



WEEKLY MARKET REVIEW MARCH 27 – APRIL 02, 2009

April 03, 2009

‘EARLY CROP: BIG CROP?’

1. GENERAL

- once more the market was driven mainly by outside factors and yesterday’s positive outcome of the G20 summit was supportive.
- physical activity slowing down with a few exceptions, the market is entering the silly season
- concerns of global consumption set backs persist, especially in emerging markets and countries of origin where the lack of buying power is felt more rapidly.
- despite of a strong real, brazil continued to offer attractively, especially for nearby shipments. the new crop is at least 30 days earlier than normal and raising questions of a larger size than the expected range of 43-45m bags.
- in colombia the reluctance of exporters to go short and the non existing coffee flow ahead of the mitaca made for ever increasing differentials.
- robusta: strong shipments from vietnam and certified liffe stocks of over 4m bags leaves the switch may/july unimpressed and still was trading at a premium
- nybot certified stocks as of april 2: 3.978 (down 34,000 on the week).
- we estimate spec/fund position on ice 7.000-9.000 lots net long and index funds 32.000 lots net long. at liffe estimate funds to be flat to slightly long.

2. PRICE COMPARISON (all in cts/lb)

change vs

	<u>02.04.2009</u>	<u>26.03.2009</u>
ice may 09	116.80	- 0.55
liffe may 09	70.80	- 0.50
arbitrage ice may 09/liffe may 09	46.00	- 0.05

comments basis ice may 09 at 117.20, liffe may 09 at 1560

ice: continual draw down in the certifieds and a weaker dollar all helped, together with a general friendly sentiment in other non coffee markets, to push the market higher. origin selling was evident in the rally. volumes have been relatively light indicating uncertainty in the markets action. market still in the range of 104.50 – 125.50.

support: 114.00, 112.85, 108.60, 104.35 resistance: 118.15, 119.20, 124.25, 125.50.

liffe: good industry buying below origin selling above has created a stale mate. k/n spread has traded between level and +20 and n/u between -10 and -1. volumes have been very light with some sporadic hedging coming to the market. market needs a break of 1510 or 1600 to encourage more participation from the spec and fund communities.

support. 1532, 1514, 1488, 1425 resistance: 1596, 1614, 1690, 1739.

3. BRAZIL

- local market: volume traded has been moderate. volume on offer increased quite substantially, producers are offering increased volume from crop leftovers.
- export market: exporters focus remain for current crop coffees whereas industry is already concentrating on new crop. offering differentials still very attractive although entering an off-cycle crop.



- bmf may 09: \$ 126.15 (-2.55)
- arbitrage bmf/'c' may/july: 23.39 (1.39 weaker)
- exchange rate: 2.2350 (revaluation 0.25%)

4. COLOMBIA

- local market: the flow of coffee is close to non existent. internal prices continue to rise on the back of improved dollar, higher ice and ever increasing differential levels.
- export market: the needs from buyers are clear for both nearby and for the coming months but the simple lack of coffee, combined with exporters unwilling to go short in such a market is driving the differentials up every day.
- exchange rate: and extremely volatile week. high: 2579, low 2436 and close 2440.

5. MEXICO/CENTRALAMERICA

STATISTICAL SITUATION IN MEXICO & CENTRAL AMERICA COFFEE YEAR 2008/2009

Estimate per March 31, 2009

all in '000 of 60-kg bags

	Mexico	Guatemala	Honduras	Salvador	Nicaragua	Costa Rica	Total
Carry-in 07/08:	100	80	50	20	50	25	325
Exportable crop 08/09:	2'500	3'340	3'100	1'400	920	1'400	12'660
Total available:	2'600	3'420	3'150	1'420	970	1'425	12'985
w/o sold outright:	900	2'500	2'325	900	600	1'050	8'275
w/o sold unfixed:	1'000	370	525	400	270	200	2'765
Uncommitted per March 31:	700	550	300	120	100	175	1'945

Summary / Comparison

	08/09		07/08		
Total available:	12'985		14'255		
w/o sold outright:	8'275	64%	9'325	65%	
w/o sold unfixed:	2'765	21%	1'850	13%	
Uncommitted per March 31:	1'945	15%	3'080	22%	Cross-border trade disregarded

6. AFRICA/PNG

- kenya: auction diffs eased somewhat. supply of good quality coffee to continue throughout april. industry buying rather sporadic.
- ethiopia: ongoing uncertainty around the suspension of export licences. many shipments are blocked/delayed. fair volumes sundried traded.
- burundi: tenders to continue. qualities mixed, big majority of lots of rather poor quality.
- tanzania: smallish auction of only 6000 bags. next auction listed for april 16th.
- uganda: decent flow of unwashed qualities. crop of washed coffees now over. industry demand rather disappointing, diffs tending easier.
- png: local activity picking up. internal prices firm. exporters still covering nearby shipments. active industry demand in all qualities for shipment throughout the year.



7. ROBUSTAS

- physical business remain extremely slow. industry seems to be uncertain about the correlation between the global economical slowdown versus the consumption especially in europe and the states. best buyer at the moment is the board and certified stocks have reached record levels of over 25.000 lots.
- vietnam: steady selling seen from farmers at firm differentials and exporters must bite the bullet to cover shorts. industry interest remains subdued at current prices. hcm stocks remain lower than usual due to the flat structure and tendering to liffe.
- indonesia: the flow of fresh asalan remained consistent this week. main flow comes from lowlands with moderate good mid-crop quality. everything that appeared in the market was quickly absorbed by the exporters. the rupiah jumped more than 1% within one day and continued to strengthen further. this week's trading range 11.350 to 11.675.
- uganda: the internal market is quiet and overseas buyers are hesitant with no clear differential trend established for the forwards. the rainy season is approaching and this may slow down the harvest process a little bit.
- brazil: quite active week especially local roasters showing a good interest. export differentials are offered slightly weaker.

8. ORIGIN DIFFERENTIALS FOR APR/MAY SHIPMENT CTS/LB FOB

	this week			last week		
brazil swedish crop 08/09	c	-	22	c	-	21
colombia excelso	c	+	50	c	+	47
costa rica hb crop 08/09	c	+	34	c	+	32
honduras hg crop 08/09	c	+	8	c	+	7
kenya ab faq	c	+	52	c	+	55
viet gr 2 (cif)	liffe	-	20	liffe	-	20

regards,
VOLCAFE LTD