

# COFFEE

Agriwatch  
DAILY

## COFFEE

Aug 18, 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 16, 2007. Coffee trees in Minas Gerais state, Brazil's biggest coffee-producing region are flowering a month early than usual because of above- average rainfall, threatening to reduce next year's crop. About 20 percent to 30 percent of the coffee trees in the south of Minas Gerais, Brazil's biggest coffee-producing region, are flowering a month early.

### FUTURES MARKETS

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.

### PRICE DRIVERS

#### Bullish:

1. Most of Vietnam's 2006-07 harvest has been sold.
2. Rise in global coffee export.
3. Coffee quality problems in Vietnam.
4. Decline in Indonesia's coffee output.
5. Pest outbreak in India's coffee growing areas.
6. 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 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.

### MCX Coffee Robusta August Contract

Coffee Robusta 0708(MXCOFQ7)2007/08/17 - Daily B:7100.00 A:7235.00  
O 7187.00 H 7240.00 L 7015.00 C 7182.00 V 60 T 36 I 104 -100  
EMA(9) 7486.8 (18) 7567.6



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX August	6920	7055	7182	7279	7372

### TRADE RECOMMENDATION

Sell MCX August Coffee near Rs. 7170 - 7190 with a target at Rs. 7125 and then Rs. 7058 with a strict stop loss at Rs.7230. Trade cautiously with intra day outlook.

### DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		14.08.2007	16.08.2007
Karnataka	Arabica Plantation	4125-4300	4100-4250
	Arabica Cherry	2000-2150	2000-2100
	Robusta Parchment	3600-3725	3550-3750
	Robusta Cherry	1780-1850	1725-1775

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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) (AS OF AUGUST 16, 2007)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
September 2007	1721.00	1726.00	1655.00	1659.00	-67.00
November 2007	1734.00	1748.00	1681.00	1685.00	-64.00
January 2008	1741.00	1750.00	1688.00	1693.00	-55.00

## 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.

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