

C O F F E E

Aug 22, 2007

SPOT MARKETS

Coffee domestic spot market prices were high on Monday. According to Indian Coffee Board, total provisional coffee export was 154595 metric tonnes during January 1 to August 20, 2007 as against 164460 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 18, 2007. Columbian exports were up to 979,000 bags in July from 905,000 in the same period last year. Production stood at 995,000 bags versus 821,000 a year ago. NYBOT certificated coffee stocks were up 411 bags to 4.301 million bags with 89,503 bags pending review.

FUTURES MARKETS

MCX coffee October contract opened at Rs.7345/ctl. , than traded high at Rs.7355/ctl. and then down to a low of Rs.7318/ctl. The contract was closed at Rs.7324/ctl, Rs.22 down by the previous close of Rs.7346/ctl. The volume of October contract increased drastically, while open interest decreased marginally, as compared to the previous trading session.

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.

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 overbought region. Stochastic is slightly 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.

MCX Coffee Robusta August Contract

Coffee Robusta 0710(MXC0FV7)2007/08/21 - Daily B:7320.00 A:7324.00
O 7347.00 H 7355.00 L 7318.00 C 7324.00 V 142 T 104 I 301 -22



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX October	7262	7285	7324	7349	7379

TRADE RECOMMENDATION

Sell MCX August Coffee near Rs. 7316 - 7330 with a target at Rs. 7308 and then Rs. 7288 with a strict stop loss at Rs.7338. Trade cautiously with intra day outlook.

DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		18.08.2007	20.08.2007
Karnataka	Arabica Plantation	4100-4250	3900-4100
	Arabica Cherry	2100-2300	1900-2100
	Robusta Parchment	3600-3800	3500-3650
	Robusta Cherry	1850-1900	1700-1750

COFFEE

Agriwatch
DAILY

COFFEE

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INTERNATIONAL FUTURES QUOTES (AS OF AUGUST 21, 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
September 2007	114.85	115.30	113.90	114.25	-0.60
December 2007	118.90	119.30	118.05	118.35	-0.50
March 2008	122.65	122.80	121.90	122.10	-0.45

LCE (London Coffee)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
September 2007	1675.00	1685.00	1666.00	1666.00	-6.00
November 2007	1705.00	1711.00	1696.00	1697.00	-3.00
January 2008	1713.00	1718.00	1708.00	1708.00	-2.00

ICO INDICATOR PRICES

US Cents / lb

Variety	Market	17.08.07	20.08.07	Change
Colombian Mild Arabicas	New York	126.00	125.25	-0.75
Other Mild Arabicas	New York	123.25	122.50	-0.75
Brazilian Natural Arabicas	New York	111.50	110.75	-0.75
Robusta	New York	84.88	85.63	0.75

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle Low on Tuesday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished low on Tuesday. The November contract settles low at \$1697 per metric tonne, down by \$3 per metric tonne from previous settlement. The most active September futures finished low at \$1666, down by \$6 per metric tonne from previous settlement.

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