

COFFEE

Agriwatch
DAILY

COFFEE

July 28, 2007

SPOT MARKETS

Coffee domestic spot market prices were down on Friday. According to International Coffee Organisation (ICO), export of coffee across the globe has witnessed a big leap in the crop year that began in October. Global coffee exports rose over 16% during the crop year due to an increase in shipments of robusta varieties from Vietnam. Exports rose to 65.87 million bags in the eight months through May, compared with 56.54 million a year earlier. The export of Robusta beans is up by 28% to 23.9 million bags (one bag 60 kg), and that of arabica beans rose by 11% to 41.97 million bags. According to Indian Coffee Board, total provisional coffee export was 142727 metric tonnes during January 1 to July 26, 2007 as against 148704 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 26, 2007.

FUTURES MARKETS

MCX coffee August contract opened at Rs.7650/qty. traded up to the high of Rs.7655/qty. and then down to a low of Rs.7525/qty. The contract was closed at Rs.7560/qty, Rs.96 down by the previous close of Rs.7656/qty. 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. 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 below 9-day and 18-day EMA, indicating that short-term trend as well as intermediate-term trend remains bearish. MACD decreasing in positive region, supporting the weakness in the market. 9-day RSI is declining 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 downward, following a steady to weak opening.

MCX Coffee Robusta August Contract

Coffee Robusta 0708(MXCQF7)2007/07/28 - Daily B:7555.00 A:7565.00
O 7650.00 H 7655.00 L 7525.00 C 7560.00 V 497 T 284 I 124 -96

EMA(9) 7687.2 (18) 7687.3



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX August	7450	7500	7560	7684	7712

TRADE RECOMMENDATION

Sell MCX August Coffee near Rs. 7550-7568 with a target at Rs. 7538 and then Rs. 7505 with a strict stop loss at Rs.7582. 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 27, 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
September 2007	111.20	113.30	111.10	112.70	+1.30
December 2007	115.40	117.25	115.20	116.70	+1.30
March 2008	120.40	120.40	120.40	120.40	+1.35

LCE (London Coffee)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1765.00	1765.00	1765.00	1765.00	-15.00
September 2007	1785.00	1785.00	1785.00	1785.00	-16.00
November 2007	1800.00	1800.00	1800.00	1800.00	-18.00

ICO INDICATOR PRICES

US Cents / lb

Variety	Market	25.06.07	26.06.07	Change
Colombian Mild Arabicas	New York	126.25	123.50	-2.75
Other Mild Arabicas	New York	121.63	119.75	-1.88
Brazilian Natural Arabicas	New York	111.25	108.50	-2.75
Robusta	New York	92.50	91.00	-1.50

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle Sharp Weak on Friday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished sharp low on Friday. The most active September futures finished down at \$1785, down by \$16 per metric tonne from previous settlement. While November contract settle down at \$1800 per metric tonne, down by \$18 per metric tonne from previous settlement.

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