

COFFEE

Agriwatch
DAILY

COFFEE

July 06, 2007

SPOT MARKETS

On Thursday coffee spot market prices showed a uptrend. Demand for robusta is still strong and there is a lack of stock in Europe. European Robusta inventory has fallen 12 pct so far this year. The flow of robusta beans from Indonesia, the only major Asian producer; still harvesting, is now around 1,000 tons a week compared with 700 to 800 tons last week as picking nears its peak. According to Indian Coffee Board, total provisional coffee export was 132279 metric tonnes during January 1 to July 04, 2007 as against 134250 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 04, 2007.

FUTURES MARKETS

MCX coffee August contract opened at Rs. 7684/ctl. then traded up to a high of Rs.7730/ctl. and then down to a low of Rs.7661/ctl. The contract was closed at Rs. 7691/ctl, Rs.25 up by the previous close of Rs. 7666/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.

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 slightly decreasing 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 upward, following a steady to firm opening.

MCX Coffee Robusta August Contract



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX August	7625	7655	7691	7740	7765

TRADE RECOMMENDATION

Buy MCX August Coffee near Rs. 7685-7700 with a target at Rs. 7710 and then Rs. 7735 with a strict stop loss at Rs.7670. 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 03 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
July 2007	108.30	108.30	108.30	108.30	-0.80
September 2007	110.70	111.20	109.80	110.40	-0.70
1December 2007	114.75	115.10	114.00	114.40	-0.75

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	02.06.07	03.06.07	Change
Colombian Mild Arabicas	New York	119.50	118.50	-1.00
Other Mild Arabicas	New York	115.38	114.38	-1.00
Brazilian Natural Arabicas	New York	103.00	102.00	-1.00
Robusta	New York	96.25	95.25	-1.00

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle Up on Thursday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished green on Thursday. The November futures settle at higher level at \$1915 per metric tonne, up by \$6per metric tonne from previous settlement. The September futures finished up at \$1901 per metric tonne, up by \$2 per metric tone from previous settlement.

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