

COFFEE

Agriwatch
DAILY

COFFEE

July 19, 2007

SPOT MARKETS

Coffee domestic spot market prices were down on Tuesday. Vietnamese coffee exporters had boosted exports to the United States, which has surpassed the EU to become Vietnam's top coffee market. According to US Department of Agriculture, Vietnam earned US\$200 million from exporting coffee to the US in the first four months of this year, year-on-year increase of 123 percent. Vietnam had exported 832,000 tons of coffee worth \$1.2 billion in the first half of this year, a year-on-year increase of 64 percent in volume and 110 percent in revenue. According to Indian Coffee Board, total provisional coffee export was 137396 metric tonnes during January 1 to July 13, 2007 as against 142061 metric tonnes; exported during the corresponding period of last year. Total stocks of coffee at MCX accredited warehouses stood at 167.900 metric tonnes as on July 17, 2007.

FUTURES MARKETS

MCX coffee August contract opened at Rs.7637/qlt. and traded up to the high of Rs. 7730/qlt. and then down to a low of Rs.7637/qlt. The contract was closed at Rs.7724/qlt, Rs.96 up by the previous close of Rs.7632/qlt. The volume of August contract decreased drastically, while open interest decreased 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.
3. Rise in global coffee export.
4. Coffee quality problems in Vietnam.

Bearish:

1. Flow of fresh coffee supplies from Indonesia's coffee harvest.
2. Favorable weather for coffee Harvesting, in Brazil.
3. India's coffee output expected to rise.

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 declining in positive region. 9-day RSI is rising in neutral region. Stochastic is slightly decreasing in neutral region. The volume of August contract decreased drastically, while 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 August Contract

Coffee Robusta 0708(MXCOFQ7)2007/07/18 - Daily B:7724.00 A:7730.00
O 7637.00 H 7730.00 L 7637.00 C 7724.00 V 228 T 152 I 329 +92
EMA(9) 7658.1 (18) 7651.8



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX August	7602	7660	7724	7756	7787

TRADE RECOMMENDATION

Buy MCX August Coffee near Rs. 7718-7735 with a target at Rs. 7738 and then Rs. 7754 with a strict stop loss at Rs.7712. Trade cautiously with intra day outlook.

DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		10.06.2007	14.06.2007
Karnataka	Arabica Plantation	3830-3950	3780-3950
	Arabica Cherry	1850-1950	1850-1900
	Robusta Parchment	3615-3765	3550-3615
	Robusta Cherry	1850-1925	1800-1850

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INTERNATIONAL FUTURES QUOTES (AS OF JULY 18, 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
July 2007	112.50	112.50	112.50	112.50	+1.90
September 2007	112.95	114.50	112.70	114.00	+1.55
1December 2007	117.00	118.50	116.85	118.00	+1.55

LCE (London Coffee)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1841.00	1844.00	1835.00	1844.00	+19.00
September 2007	1835.00	1860.00	1824.00	1854.00	+22.00
November 2007	1837.00	1864.00	1830.00	1856.00	+19.00

ICO INDICATOR PRICES

US Cents / lb

Variety	Market	16.06.07	17.06.07	Change
Colombian Mild Arabicas	New York	120.25	121.00	+0.75
Other Mild Arabicas	New York	115.38	116.13	+0.75
Brazilian Natural Arabicas	New York	103.75	104.50	+0.75
Robusta	New York	91.38	91.63	+0.25

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle High on Wednesday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished high on Wednesday. The most active September futures finished high at \$1854 per metric tonne, up by \$22 per metric tonne from previous settlement, as Funds and speculative traders are taking on a few more longs again. While November contract settle high at \$1856 per metric tonne, up by \$19 per metric tonne from previous settlement.

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