

COFFEE

Agriwatch
DAILY

COFFEE

Sep 01, 2007

SPOT MARKETS

Coffee domestic spot market prices made a loss on Friday. Physical trade was modest this week in the Colombian cash arabica coffee market, as concern that recent heavy rains would delay the ripening of the main 2007-08 harvest in Colombia's key coffee provinces kept differentials too high for many buyers, traders and exporters. The harvest could be delayed by two or three weeks. According to Indian Coffee Board, total provisional coffee export was 159248 metric tonnes during January 1 to August 30, 2007 as against 172120 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 30, 2007.

FUTURES MARKETS

MCX coffee October contract opened at Rs.7350/ctl. , than traded high at Rs.7370/ctl. and then down to a low of Rs.7341/ctl. The contract was closed at Rs.7364/ctl, Rs.13 up by previous close of Rs.7351/ctl. Volume of October contract decreased drastically, while open interest increased marginally, as compared to the previous trading session.

PRICE DRIVERS

Bullish:

1. Pest outbreak in India's coffee growing areas.
2. Early flowering in coffee trees in Brazil's Minas Gerais state, threatening to reduce next year's crop.
3. 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 above 9-day EMA, while bellow 18-day EMA, indicating that short-term trend remains bullish while 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. Volume of October contract decreased drastically, while open interest increased marginally, as compared to the previous trading session. Coffee futures are likely to trade downward, following a steady to firm opening.

MCX Coffee Robusta August Contract

Coffee Robusta 0710(MXCOFV7)2007/08/31 - Daily B:7352.00 A:7360.00
O 7351.00 H 7370.00 L 7341.00 C 7364.00 V 18 T 18 I 316 +13



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX October	7330	7346	7364	7382	7398

TRADE RECOMMENDATION

Buy MCX August Coffee near Rs. 7358 - 7370 with a target at Rs. 7372 and then Rs.7380 with a strict stop loss at Rs.7357. Trade cautiously with intra day outlook.

DOMESTIC RAW COFFEE PRICES

Centers	Variety	Price (Rs / 50kg)	
		29.08.2007	30.08.2007
Karnataka	Arabica Plantation	3950-4150	4000-4200
	Arabica Cherry	1925-2100	1950-2150
	Robusta Parchment	3500-3650	3500-3800
	Robusta Cherry	1720-1750	1710-1850

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INTERNATIONAL FUTURES QUOTES (AS OF AUGUST 31, 2007)

NYBOT (Coffee 'C')

US Cents / lb

Contract Month	Open	High	Low	Settle	Change
September 2007	113.00	113.00	112.25	112.65	+0.90
December 2007	116.80	116.80	115.25	115.85	-0.30
March 2008	120.50	120.50	119.45	119.65	-0.30

LCE (London Coffee)

US \$ / tonne

Contract Month	Open	High	Low	Settle	Change
September 2007	1659.00	1675.00	1659.00	1664.00	+2.00
November 2007	1714.00	1728.00	1711.00	1718.00	+4.00
January 2008	1707.00	1724.00	1707.00	1715.00	+3.00

ICO INDICATOR PRICES

US Cents / lb

Variety	Market	29.08.07	30.08.07	Change
Colombian Mild Arabicas	New York	123.00	123.25	+0.25
Other Mild Arabicas	New York	120.00	120.13	+0.13
Brazilian Natural Arabicas	New York	109.00	109.25	+0.25
5Robusta	New York	86.38	86.38	--

INTERNATIONAL MARKET RECAP

LIFFE Coffee Futures Settle High on Friday

At London International Financial Futures and Options Exchange (LIFFE), robusta coffee futures finished high on Friday. The most active September futures finished high at \$1664, up by \$2 per metric tonne from previous settlement. While the November futures finished low at \$1718, up by \$4 per metric tonne from previous settlement.

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