

COFFEE

Agriwatch
DAILY

COFFEE

July 31, 2007

SPOT MARKETS

Coffee domestic spot market prices were down on Saturday. European coffee industry was looking for a lowered price coffee alternatives this, as Brazilian exporters' price demands were too high. Coffee prices in Brazil's internal market were higher than the world average. The North American industry chose Colombian coffee as an alternative to Brazil coffee. India officials believe the 07-08 coffee crop could be near 30,000 tonnes, up 11% from this season due to good monsoon rains. According to Indian Coffee Board, total provisional coffee export was 143571 metric tonnes during January 1 to July 27, 2007 as against 149875 metric tonnes; exported during the corresponding period of last year. Total stocks of coffee at MCX accredited warehouses stood at 173.885 metric tonnes as on July 27, 2007.

FUTURES MARKETS

MCX coffee August contract opened at Rs.7570/qty. traded up to the high of Rs.7765/qty. and then down to a low of Rs.7550/qty. The contract was closed at Rs.7679/qty, Rs.6 up by the previous close of Rs.7573/qty. The volume as well as open interest of August contract increased drastically, 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 and 18-day EMA, indicating that short-term trend as well as intermediate-term trend remains bullish. MACD decreasing in positive region. 9-day RSI is rising in neutral region. Stochastic is decreasing in neutral region. The volume as well as open interest of August contract increased drastically, 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)2007/07/30 - Daily
O 7570.00 H 7765.00 L 7550.00 C 7679.00 V 212 T 121 I 149 +106
EMA(9) 7687.3 (18) 7675.7



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX August	7445	7550	7679	7787	7875

TRADE RECOMMENDATION

Buy MCX August Coffee near Rs. 7674-7685 with a target at Rs. 7728 and then Rs. 7782 with a strict stop loss at Rs.7642. Trade cautiously with intra day outlook.

DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		18.06.2007	26.06.2007
Karnataka	Arabica Plantation	3865-4000	3950-4100
	Arabica Cherry	1875-1950	1950-2025
	Robusta Parchment	3550-3625	3600-3715
	Robusta Cherry	1810-1850	1840-1925

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INTERNATIONAL FUTURES QUOTES (AS OF JULY 30 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
September 2007	111.80	113.25	111.60	112.95	+0.25
December 2007	116.10	117.25	115.90	117.05	+1.35
March 2008	119.50	120.75	119.50	120.75	+1.35

LCE (London Coffee)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1751.00	1820.00	1751.00	1820.00	+55.00
September 2007	1775.00	1835.00	1772.00	1827.00	+42.00
November 2007	1790.00	1849.00	1790.00	1841.00	+41.00

ICO INDICATOR PRICES

US Cents / lb

Variety	Market	26.06.07	27.06.07	Change
Colombian Mild Arabicas	New York	123.50	124.25	+0.75
Other Mild Arabicas	New York	119.75	121.00	+1.25
Brazilian Natural Arabicas	New York	108.50	109.75	+1.25
Robusta	New York	91.00	90.25	-0.75

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle Sharp High on Monday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished High on Monday. The most active September futures finished up at \$1827, down by \$42 per metric tonne from previous settlement. While November contract settle down at \$1841 per metric tonne, down by \$41 per metric tonne from previous settlement.

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