

COFFEE

Agriwatch
DAILY

COFFEE

June 30, 2007

SPOT MARKETS

Coffee prices in domestic markets remain down. USDA estimates world coffee production for the 2007/2008 season at 118.9 million bags, down 12.5 million from current season. Vietnam production is expected to drop to 17.7 million bags, down 0.93 million bags from this season. While Brazilian harvest is expected to be 14 percent less as compare to previous year, or 36.5 million bags. According to Indian Coffee Board, total provisional coffee export was 129407 metric tonnes during January 1 to June 28, 2007 as against 130513 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 27, 2007.

FUTURES MARKETS

MCX coffee July contract opened at Rs. 7551/ctl. Then traded up to the high of Rs.7580/ctl and then down to a low of Rs.7550/ctl. The contract was closed at Rs. 7555/ctl, Rs.37 down by the previous close of Rs. 7592/ctl. The volume of July contract traded decreased, 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.
2. Favorable weather for coffee Harvesting, in Brazil.

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. The weather is favorable for the coffee plantation.

TECHNICALS

Prices closed below 9-day EMA indicating that short-term trend remains bearish while prices close above 18-day EMA, indicating that intermediate-term trend remains bullish. MACD slightly decline in positive region. 9-day RSI as well as stochastic is decreasing in neutral region. The volume of July contract traded decreased, 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	7525	7535	7555	7585	7600

TRADE RECOMMENDATION

Buy MCX July Coffee near Rs. 7550-7560 with a target at Rs. 7565 and then Rs. 7580 with a strict stop loss at Rs.7545. Trade cautiously with intra day outlook.

DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		25.06.2007	27.06.2007
Karnataka	Arabica Plantation	4050-4200	3965-4065
	Arabica Cherry	1975-2100	1850-2025
	Robusta Parchment	3465-3615	3465-3615
	Robusta Cherry	1815-1900	1800-1925

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INTERNATIONAL FUTURES QUOTES (AS OF JUNE 29, 2007)

NYBOT (Coffee 'C')

US Cents/lb

Contract Month	Open	High	Low	Settle	Change
July 2007	111.15	111.15	111.00	111.00	+0.20
September 2007	111.15	113.20	111.15	112.80	+0.20
December 2007	116.70	117.00	115.95	116.70	+0.20

LCE (London Coffee)

US \$/tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1842.00	1857.00	1839.00	1855.00	+10.00
September 2007	1868.00	1879.00	1863.00	1875.00	+6.00
November 2007	1862.00	1870.00	1855.00	1869.00	+6.00

ICO INDICATOR PRICES

US Cents/lb

Variety	Market	27.06.07	28.06.07	Change
Colombian Mild Arabicas	New York	120.25	120.00	-0.25
Other Mild Arabicas	New York	116.00	116.25	+0.25
Brazilian Natural Arabicas	New York	103.25	103.50	+0.25
Robusta	New York	95.00	95.00	-

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle Little Higher on Friday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished slightly higher on Friday. The July futures settle at higher level at \$1855 per metric tonne, up by \$10 per metric tonne from previous settlement. The September futures finished up at \$1875 per metric tonne, up by \$6 per metric tonne from previous settlement.

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