

COFFEE

Agriwatch
DAILY

COFFEE

July 03, 2007

SPOT MARKETS

Coffee spot market prices remain steady. According to Vietnam's coffee association, country's coffee revenue for this calendar year would jump by 36.4 percent from last year to \$1.5 billion, with an export volume of 900,000 tonnes. According to Indian Coffee Board, total provisional coffee export was 130726 metric tonnes during January 1 to June 29, 2007 as against 130970 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 30, 2007.

FUTURES MARKETS

MCX coffee August contract opened at Rs. 7593/ctl. then traded up to a high of Rs.7692/ctl. and then down to a low of Rs.7590 /ctl. The contract was closed at Rs. 7675/ctl, Rs.78 up by the previous close of Rs. 7597/ctl. The volume of August contract increased drastically, while open interest increased 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, 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 rising in neutral region. Stochastic is decreasing in neutral region. The volume of August contract increased drastically, while open interest increased marginally, as compared to the previous trading session. Coffee futures are likely to trade upward, following a steady to firm opening.

MCX Coffee Robusta August Contract



SUPPORT / RESISTANCES

| Contract | S2 | S1 | PCP | R1 | R2 |
|------------|------|------|------|------|------|
| MCX August | 7555 | 7590 | 7675 | 7740 | 7775 |

TRADE RECOMMENDATION

Buy MCX August Coffee near Rs. 7670-7685 with a target at Rs. 7705 and then Rs. 7735 with a strict stop loss at Rs.7650. Trade cautiously with intra day outlook.

DOMESTIC RAW COFFEE PRICES

| Centers | Variety | Price (Rs / 50kg) | |
|-----------|--------------------|-------------------|------------|
| | | 27.06.2007 | 30.06.2007 |
| Karnataka | Arabica Plantation | 3965-4065 | 3965-4065 |
| | Arabica Cherry | 1850-2025 | 1850-2025 |
| | Robusta Parchment | 3465-3615 | 3465-3615 |
| | Robusta Cherry | 1800-1925 | 1800-1925 |

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INTERNATIONAL FUTURES QUOTES (AS OF JULY 02, 2007)

NYBOT (Coffee 'C')

US Cents / lb

| Contract Month | Open | High | Low | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| July 2007 | 111.20 | 111.20 | 109.10 | 110.20 | -0.80 |
| September 2007 | 112.80 | 113.25 | 110.25 | 112.00 | -0.80 |
| 1December 2007 | 116.70 | 117.10 | 114.35 | 116.00 | -0.70 |

LCE (London Coffee)

US \$ / tonne

| Contract Month | Open | High | Low | Settle | Change |
|----------------|---------|---------|---------|---------|--------|
| July 2007 | 1861.00 | 1895.00 | 1856.00 | 1884.00 | +29.00 |
| September 2007 | 1880.00 | 1924.00 | 1876.00 | 1906.00 | +31.00 |
| November 2007 | 1872.00 | 1910.00 | 1869.00 | 1898.00 | +29.00 |

ICO INDICATOR PRICES

US Cents / lb

| Variety | Market | 28.06.07 | 29.06.07 | Change |
|----------------------------|----------|----------|----------|--------|
| Colombian Mild Arabicas | New York | 120.00 | 120.25 | +0.25 |
| Other Mild Arabicas | New York | 116.25 | 116.38 | +0.13 |
| Brazilian Natural Arabicas | New York | 103.50 | 103.75 | +0.25 |
| Robusta | New York | 95.00 | 95.25 | +0.25 |

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle at Higher Level on Monday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished slightly higher on Friday; due to speculative and industry buying. The July futures settle at higher level at \$1884 per metric tonne, up by \$29 per metric tonne from previous settlement. The October futures finished up at \$1906 per metric tonne, up by \$31 per metric tonne from previous settlement.

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