

COFFEE

Agriwatch
DAILY

COFFEE

Aug 20, 2007

SPOT MARKETS

Coffee domestic spot market prices were Low on Thursday. According to Indian Coffee Board, total provisional coffee export was 153621 metric tonnes during January 1 to August 16, 2007 as against 162684 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 17, 2007. According to the state-run Uganda Coffee Development Authority (UCDA), the warm weather in Uganda's southern and a western coffee region is expected to enhance the second coffee harvest. The coffee harvest, which started in May this year, was interrupted by intermittent rains especially in June and July; as a result, coffee marketing activities for the season have been delayed, as rains are not good for coffee bean ripening and drying.

FUTURES MARKETS

On Friday, MCX coffee August contract opened at Rs.7188/ctl. , than traded high at Rs.7240/ctl. and then down to a low of Rs.7015/ctl. The contract was closed at Rs.7182/ctl, Rs.100 down by the previous close of Rs.7282/ctl. The volume of August contract decreased drastically, while open interest decreased marginally, as compared to the previous trading session. While today in MCX coffee August contract, there was no trading took place.

PRICE DRIVERS

Bullish:

1. Most of Vietnam's 2006-07 harvest has been sold.
2. Rise in global coffee export.
3. Decline in Indonesia's coffee output.
4. Pest outbreak in India's coffee growing areas.
5. Early flowering in coffee trees in Brazil's Minas Gerais state, threatening to reduce next year's crop.

Bearish:

1. India's coffee output expected to rise.
2. Strong rupee; limiting the scope for export.

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.

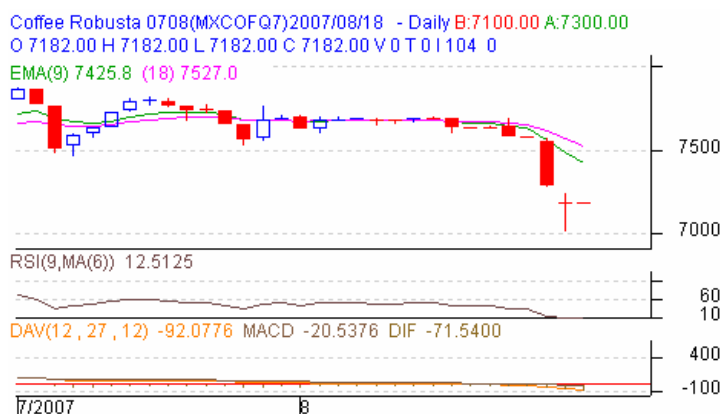
DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		16.08.2007	18.08.2007
Karnataka	Arabica Plantation	4100-4250	4100-4250
	Arabica Cherry	2000-2100	2100-2300
	Robusta Parchment	3550-3750	3600-3800
	Robusta Cherry	1725-1775	1850-1900

TECHNICALS

On Friday, Aug.17, 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 overbought region. Stochastic is declining in neutral region. The volume of August contract decreased 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. While on Saturday, in MCX coffee August contract there was no trading took place.

MCX Coffee Robusta August Contract



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX August	6920	7058	7182	7271	7364

TRADE RECOMMENDATION

Sell MCX August Coffee near Rs. 7170 - 7188 with a target at Rs. 7122 and then Rs. 7054 with a strict stop loss at Rs.7226. Trade cautiously with intra day outlook.

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INTERNATIONAL FUTURES QUOTES (AS OF AUGUST 17, 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
September 2007	113.30	115.80	113.30	115.55	+4.25
December 2007	117.60	119.80	117.60	119.50	+4.25
March 2008	121.75	123.40	121.75	123.20	+4.35

LCE (London Coffee)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
September 2007	1660.00	1684.00	1640.00	1654.00	-5.00
November 2007	1690.00	1710.00	1667.00	1681.00	-4.00
January 2008	1698.00	1711.00	1676.00	1690.00	-3.00

ICO INDICATOR PRICES

US Cents / lb

Variety	Market	15.08.07	16.08.07	Change
Colombian Mild Arabicas	New York	129.75	121.75	-8.00
Other Mild Arabicas	New York	126.75	118.88	-7.87
Brazilian Natural Arabicas	New York	115.25	107.25	-8.00
Robusta	New York	88.50	85.13	-3.37

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle Sharply Low on Friday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished low on Friday, on follow-through fund selling and a correction in arbitrage values against the New York Board of Trade arabica market. The November contract settles down at \$1681 per metric tonne, down by \$4 per metric tonne from previous settlement. The most active September futures finished down at \$1654, down by \$5 per metric tonne from previous settlement.

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