

# COFFEE

Agriwatch  
DAILY

## COFFEE

July 25, 2007

### SPOT MARKETS

Coffee domestic spot market prices were down on Tuesday. Indonesia harvest is helping to ease tightness fears for London and the lack of problems for the Brazil crop harvest has added to the bearish tone. Brazil producers have already harvested 63% of the crop, which compares with 48% harvested by this time last year. According to Indian Coffee Board, total provisional coffee export was 141323 metric tonnes during January 1 to July 23, 2007 as against 147139 metric tonnes; exported during the corresponding period of last year. Total stocks of coffee at MCX accredited warehouses stood at 164.915 metric tonnes as on July 21, 2007.

### FUTURES MARKETS

MCX coffee August contract opened at Rs.7760/ctl. traded up to the high of Rs.7761/ctl. and then down to a low of Rs.7675/ctl. The contract was closed at Rs.7732ctl, Rs.34 down by the previous close of Rs.7766/ctl. The volume of August contract increased 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 slightly below 9-day EMA, indicating that short-term trend remains bearish, while above 18-day EMA indicating that short-term trend intermediate-term trend remains bullish. MACD slightly decreasing in positive region. 9-day RSI is slightly declining in neutral region. Stochastic is increasing in neutral region. The volume of August contract increased drastically, while open interest decreased 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

Coffee Robusta 0708(MXC0FQ7)2007/07/24 - Daily B:7736.00 A:7740.00  
O 7760.00 H 7761.00 L 7675.00 C 7732.00 V 466 T 271 I 295 -34



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX August	7632	7676	7732	7775	7812

### TRADE RECOMMENDATION

Sell MCX August Coffee near Rs. 7722-7740 with a target at Rs. 7710 and then Rs. 7670 with a strict stop loss at Rs.7742. Trade cautiously with intra day outlook.

### DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		14.06.2007	18.06.2007
Karnataka	Arabica Plantation	3780-3950	3865-4000
	Arabica Cherry	1850-1900	1875-1950
	Robusta Parchment	3550-3615	3550-3625
	Robusta Cherry	1800-1850	1810-1850

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## INTERNATIONAL FUTURES QUOTES (AS OF JULY 24, 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
September 2007	112.00	116.20	111.30	115.75	+3.40
December 2007	116.00	120.00	115.20	119.70	+3.40
March 2008	119.90	123.35	119.40	123.35	+3.40

LCE (London Coffee)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1825.00	1825.00	1795.00	1825.00	-12.00
September 2007	1850.00	1850.00	1810.00	1838.00	-15.00
November 2007	1864.00	1864.00	1822.00	1850.00	-14.00

## ICO INDICATOR PRICES

US Cents / lb

Variety	Market	20.06.07	23.06.07	Change
Colombian Mild Arabicas	New York	127.50	125.75	+2.25
Other Mild Arabicas	New York	117.88	116.25	-1.63
Brazilian Natural Arabicas	New York	106.00	104.25	-1.75
Robusta	New York	94.13	92.88	-1.25

## INTERNATIONAL MARKET RECAP

### LIFFE Coffee Futures Settle Weak on Tuesday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished low on Tuesday. The most active September futures finished down at \$1838, down by \$15 per metric tonne from previous settlement. While November contract settle down at \$1850 per metric tonne, down by \$14 per metric tonne from previous settlement.

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