

COFFEE

Agriwatch
DAILY

COFFEE

June 19, 2007

SPOT MARKETS

Coffee prices remain firm in domestic markets owing to tight supply situation supported by firm global coffee prices. The 2006/07 Brazilian crop is officially projected to be the smallest in 7 years, with an expected yield of roughly 32.1 million bags of beans according to the latest government estimates. However the flow of fresh coffee supplies from Indonesia's coffee harvest is increasing, but farmers have been reluctant to sell, in hopes of higher prices later. According to Indian Coffee Board, total provisional coffee export was 119603 metric tonnes during January 1 to June 15, 2007 as against 121752 metric tonnes; exported during the corresponding period of last year. Total stocks of coffee at MCX accredited warehouses stood at 173.961 metric tonnes as on June 16, 2007.

FUTURES MARKETS

MCX coffee July contract opened at Rs. 7485/qty. Contract then traded up to high of Rs. 7520/qty and then down to a low of Rs. 7485/qty. The contract was closed at Rs. 7499/qty, Rs. 23 down by the previous close of Rs. 7522/qty. The volume of July contract traded increased, while the open interest decreased marginally 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. Coffee production in India is expected to rise by 4%
2. Flow of fresh coffee supplies from Indonesia's coffee harvest.

WEATHER

Rain/thundershowers are likely at many places over Kerala, Coastal Karnataka, Lakshadweep and Andaman & Nicobar Islands and at a few places over Interior Karnataka and isolated over the rest region outside Tamil Nadu, where it will be isolated. Weather is favorable for the coffee plantation.

TECHNICALS

Prices closed below 9-day EMA, while close above 18-day EMA, indicating that short-term trend remains bearish while intermediate-term trend remains bullish. MACD remains steady in positive region supporting the firmness in the market. 9-day RSI is moving downward in neutral region. While stochastic is declining in neutral region. The volume of July contract traded increased, while the open interest decreased marginally 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	7440	7465	7499	7560	7580

TRADE RECOMMENDATION

Buy MCX July Coffee near Rs. 7490-7505 with a target at Rs. 7535 and then Rs. 7555 with a strict stop loss at Rs. 7475. Trade cautiously with intra day outlook.

DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		15.06.2007	16.06.2007
Karnataka	Arabica Plantation	4100-4250	4105-4155
	Arabica Cherry	2050-2150	1975-2085
	Robusta Parchment	3450-3530	3500-3600
	Robusta Cherry	1750-1800	1785-1865

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INTERNATIONAL FUTURES QUOTES (AS OF JUNE 18, 2007)

NYBOT (Coffee 'C')

US Cents/lb

Contract Month	Open	High	Low	Settle	Change
July 2007	114.60	116.70	114.40	115.20	+0.50
September 2007	117.10	118.80	116.80	117.05	-0.15
December 2007	120.90	121.30	120.90	120.90	-0.15

LCE (London Coffee)

US \$/tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1849.00	1865.00	1843.00	1855.00	+3.00
September 2007	1875.00	1887.00	1860.00	1876.00	+1.00
November 2007	1870.00	1880.00	1860.00	1866.00	-4.00

ICO INDICATOR PRICES

US Cents/lb

Variety	Market	14.06.07	15.06.07	Change
Colombian Mild Arabicas	New York	124.25	124.25	-
Other Mild Arabicas	New York	120.50	120.50	-
Brazilian Natural Arabicas	New York	108.25	107.25	-1.00
Robusta	New York	94.75	95.00	+0.25

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Ended Slightly Higher on Monday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished slightly higher on Monday. The July futures finished high at \$1855 per metric tonne, up by \$3 per metric tonne from previous settlement. While the September futures finished high at \$1876 per metric tonne, down by \$1 per metric tone from previous settlement.

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