

# COFFEE

Agriwatch  
DAILY

## COFFEE

June 21, 2007

### SPOT MARKETS

Coffee prices remain firm in domestic markets owing to tight supply situation supported by firm global coffee prices. According to Guatemala's National Coffee Association Exports by countries like Colombia, Mexico, Peru, the Dominican Republic and five Central American countries from Oct. 1 to May totaled 18.225 million bags, which is increased by 6.7% as compare to same period in previous year. According to Indian Coffee Board, total provisional coffee export was 121581 metric tonnes during January 1 to June 19, 2007 as against 123825 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 18, 2007.

### FUTURES MARKETS

MCX coffee July contract opened at Rs. 7450/ctl. Contract then traded up to high of Rs. 7590/ctl and then down to a low of Rs. 7450/ctl. The contract was closed at Rs. 7549/ctl, Rs. 92 up by the previous close of Rs. 7457/ctl. 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. 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 slightly declining in positive region. 9-day RSI is moving upward in neutral region, supporting the firmness in the market. 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 firm opening.

### MCX Coffee Robusta July Contract



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX July	7398	7460	7549	7650	7720

### TRADE RECOMMENDATION

Buy MCX July Coffee near Rs. 7545-7560 with a target at Rs. 7600 and then Rs. 7645 with a strict stop loss at Rs. 7510. Trade cautiously with intra day outlook.

### DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		18.06.2007	19.06.2007
Karnataka	Arabica Plantation	4055-4155	4105-4155
	Arabica Cherry	1975-2085	1975-2085
	Robusta Parchment	3455-3605	3450-3600
	Robusta Cherry	1785-1865	1800-1865

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### INTERNATIONAL FUTURES QUOTES (AS OF JUNE 20, 2007)

#### NYBOT (Coffee 'C')

US Cents/lb

Contract Month	Open	High	Low	Settle	Change
July 2007	113.60	115.20	113.50	115.00	+1.65
September 2007	116.30	117.45	116.00	117.40	+1.60
December 2007	120.05	121.35	120.05	121.25	+1.60

#### LCE (London Coffee)

US \$/tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1858.00	1903.00	1858.00	1900.00	+41.00
September 2007	1871.00	1920.00	1870.00	1918.00	+45.00
November 2007	1868.00	1911.00	1867.00	1905.00	+40.00

### ICO INDICATOR PRICES

US Cents/lb

Variety	Market	18.06.07	19.06.07	Change
Colombian Mild Arabicas	New York	124.00	122.75	-1.25
Other Mild Arabicas	New York	120.50	119.13	-1.37
Brazilian Natural Arabicas	New York	107.00	105.75	-1.25
Robusta	New York	95.00	95.00	-

### INTERNATIONAL MARKET RECAP

#### LIFFE Coffee Futures Settle Sharply High on Wednesday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished sharply higher on Wednesday. The July futures finished high at \$1900 per metric tonne, up by \$41 per metric tonne from previous settlement. While the September futures finished down at \$1919 per metric tonne, down by \$46 per metric tonne from previous settlement.

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