



WEEKLY MARKET REVIEW APRIL 16 - 22, 2010

April 23, 2010

'BOARD LEVEL'

1. GENERAL

- the spread between may and july arabica came crashing in from 1.60c to near level money. a sign of things to come?
- the decades-old cross-atlantic coffee duopoly of new york and london was not too threatened by the 94 lots traded on sicom's first day. patience, young contract.
- good flowering reported in central america bodes well for the 10/11 crop cycle, although admittedly there is a long way to go yet.
- liffe lurched downwards early in the week, wiping out most of the recent rally. this paralysed any physical robusta business in both vietnam and indonesia
- we estimate spec/fund position on ice at 1,000 lots long and index funds 56,500 lots long. on liffe we estimate funds 15,000 lots short. ice certified stocks at 2.44mio bags, liffe certified stocks at 4.48mio bags.

2. PRICE COMPARISON (all in cts/lb)

change vs

	<u>22.4.2010</u>	<u>15.4.2010</u>
ice jly 10	131.45	- 1.95
liffe jly 10	60.37	- 2.49
arbitrage ice jly 10/liffe jly 10	71.08	0.54

comments basis ice jly 10 at 131.75 and liffe jly 10 at 1330

ice: there were few attempts during the week to break the psychological 130 level but it is holding so far. structure tightness (may/july settled at -0.35 yesterday) should be supportive. a short-term bounce is possible as specs were not able to bring additional downward momentum, if the macro picture doesn't melt down because of greek problems.

support: 130.00, 128.25, 123.20, 119.90 resistance: 132.20, 134.50, 137.15, 141.45.

liffe: market broke the uptrend, sparking long liquidation. it held at the 61.8% fibonacci retracement (1314 out of the 1248 – 1421 move) but was not able to bounce back so far, even with industry still buying. origin is not chasing prices down while funds are slowly adding to the short position.

support: 1316, 1274, 1248 resistance: 1366, 1409, 1425, 1474.

3. BRAZIL

- local market: daily volumes traded were reduced as producers are extremely reluctant to sell into lower prices. fine cup coffees are negotiated at 300 r\$ and higher, which is almost 10 over ice.
- export market: a little more nearby demand showed up and business reported traded at slightly firmer differentials. new crop buying and selling ideas remain too far apart and most prefer to wait and see.



- harvesting activities already started and first new crop samples should come soon to the market. it remains to be seen how prices will adjust.
- bmf may 10: \$ 168.50 (up 3.00)
- arbitrage bmf/ice sep/dec: -16.59
- exchange rate: 1.7650

4. COLOMBIA

- local market: coffee flow remains small and some patience is needed till the mitaca starts to kick in. quality continues to be a concern. meanwhile, weather remains favorable and internal prices continue to soften. currency rather stable.
- export market: sporadic demand from north america and asia for 3rd and 4th quarter but generally rather quiet. buying ideas are adjusted downwards after every purchase concluded.

5. LATIN AMERICAN MILDS

- mexico: diffs remain firm. good demand for trade's last longs. some interest for spot positions.
- guatemala: about 80% of the coffee plantations already had their first and second round of flowering. although the rainy season is not in full swing yet, most of the producing areas have received enough water in order to successfully start the formation of the beans. externally a rather quiet week.
- honduras: good flowering was observed in several growing regions followed by decent to strong rains. the last few lots appear in the internal market at very high levels. outside demand picked up a bit this week but not much biz was reported.
- el salvador: weekly registrations were 16.000 bags, total 853.000 bags whereof 600.000 bags have been exported.
- costa rica: a great flowering is taking place in the turrialba and tarrazu coffee regions. outside demand subdued.
- peru: coffee flow continues slow as rains keep delaying harvest. mixed opinions at origin now about 2010 production figures. buyers' and exporters' diff ideas still not finding common ground.

6. AFRICA/PNG

- kenya: this weeks very small auction was mercifully short and allowed participants to leave the auction hall before lunch - a rare occurrence indeed. the qualities on offer were dominated by grinder coffees, with very little in the way of bold bean ab or aa. pricing was steady to firm for all quality segments on offer - also the unwashed coffees (mh) found active buyers at firm levels. plus quality coffees have come to an end - all that is left now is faq quality at best. the auction schedule for the coming months has been released by kcpt after consultation with the marketing agents. they will be held fortnightly during may and june, with the break in july, before resuming (mainly with early crop) in august.
- tanzania: some interest for new crop september shipments however price ideas still far apart. next auction 6th of may with around 4.000 bags available, however there are no big expectations of great quality.
- ethiopia: a quiet week due to the ny'c' market drop. some sporadic sundried and under-grade business. washed business slow. the dispute with the djibouti port authorities has been solved, for the time being.
- uganda: drugars flow reasonably well into solid demand. the bugisu fly crop looks set to be relatively good in both volumes and qualities.
- png: good demand can not be met resulting in tighter differentials. logistics remain difficult.



7. ROBUSTAS

- vietnam: a rather slow week with exporters in no hurry to sell more coffee. demand lackluster. some rains are welcomed in the very dry coffee areas. public holiday in vietnam today: hung king day: according to legend, the vietnamese nation, named van lang, was founded by emperor hung vuong about 40 centuries ago. the annual hung kings anniversary is held on the 10th day of the third lunar month of each year. it became a public holiday in 2007. more coffee news next week, hopefully.
- indonesia: with the lower liffe and a strong rupiah differentials remain in positive territory. exporters are reluctant to sell short and are hoping for better market conditions before entering in further commitments. crop flow picking up but peak not expected before mid / end may.
- uganda: all very quiet with slightly sunnier days, the crops should start to flow well during second half of may. external demand is limited.
- conilon: harvest has begun in most areas and should be in full swing by beginning of may. yields are disappointing, affected by the dry weather during dec-feb. business stopped as differentials tightened and didn't follow liffe.

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

	this week			last week		
brazil swedish	c	-	16	c	-	17
colombia excelso	c	+	51	c	+	53
honduras hg	c	+	24	c	+	25
kenya ab faq	c	+	200	c	+	200
vietnam gr 2	liffe		level	liffe		level

regards
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