

COFFEE

Agriwatch
DAILY

COFFEE

June 22, 2007

SPOT MARKETS

Coffee prices remain firm in domestic markets owing to tight supply situation supported by firm global coffee prices. Indian Coffee Board, estimates coffee output in the current season, as 2.88 lakh tonnes. According to Indian Coffee Board, total provisional coffee export was 122653 metric tonnes during January 1 to June 20, 2007 as against 124712 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 20, 2007.

FUTURES MARKETS

MCX coffee July contract opened at Rs. 7556/qty. Contract then traded up to high of Rs. 7637/qty and then down to a low of Rs.7556/qty. The contract was closed at Rs. 7600/qty, Rs.51 up by the previous close of Rs. 7549/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. 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 increased 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	7512	7548	7600	7670	7700

TRADE RECOMMENDATION

Buy MCX July Coffee near Rs. 7595-7610 with a target at Rs. 7640 and then Rs. 7665 with a strict stop loss at Rs.7580. 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

COMMODITIES RESEARCH

INTERNATIONAL FUTURES QUOTES (AS OF JUNE 21, 2007)

NYBOT (Coffee 'C')

US Cents/lb

Contract Month	Open	High	Low	Settle	Change
July 2007	115.00	115.40	114.40	114.55	-0.45
September 2007	117.35	117.65	116.20	116.70	-0.70
December 2007	121.30	121.30	120.30	120.55	-0.70

LCE (London Coffee)

US \$/tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1912.00	1925.00	1892.00	1915.00	+15.00
September 2007	1930.00	1940.00	1903.00	1929.00	+11.00
November 2007	1911.00	1926.00	1893.00	1917.00	+12.00

ICO INDICATOR PRICES

US Cents/lb

Variety	Market	19.06.07	20.06.07	Change
Colombian Mild Arabicas	New York	122.75	124.50	-1.75
Other Mild Arabicas	New York	119.13	121.00	-1.87
Brazilian Natural Arabicas	New York	105.75	108.50	-2.75
Robusta	New York	95.00	97.00	+2.00

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle Up on Thursday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished higher on Thursday. The September futures finished up at \$1929 per metric tonne, up by \$11 per metric tone from previous settlement. Industry buying pushed the market up before it met resistance at \$1,940/ton. While the July futures finished up at \$1915 per metric tonne, up by \$15 per metric tone from previous settlement. Industry buying pushed the market up before it met resistance at \$1,940. Fundamentally the market still looks positive due to tight robusta supplies.

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