

COFFEE

Agriwatch
DAILY

COFFEE

July 13, 2007

SPOT MARKETS

Coffee domestic spot market prices were rise on Tuesday. India's coffee output in 2007-08 (Apr-Mar) is expected to be higher, compared with the previous year, due to prospects of a good crop in Karnataka. Both arabica as well as robusta coffee crop in Karnataka this year is very good because the distribution of rains was even. Karnataka's output has been estimated at 212,250 tone, compared with last year's 206,025 tone. Arabica output in the state has been estimated at 82,000 tone, compared with 80,250 tone last year. Robusta production is seen at 130,250 tone, against 125,775 tone. According to Indian Coffee Board, total provisional coffee export was 135593 metric tonnes during January 1 to July 11, 2007 as against 139846 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 11, 2007.

FUTURES MARKETS

MCX coffee August contract opened at Rs.7861/ql. then traded up to a high of Rs.7861/ql. and then down to a low of Rs.7770/ql. The contract was closed at Rs.7770/ql, Rs.92 down by the previous close of Rs.7862/ql. 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.

Bearish:

1. Flow of fresh coffee supplies from Indonesia's coffee harvest.
2. Favorable weather for coffee Harvesting, in Brazil.
3. Decline in Coffee export.
4. 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 rising in positive region. 9-day RSI is declining in neutral region. Stochastic is rising slightly 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(MXCOFQ7)2007/07/12 - Daily B:7765.00 A:7770.00
O 7861.00 H 7861.00 L 7770.00 C 7770.00 V 782 T 339 I 379 -92



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX August	7710	7730	7770	7845	7890

TRADE RECOMMENDATION

Sell MCX August Coffee near Rs. 7755-7780 with a target at Rs. 7745 and then Rs. 7735 with a strict stop loss at Rs.7785. Trade cautiously with intra day outlook.

DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		09.06.2007	10.06.2007
Karnataka	Arabica Plantation	3855-3955	3830-3950
	Arabica Cherry	1875-1950	1850-1950
	Robusta Parchment	3615-3765	3615-3765
	Robusta Cherry	1865-1925	1850-1925

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INTERNATIONAL FUTURES QUOTES (AS OF JULY 12, 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
July 2007	109.40	109.40	109.40	109.40	+0.20
September 2007	111.55	112.60	110.10	111.40	-0.45
1December 2007	115.40	116.40	114.30	115.35	-0.45

LCE (London Coffee)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1915.00	1915.00	1863.00	1865.00	-45.00
September 2007	1923.00	1925.00	1871.00	1876.00	-45.00
November 2007	1914.00	1918.00	1863.00	1871.00	-41.00

ICO INDICATOR PRICES

US Cents / lb

Variety	Market	10.06.07	11.06.07	Change
Colombian Mild Arabicas	New York	121.25	121.25	-
Other Mild Arabicas	New York	114.63	115.13	+0.50
Brazilian Natural Arabicas	New York	102.25	102.75	+0.50
Robusta	New York	95.88	95.88	-

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle Sharply Down on Thursday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished sharply low on Thursday, after sell stops were hit, triggering technical selling. The November futures settle lower level at \$1871 per metric tonne, down by \$41 per metric tonne from previous settlement. The September futures finished down at \$1876 per metric tonne, down by \$45 per metric tonne from previous settlement.

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