

# COFFEE

Agriwatch  
DAILY

## COFFEE

Aug 27, 2007

### SPOT MARKETS

Coffee domestic spot market prices were down on Saturday. According to Indian Coffee Board, total provisional coffee export was 157229 metric tonnes during January 1 to August 23, 2007 as against 168256 metric tonnes; exported during the corresponding period of last year. Total stocks of coffee at MCX accredited warehouses stood at 110.942 metric tonnes as on August 24, 2007. According to a report from Vietnam's General Statistics Office, Vietnam exported 10.7% less coffee at 50,000 tons in August, but the value rose 24.3% to \$87 million. So far this crop year, Vietnam has exported 1.164 million tons of coffee. According to, Brazilian Green Coffee Exporters Council, for the period of Aug 1-23, Brazil exports 1,115,439 bags, (1 bag=60kg).

### FUTURES MARKETS

MCX coffee October contract opened at Rs.7340/ctl. , than traded high at Rs.7340/ctl. and then down to a low of Rs.7331/ctl. The contract was closed at Rs.7337/ctl, Rs.8 up by previous close of Rs.7329/ctl. The volume of October contract decreased marginally, while open interest decreased marginally, as compared to the previous trading session.

### PRICE DRIVERS

#### Bullish:

1. Rise in global coffee export.
2. Pest outbreak in India's coffee growing areas.
3. Early flowering in coffee trees in Brazil's Minas Gerais state, threatening to reduce next year's crop.
4. Indonesia's coffee output expected to fall by 20 percent

#### Bearish:

1. Strong rupee; limiting the scope for export. .
2. In Vietnam, prospects for another large coffee crop in 2007-2008.
3. Rise in Columbia's coffee output.

### WEATHER

Rain/thundershowers are likely at most places over Kerala, north Telangana. Coastal Karnataka, Konkan & Goa, Lakshadweep, Andaman & Nicobar and other rubber growing areas. Isolated over the rest region outside Tamil. The weather is unfavorable for rubber tapping and latex production.

### TECHNICALS

Prices closed bellow 9-day and 18-day EMA, indicating that short-term trend as well as intermediate-term trend remains bearish. MACD further decreasing in negative region. 9-day RSI is rising in neutral region. Stochastic is slightly rising in neutral region. The volume of August contract decreased marginally, while open interest increased 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

Coffee Robusta 0710(MXCOFV7)2007/08/25 - Daily B:7335.00 A:7340.00  
O 7340.00 H 7340.00 L 7331.00 C 7337.00 V 34 T 321 328 +8  
EMA(9) 7364.9 (18) 7449.3



### SUPPORT / RESISTANCES

| Contract    | S2   | S1   | PCP  | R1   | R2   |
|-------------|------|------|------|------|------|
| MCX October | 7304 | 7316 | 7337 | 7373 | 7396 |

### TRADE RECOMMENDATION

Buy MCX August Coffee near Rs. 7331 - 7345 with a target at Rs. 7358 and then Rs. 7370 with a strict stop loss at Rs.7320. Trade cautiously with intra day outlook.

### DOMESTIC RAW COFFEE PRICES

| Centers   | Variety            | Price (Rs / 50kg) |            |
|-----------|--------------------|-------------------|------------|
|           |                    | 22.08.2007        | 24.08.2007 |
| Karnataka | Arabica Plantation | 4050-4100         | 4150-4300  |
|           | Arabica Cherry     | 1950-2100         | 2200-2300  |
|           | Robusta Parchment  | 3600-3650         | 3650-3800  |
|           | Robusta Cherry     | 1750-1800         | 1800-1900  |

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### INTERNATIONAL FUTURES QUOTES (AS OF AUGUST 24, 2007)

NYBOT (Coffee 'C')

US Cents / lb

| Contract Month | Open   | High   | Low    | Settle | Change |
|----------------|--------|--------|--------|--------|--------|
| September 2007 | 116.40 | 116.40 | 114.45 | 114.65 | -1.20  |
| December 2007  | 120.30 | 120.40 | 118.30 | 119.05 | -0.65  |
| March 2008     | 123.90 | 123.90 | 122.85 | 122.85 | -0.60  |

LCE (London Coffee)

US \$ / tonne

| Contract Month | Open    | High    | Low     | Settle  | Change |
|----------------|---------|---------|---------|---------|--------|
| September 2007 | 1663.00 | 1700.00 | 1663.00 | 1668.00 | +5.00  |
| November 2007  | 1704.00 | 1738.00 | 1701.00 | 1706.00 | +6.00  |
| January 2008   | 1711.00 | 1740.00 | 1711.00 | 1715.00 | +4.00  |

### ICO INDICATOR PRICES

US Cents / lb

| Variety                    | Market   | 22.08.07 | 23.08.07 | Change |
|----------------------------|----------|----------|----------|--------|
| Colombian Mild Arabicas    | New York | 124.75   | 125.75   | +1.00  |
| Other Mild Arabicas        | New York | 122.75   | 123.75   | +1.00  |
| Brazilian Natural Arabicas | New York | 111.75   | 112.75   | +1.00  |
| Robusta                    | New York | 85.13    | 85.38    | +0.25  |

### INTERNATIONAL MARKET RECAP

#### LIFFE Coffee Futures Settle High on Friday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished high on Friday, supported by stronger coffee futures on the New York Board of Trade. The November contract settles green at \$1706 per metric tonne, up by \$6 per metric tonne from previous settlement. The most active September futures finished high at \$1668, up by \$5 per metric tonne from previous settlement.

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