

# COFFEE

Agriwatch  
DAILY

## COFFEE

June 25, 2007

### SPOT MARKETS

Coffee prices remain firm in domestic markets owing to tight supply situation supported by firm global coffee prices. However, in Brazil because of moist conditions coming ahead of an "on" year there is a growing buzz from Brazilian industry members that with favourable weather, the 08 crop could be as large as 58-60 million bags. According to Indian Coffee Board, total provisional coffee export was 123740 metric tonnes during January 1 to June 21, 2007 as against 125410 metric tonnes; exported during the corresponding period of last year. Total stocks of coffee at MCX accredited warehouses stood at 170.956 metric tonnes as on June 22, 2007.

### FUTURES MARKETS

MCX coffee July contract opened at Rs. 7688/ctl. same as of intra-day high and then down to a low of Rs.7605/ctl. The contract was closed at Rs. 7620/ctl, Rs.2 up by the previous close of Rs. 7618/ctl. The volume of July contract traded decreased marginally, while the open interest decreased significantly as compared to the previous trading session.

### PRICE DRIVERS

#### Bullish:

1. Delay in crop picking in Columbia.
2. Seasonal frost fears in Brazil.
3. Most of Vietnam's 2006-07 harvest has been sold.

#### Bearish:

1. Flow of fresh coffee supplies from Indonesia's coffee harvest.

### WEATHER

Rain/thundershowers are likely at most places over Kerala, Coastal Karnataka, Andaman & Nicobar Islands and at a few places over Andhra Pradesh and over rest regions in South India during next 36 hours and increase thereafter. This is favorable for the coffee plantation. While heavy to very heavy rainfall is likely at a few places over Andaman & Nicobar Island, Konkan, Coastal Karnataka, Kerala, northeastern states, West Bengal & Sikkim which is quite unfavorable to coffee plantation.

### TECHNICALS

Prices closed above 9-day as well as 18-day EMA, indicating that short-term as well as intermediate-term trend remains bullish. MACD rising in positive region. 9-day RSI is moving upward in neutral region, supporting the firmness in the market. While stochastic is rising in neutral region. The volume of July contract traded decreased marginally, while the open interest decreased significantly as compared to the previous trading session. Coffee futures are likely to trade upward, following a steady to weak opening.

### MCX Coffee Robusta July Contract



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX July	7550	7585	7620	7685	7710

### TRADE RECOMMENDATION

Buy MCX July Coffee near Rs. 7610-7625 with a target at Rs. 7645 and then Rs. 7675 with a strict stop loss at Rs.7600. Trade cautiously with intra day outlook.

### DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		19.06.2007	21.06.2007
Karnataka	Arabica Plantation	4105-4155	4080-4200
	Arabica Cherry	1975-2085	1975-2100
	Robusta Parchment	3450-3600	3465-3680
	Robusta Cherry	1800-1865	1825-1900

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### INTERNATIONAL FUTURES QUOTES (AS OF JUNE 22, 2007)

#### NYBOT (Coffee 'C')

US Cents/lb

Contract Month	Open	High	Low	Settle	Change
July 2007	115.50	115.50	113.40	113.60	-0.95
September 2007	116.90	117.25	114.50	115.40	-1.30
December 2007	121.00	121.00	118.50	119.30	-1.25

#### LCE (London Coffee)

US \$/tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1913.00	1928.00	1888.00	1904.00	-11.00
September 2007	1921.00	1945.00	1889.00	1914.00	-15.00
November 2007	1911.00	1930.00	1879.00	1902.00	-15.00

### ICO INDICATOR PRICES

US Cents/lb

Variety	Market	20.06.07	21.06.07	Change
Colombian Mild Arabicas	New York	124.50	123.75	-0.75
Other Mild Arabicas	New York	121.00	120.25	-0.75
Brazilian Natural Arabicas	New York	108.50	107.75	-0.75
Robusta	New York	97.00	97.50	+0.50

### INTERNATIONAL MARKET RECAP

#### LIFFE Coffee Futures Settle Red on Friday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished Red on Friday. The July futures finished down at \$1904 per metric tonne, down by \$11 per metric tonne from previous settlement. Profit-taking, long liquidation and speculative selling resulted in to downward movement of the market. The September futures finished down at \$1914 per metric tonne, down by \$15 per metric tone from previous settlement.

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