

C O F F E E

Agriwatch
DAILY

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July 07, 2007

SPOT MARKETS

Coffee domestic spot market prices were up on Friday. Brazilian growing areas expected to be mostly dry, with moderate temperatures into the weekend. No damaging cold is expected in the nation's groves in the next several weeks. However, a cool front forecast to move in; at month's end needs to be watched. Brazil's cyclically smaller harvest expected to make good progress this month and will wrap up in September. According to Indian Coffee Board, total provisional coffee export was 132545 metric tonnes during January 1 to July 05, 2007 as against 134801 metric tonnes; exported during the corresponding period of last year. Total stocks of coffee at MCX accredited warehouses stood at 179.936 metric tonnes as on July 05, 2007.

FUTURES MARKETS

MCX coffee August contract opened at Rs. 7687/ctl. then traded up to a high of Rs.7700/ctl. and then down to a low of Rs.7676/ctl. The contract was closed at Rs. 7687/ctl, Rs.4 down by the previous close of Rs.7691/ctl. The volume of August contract decreased marginally, while open interest increased marginally, as compared to the previous trading session.

PRICE DRIVERS

Bullish:

1. Delay in crop picking in Columbia.
2. 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, Konkan & Goa 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 above 9-day EMA and 18-day EMA indicating that short-term trend as well as intermediate-term trend remains bullish. MACD slightly decline in positive region. 9-day RSI is slightly decline in neutral region. Stochastic is increasing in neutral region. The volume of August contract decreased marginally, while open interest increased marginally, as compared to the previous trading session. Coffee futures are likely to trade downward, following a steady to weak opening.

MCX Coffee Robusta August Contract



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX August	7650	7660	7687	7710	7720

TRADE RECOMMENDATION

Sell MCX August Coffee near Rs. 7680-7695 with a target at Rs. 7675 and then Rs. 7662 with a strict stop loss at Rs.7700. Trade cautiously with intra day outlook.

DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		02.06.2007	04.06.2007
Karnataka	Arabica Plantation	4000-4065	3955-4050
	Arabica Cherry	1875-2025	1900-2015
	Robusta Parchment	3525-3640	3550-3650
	Robusta Cherry	1825-1925	1825-1900

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INTERNATIONAL FUTURES QUOTES (AS OF JULY 06, 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
July 2007	107.40	108.25	107.25	107.25	-1.05
September 2007	109.95	110.15	108.70	109.75	-0.65
1December 2007	114.00	114.00	113.00	113.80	-0.60

LCE (London Coffee)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1891.00	1897.00	1885.00	1893.00	+26.00
September 2007	1900.00	1929.00	1899.00	1915.00	+28.00
November 2007	1898.00	1915.00	1888.00	1901.00	+20.00

ICO INDICATOR PRICES

US Cents / lb

Variety	Market	03.06.07	05.06.07	Change
Colombian Mild Arabicas	New York	118.50	118.00	-0.50
Other Mild Arabicas	New York	114.38	113.88	-0.50
Brazilian Natural Arabicas	New York	102.00	102.50	+0.50
Robusta	New York	95.25	96.50	+1.25

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle down on Friday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished low on Friday. The September futures finished down at \$1897 per metric tonne, down by \$18 per metric tone from previous settlement. Fresh arrivals of robusta coffee beans from Indonesia's harvest are quickly being snapped up by the tight-supplied market, even at the current high prices.

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