Indonesian Coffee Exporters and Industries Association, coffee exports of Indonesia in March-2015 stood higher by 21% to 14056.10 tonnes against 11587.28 tonnes in previous month on good demand. Total 221242.6 tonnes of coffee is exported by Indonesia in 2014 lower from 355771.20 tonnes in 2013. Total coffee exports quantity may fall to 350,000 tonnes in 2015 against 382,774 tonnes of last year end.

As per sources, coffee output of Indonesia is expected to decline to between 650,000 and 700,000 tonnes in 2015 as compared to 711,513 tonnes in 2014 due to adverse weather condition.

Below table shows coffee exports details of Indonesia in 2014-15:-



Source: Reuter

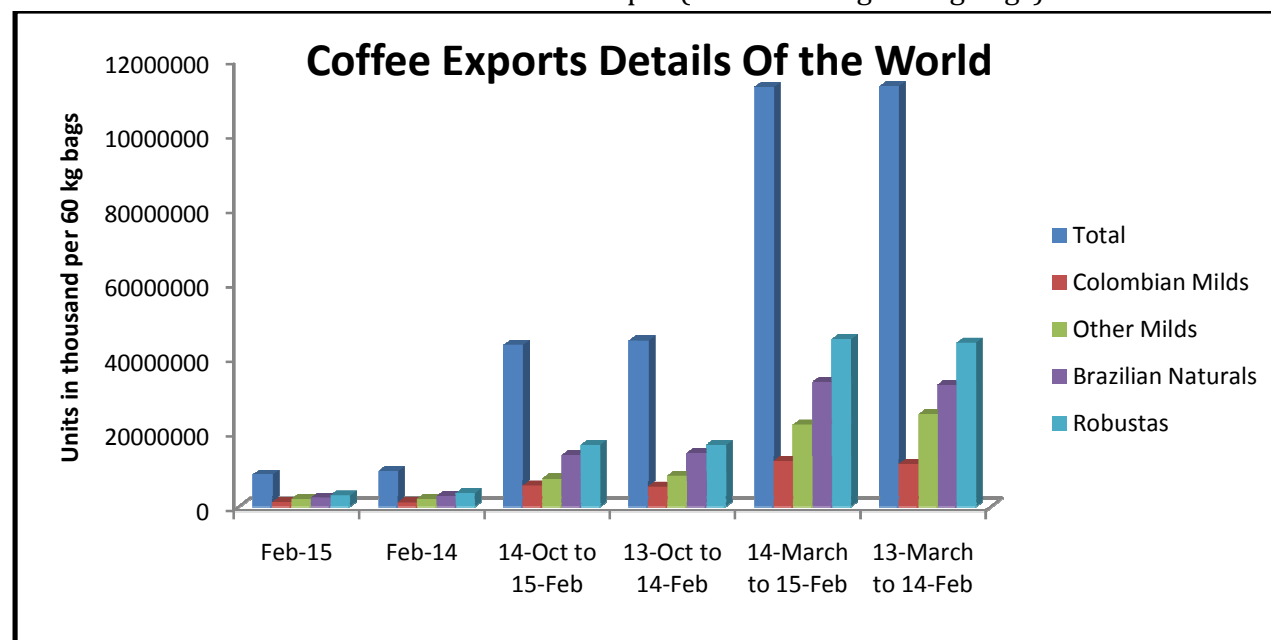
Coffee Exports Details Of The World

According to ICO recent released data, total coffee exports of the world stood higher by 10.15% to 8.60 million bags in February 2015 against 9.57 million bags in February 2014 followed by lower exports volume of Brazilian Naturals and Robusta coffee which is recorded at 2.38 million bags with a decline of 14.20% and 2.98 million bags with a decline of 17.93% respectively against preceding year during the same period of time. However, demand is rising in many countries in Canada, EU, Japan, Norway, Switzerland, USA, Algeria, Australia, Russia, South Korea, Turkey , Ukrain , other which may impact on exports volume in next month.

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

	Feb-15	Feb-14	14-Oct to 15-Feb	13-Oct to 14-Feb	14-March to 15-Feb	13-March to 14-Feb
Total	8603135	9575513	43449692	44632895	112721219	112966170
<i>Colombian Milds</i>	1155108	1120769	5632542	5369735	12295811	11448959
<i>Other Milds</i>	2084306	2068878	7522967	8298901	22041848	24763823
<i>Brazilian Naturals</i>	2382021	2776372	13752729	14408454	33437865	32719278
<i>Robustas</i>	2981700	3609494	16541454	16555805	44945695	44034109

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

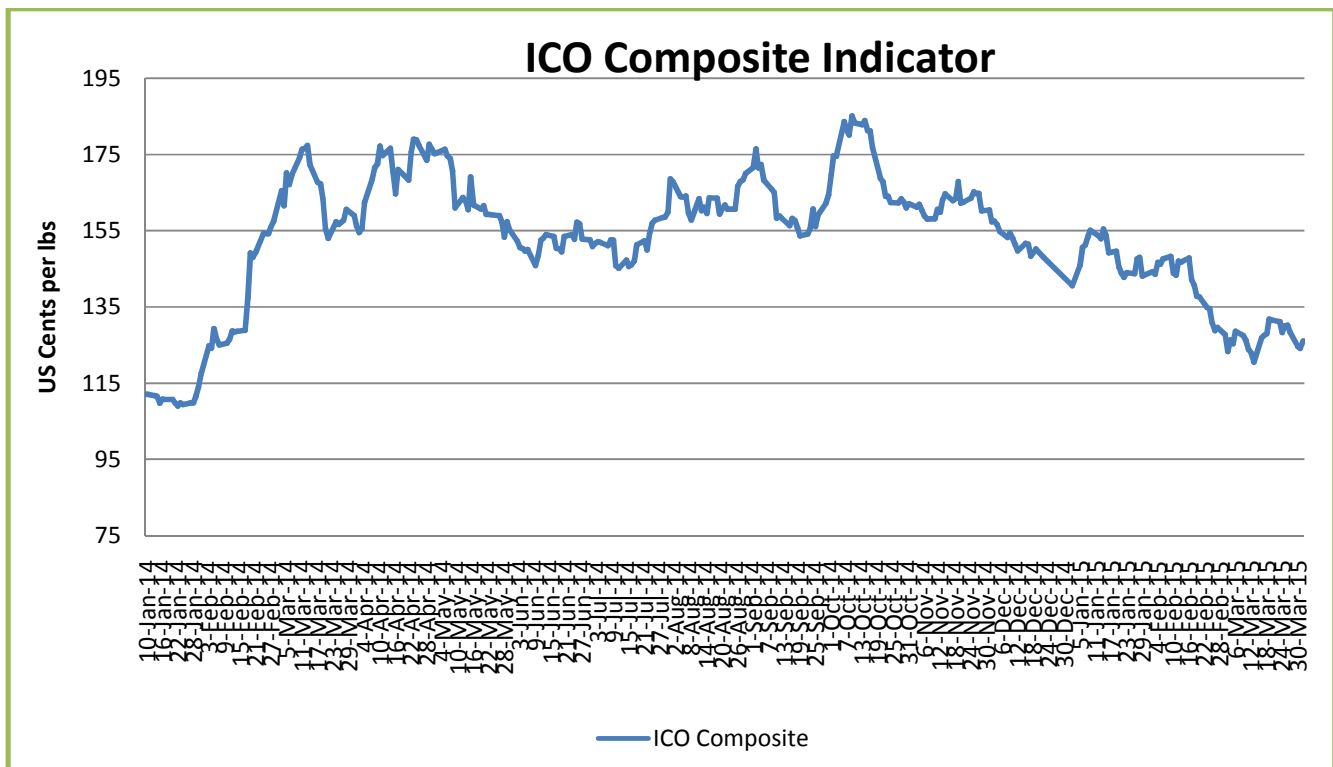
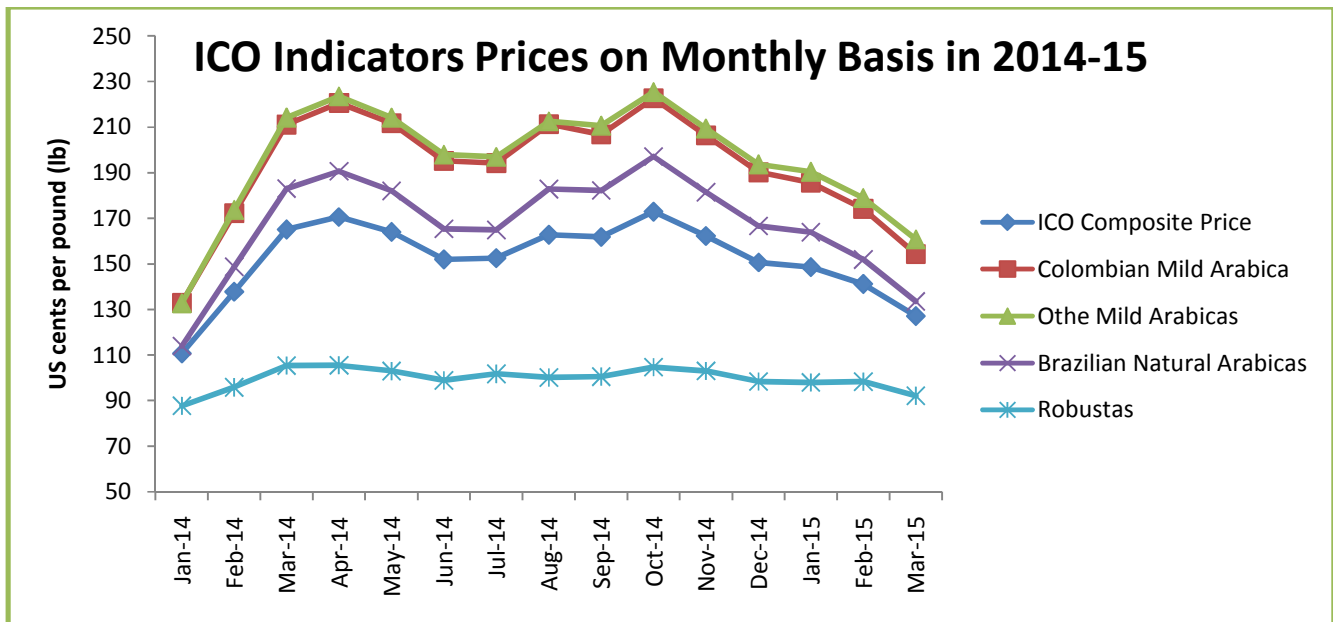


Source: Reuters

International Coffee Price Trend

	As on	Week Ago	Month Ago	Year Ago
International Coffee Prices	1.4.2015	27.3.2015	2.3.2015	1.4.2014
ICO Composite Indicator	126.07	128.39	127.73	156.19
Colombian Milds				
US	149.75	153.25	153.25	201.25
Europe	158.19	160.21	156.93	196.45
Group Indicator	153.63	156.45	154.94	199.04
Other Milds				
US	157.94	161.19	160.69	203.75
Europe	160.97	163.84	159.90	202.38
Group Indicator	159.82	162.83	160.20	202.90
Brazilian Naturals				
US	126.75	130.25	126.25	163.75
Europe	137.28	139.18	134.88	174.03
Group Indicator	134.54	136.85	132.64	171.35
Robusta				
US	95.50	97.00	101.08	107.33
Europe	88.24	90.01	93.89	100.11
Group Indicator	89.40	91.13	95.04	101.27

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(3-Apr-2015)	Week ago (27-Mar-15)	Month Ago (3-Mar-15)	Weekly Change (%)
May-15	140.90	138.20	129.75	8.59
Jul-15	143.75	141.50	132.85	1.59
Sep-15	146.70	144.45	135.65	1.55

Liffe Robusta Coffee Futures Prices				
Contract Months	Today(3-Apr-2015)	Week ago (27-Mar-15)	Month Ago (3-Mar-15)	Weekly Change (%)
May-15	1804	1788	1858	0.89
Jul-15	1825	1816	1881	0.49
Sep-15	1840	1843	1908	-0.1

USC/lb

USD/T

International Coffee Prices

	2.4.2015	27.3.2015	2.3.2015	2.4.2014
Vietnam (Robusta Beans Spot) (Dong/Kg)	--	38900	38850	39900
Vietnam FOB (2-5 pct)* (Saigon port)	--	1899	1867	2004
Indonesian FOB (4-80 defects)** (Lampung Port)	1840	1890	1940	2075

*FOB Values are in USD/T

Weekly Auction Prices Of Kenya

Kenya Auction Prices			
Coffee Grade	Prices This Auction In (31/02/2015)	Average Prices In	Prices Last Auction In (24/02/2015)
Arabica AA	151-316	248.85	90-308
Arabica AB	91-262	216.58	91-272
Arabica C	129-210	190.03	91-221
Arabica PB	134-235	212.84	130-287
Arabica T	70-171	129.41	68-164
Arabica TT	92-205	188.38	111-222

Units in \$ per 50 kg bags

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



Weekly Technical Outlook:-

- Candlestick chart shows a recovery in the market.
- However, falling 14 days EMI hints further lower trend of the market.
- Rising volume and prices indicate bullish trend in the market.
- Relatively, RSI is up at 38.58 compared to last week movement at 40.41 indicating towards a uptrend 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>	131-146

US cents/lb

Expected Support and Resistance

S2	S1	PCP	R1	R2
121.14	125.20	140.90	148.85	157.34

US cents/lb

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



Weekly Technical Outlook:-

- Candlestick chart shows an uptrend of the market.
- On the other hand, 14-days EMI is moving down at 1869 from 1875 of last week record indicating further a down phase in the market.
- Fibonacci retracement level on down wave shows first resistance level at 1841@61.8% level and second resistance level at 1943@50% for the upcoming week.

Expected Price Range During Coming Week

<u>Expected Trend</u>	<u>Expected Trading Band</u>
<u>Range-bound to Bearish Momentum</u>	1738-1837

USD/T

Expected Support and Resistance

S2	S1	PCP	R1	R2
1666	1737	1763	1838	1940

USD/T

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