

COFFEE

Agriwatch
DAILY

COFFEE

Aug 02, 2007

SPOT MARKETS

Coffee domestic spot market prices were down on Wednesday. According to Indian Coffee Board, total provisional coffee export was 143767 metric tonnes during January 1 to July 30, 2007 as against 153085 metric tonnes; exported during the corresponding period of last year. Total stocks of coffee at MCX accredited warehouses stood at 170.886 metric tonnes as on July 31, 2007. According to Vietnam Coffee Association, Coffee exports are forecast to grow 22.6% even though shipment in the second half could drop 23% to 5 million 60-kg bags. According to government statistics, the coffee export revenues could total \$1.5 billion for the whole of this year, up from \$1.1 billion last year. The forecast could be true as Vietnam often exports 200,000 tons during the first three months of its new crop year, while shipment between now and September may hit 100,000 tons.

FUTURES MARKETS

MCX coffee August contract opened at Rs.7691/qty. traded up to the high of Rs.7705/qty. and then down to a low of Rs.7622/qty. The contract was closed at Rs.7625/qty, Rs.73 down by the previous close of Rs.7698/qty. The volume of August contract increased drastically, while open interest decreased marginally, as compared to the previous trading session.

PRICE DRIVERS

Bullish:

1. Delay in crop picking in Columbia.
2. Most of Vietnam's 2006-07 harvest has been sold.
3. Rise in global coffee export.
4. Coffee quality problems in Vietnam.

Bearish:

1. Flow of fresh coffee supplies from Indonesia's coffee harvest.
2. Favorable weather for coffee Harvesting, in Brazil.
3. India's coffee output expected to rise.

WEATHER

Rain/thundershowers are likely at most places over Kerala, Coastal Karnataka, Andaman & Nicobar Islands, Konkan & Goa and at a few places over Andhra Pradesh and over rest regions in South-India. The weather is favorable for the coffee plantation.

TECHNICALS

Prices closed below 9-day and 18-day EMA, indicating that short-term trend as well as intermediate-term trend remains bearish. MACD decreasing in positive region. 9-day RSI is declining in neutral region. Stochastic is decreasing in neutral region. The volume of August contract increased 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)2007/08/02 - Daily B:7622.00 A:7630.00
O 7691.00 H 7705.00 L 7622.00 C 7625.00 V 222 T 17,005 I 82 -73
EMA(9) 7674.2 (18) 7677.2



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX August	7550	7575	7625	7708	7734

TRADE RECOMMENDATION

Sell MCX August Coffee near Rs. 7614-7632 with a target at Rs. 7604 and then Rs. 7578 with a strict stop loss at Rs.7644. Trade cautiously with intra day outlook.

DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		18.06.2007	26.06.2007
Karnataka	Arabica Plantation	3865-4000	3950-4100
	Arabica Cherry	1875-1950	1950-2025
	Robusta Parchment	3550-3625	3600-3715
	Robusta Cherry	1810-1850	1840-1925

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INTERNATIONAL FUTURES QUOTES (AS OF AUGUST 01 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
September 2007	113.80	114.50	112.75	113.10	-1.20
December 2007	117.75	118.10	116.80	117.05	-1.25
March 2008	120.70	120.70	120.70	120.70	-1.30

LCE (London Coffee)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
July 2007	1830.00	1830.00	1804.00	1806.00	-29.00
September 2007	1840.00	1846.00	1820.00	1821.00	-30.00
November 2007	1834.00	1834.00	1804.00	1806.00	-29.00

ICO INDICATOR PRICES

US Cents / lb

Variety	Market	30.06.07	31.06.07	Change
Colombian Mild Arabicas	New York	124.50	125.75	+1.25
Other Mild Arabicas	New York	120.75	122.00	+1.25
Brazilian Natural Arabicas	New York	110.00	111.25	+1.25
Robusta	New York	92.00	92.75	+0.75

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle Weak on Wednesday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished Low on Wednesday. The most active September futures finished low at \$1821, down by \$30 per metric tonne from previous settlement. While November contract settle low at \$1806 per metric tonne, down by \$29 per metric tonne from previous settlement.

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