

# COFFEE

Agriwatch  
DAILY

## COFFEE

Aug 29, 2007

### SPOT MARKETS

A coffee domestic spot market price remains steady on Tuesday. According to Indian Coffee Board, total provisional coffee export was 157873 metric tonnes during January 1 to August 27, 2007 as against 170297 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 27, 2007. Vietnam's coffee output, is expected to decline by 10 to 15 percent this year to around 16-18 million bags from a record crop last year. In Vietnam last year coffee crop was a bumper crop and post that yields usually drop. As coffee crops typically move in bi-yearly cycles, with a good harvest followed by smaller one.

### FUTURES MARKETS

MCX coffee October contract opened at Rs.7330/ctl. , than traded high at Rs.7340/ctl. and then down to a low of Rs.7300/ctl. The contract was closed at Rs.7322/ctl, Rs.9 down by previous close of Rs.7331/ctl. Both volume and Open interest of October contract increased 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 declining in neutral region. Stochastic is rising in neutral region. Both volume and open interest of October contract 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 0710(MXCOFV7)2007/08/28 - Daily B:7325.00 A:7330.00  
O 7327.00 H 7340.00 L 7300.00 C 7322.00 V 85 T 531 313 -9  
EMA(9) 7358.6 (18) 7437.5



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX October	7275	7292	7322	7353	7374

### TRADE RECOMMENDATION

Sell MCX August Coffee near Rs. 7315 - 7330 with a target at Rs. 7308 and then Rs.7294 with a strict stop loss at Rs.7332. 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 28, 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
September 2007	113.30	114.85	113.00	113.65	+0.55
December 2007	117.05	118.30	116.35	117.55	+0.35
March 2008	121.00	122.10	120.20	121.35	+0.40

LCE (London Coffee)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
September 2007	1660.00	1667.00	1647.00	1657.00	-11.00
November 2007	1699.00	1715.00	1687.00	1706.00	--
January 2008	1711.00	1717.00	1698.00	1710.00	-5.00

### ICO INDICATOR PRICES

US Cents / lb

Variety	Market	24.08.07	27.08.07	Change
Colombian Mild Arabicas	New York	125.50	124.25	-1.25
Other Mild Arabicas	New York	123.00	121.25	-1.75
Brazilian Natural Arabicas	New York	112.00	110.25	-1.75
5Robusta	New York	85.63	85.63	--

### INTERNATIONAL MARKET RECAP

#### LIFFE Coffee Futures Settle Red on Tuesday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished low on Tuesday. The most active September futures finished low at \$1657, down by 11 per metric tonne from previous settlement. While the November contract settles unchanged from previous settlement.

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