

COFFEE

Agriwatch
DAILY

COFFEE

July 24, 2007

SPOT MARKETS

Coffee domestic spot market prices were down on Saturday. According to ICO, the supply of good quality robusta is below the level of demand. Brazil, the world's biggest producer and exporter, probably will harvest 32.1 million bags in the harvest that runs through October, down 24% from 42.5 million bags the previous year. Output is down because trees are in the lower-yielding half of a two-year production cycle. The decline in Brazil will contribute to a 7.9% drop in global coffee output to 112 million bags. According to Indian Coffee Board, total provisional coffee export was 139755 metric tonnes during January 1 to July 19, 2007 as against 145883 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 20, 2007.

FUTURES MARKETS

MCX coffee August contract opened at Rs.7793/ctl. traded up to the high of Rs.7810/qut. and then down to a low of Rs.7754/ctl. The contract was closed at Rs.7766qtl, Rs.29 down by the previous close of Rs.7795/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 above 9-day EMA and 18-day EMA indicating that short-term trend as well as intermediate-term trend remains bullish. MACD slightly increasing 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(MXCOFQ7)2007/07/23 - Daily B:7763.00 A:7765.00
O 7793.00 H 7810.00 L 7754.00 C 7766.00 V 393 T 228 I 297 -29
EMA(9) 7734.0 (18) 7700.8



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX August	7720	7728	7766	7800	7833

TRADE RECOMMENDATION

Sell MCX August Coffee near Rs. 7758-7772 with a target at Rs. 7752 and then Rs. 7730 with a strict stop loss at Rs.7780. 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 20, 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
September 2007	114.00	114.90	111.80	112.35	-1.65
December 2007	117.90	118.90	116.00	116.30	-1.65
March 2008	120.10	120.10	119.95	119.95	-1.65

LCE (London Coffee)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1837.00	1837.00	1837.00	1837.00	-15.00
September 2007	1853.00	1853.00	1853.00	1853.00	-24.00
November 2007	1864.00	1864.00	1864.00	1864.00	-20.00

ICO INDICATOR PRICES

US Cents / lb

Variety	Market	19.06.07	20.06.07	Change
Colombian Mild Arabicas	New York	126.75	127.50	+0.75
Other Mild Arabicas	New York	118.13	117.88	-0.25
Brazilian Natural Arabicas	New York	106.25	106.00	-0.25
Robusta	New York	93.88	94.13	+0.25

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle Weak on Monday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished low on Monday. The most active September futures finished down at \$1853, down by \$24 per metric tonne from previous settlement. While November contract settle down at \$1864 per metric tonne, down by \$20 per metric tonne from previous settlement.

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