



WEEKLY MARKET REVIEW AUGUST 07 – August 13, 2009

August 14, 2009

‘mind the gap’

1. GENERAL

- the bull market in ice shows signs of cracking, slowly capitulating to a complete lack of fundamental support for the recent move. already 7c off the highs, watch out for chunks falling off. the gap at 128.00 looks likely to be filled some time soon.
- in arabicas, brazil was the only game in town. even then, business was confined to the medium and lower qualities for early next year.
- london still comatose, although some robusta business seen on the far side of the atlantic.
- for all the coffee professionals currently reading this on the beach via blackberry, don't worry, you didn't miss much.
- we estimate spec/fund position on ice 13,000 lots long and index funds at 43,000 lots net long. at liffe estimate funds short -2,000. certified stocks remain largely unchanged: ny 3.5m bags and london 6.25m bags.

2. PRICE COMPARISON (all in cts/lb)

change vs

	<u>13.08.2009</u>	<u>06.08.2009</u>
ice sep 09	132.75	-1.95
liffe sep 09	64.18	-3.58
arbitrage ice sep 09/liffe sep 09	68.57	1.63

comments basis ice sep09 at 131.30, liffe sep09 at 1405

ice: market is finishing the week with the feeling it is running out of steam. it posted a new high for the move at 138.60 cts/lb and didn't look back. there is still a gap to be filled at 128.00 and technical indicators are turning down leaving more space for correction. bulls are insisting this is only a healthy correction. outright volume isn't helping: most of the volume is coming from spreads with folks squaring the book ahead of notice period starting next friday. sep/dec is currently trading at -3.40 after closing at -3.10 last thursday.

support:: 130.60, 128.00, 123.10, 120.30 resistance: 132.75, 136.30, 138.60, 141.50

liffe: market remains heavy closing lower every day this week. sizeable selling orders above and a record stock of certified continue adding pressure to the market. with lack of fresh news and industry interest to support the market seems it will continue heading lower testing new support levels.

support: 1393, 1360, 1310, 1275 resistance: 1440, 1490, 1520, 1535, 1580



3. BRAZIL

- local market: the continuation of the ice rally, finally also coupled with (possibly temporarily) firmer usd, brought higher prices to producers and increased volume again traded this week. yesterday's sell off brings business again to a slow down.
- export market: moderate business reported for nearby to early 2010 positions.
- the real strengthened slightly, after a short lived dip early in the week.
- bmf dec 09: \$ 153.65 (up 0.55)
- arbitrage bmf/'c' dec/mch: 22.83 (2.00 firmer)
- exchange rate: 1.8300 (-0.5 %)

4. COLOMBIA

- local market: coffee flow remains subdued, normal for this period of the year. internal differentials remained stable this week.
- export market: interest for nearby positions neglected. new crop offers still hovering around +20.00.
- exchange rate: dolar resumes down trend after correction. high 2'056, low 1'998 and close 2'000.

5. LATIN AMERICAN MILDS

- mexico: fairly good interest in top qualities for early shipment periods but buying/selling ideas still far apart.
- guatemala: weather conditions remain favorable, a good crop can be expected. some interest from the u.s. for fill-in buying of current crop leftovers. external demand for new crop starts to develop but buyers' ideas are well below origin prices.
- honduras: exporters are returning from vacation and are asking for bids but little biz has been reported.
- salvador: total registrations now 1.3470 m bags whereof close to 1.2 m bags have been shipped. new crop registrations 112.000 bags. biz-wise a rather uneventful week.
- costa rica: brisk demand from various directions for the entire quality range.
- peru: internal market remains very firm and forces many exporters to the sideline. roaster demand disappeared this week, diffs unchanged.

6. AFRICA/PNG

- kenya: the first auction after a six week break saw good demand. qualities were mixed with some offering their leftovers from the main crop whereas others brought already freshly milled coffee.
- tanzania: first auction delayed until 3rd of september, 2009. some limited business reported from the southern area.
- ethiopia: a clear reduction of registered volume compared to previous week has been noticed. suppliers at ecx offered very limited quantity. this seems to panic exporters to pay higher prices to cover their commitments, especially for sundried qualities.
- uganda: the drugar season is picking up but the washed remain scarce for the moment. there is sustained buying interest for all arabicas including undergrads.



7. ROBUSTAS

- vietnam: domestic sales have ground to a halt again, but exporters are able to satisfy continued fresh demand for current crop at firm differentials. new crop business starts to pick up with the harvest just 3 months away. accumulated shipments to end july surpass 1 mio mts and are now on a seasonal slow down. august exports projected at 55-60.000 mts.
- indonesia: asalan volume dwindled this week to around 7.000 mts. internal prices stay firm due to high demand by exporters. good industry demand for various grades, mainly for nearby shipment.
- uganda: the internal market has calmed down a little with the price volatility now dampening price expectations. external demand is patchy but fairly normal for this time of the year.
- brazil: internal prices improve again despite lower demand from the domestic industry. external biz is taking place at liffe plus 10 cts/lb for conilons 13up.

8. ORIGIN DIFFERENTIALS FOR SEP/OCT SHIPMENTS FOB

	this week			last week		
brazil swedish crop 08/09	c	-	23	c	-	22
colombia excelso	c	+	47	c	+	48
honduras hg crop 08/09	c	+	8	c	+	8
kenya ab faq	c	+	65	c	+	70
viet gr 2	liffe	-	50	liffe	-	50

regards,
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