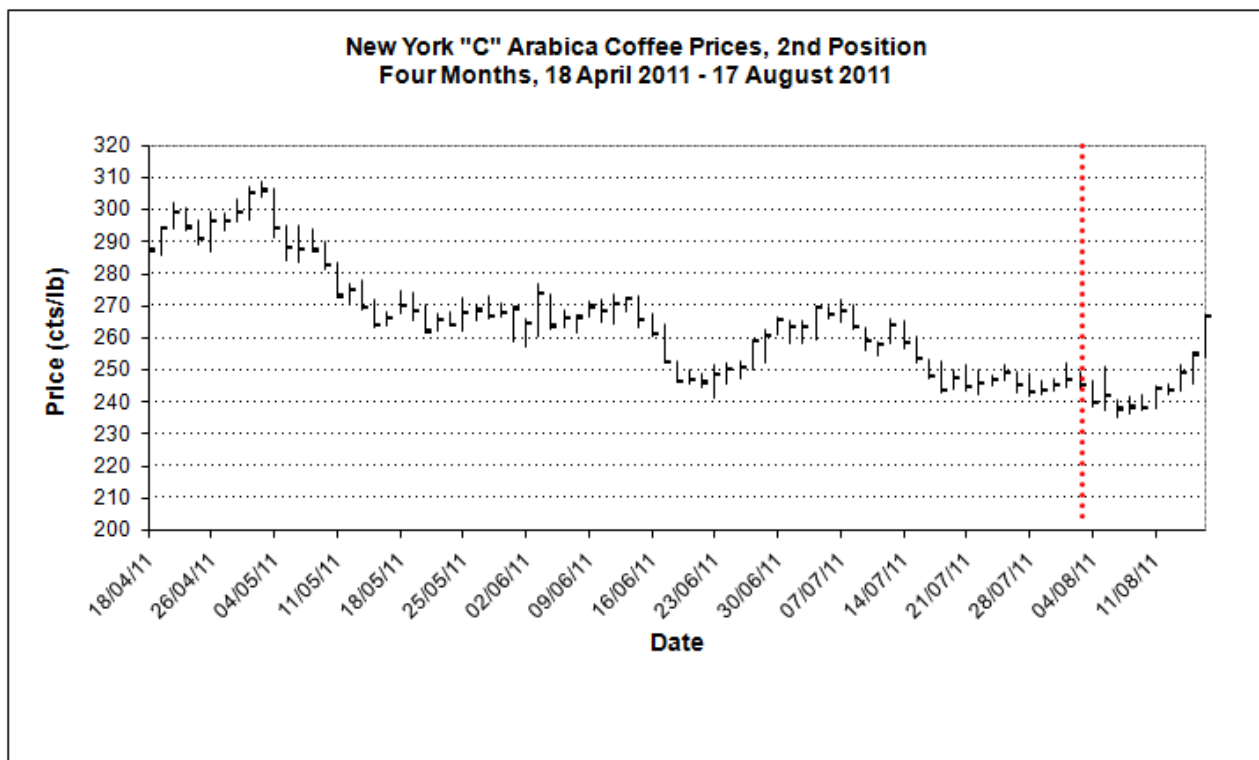




A VOLATILE END TO THE FORTNIGHT

COFFEE PRICES: REVIEW AND OUTLOOK NY ARABICA 'C' MARKET



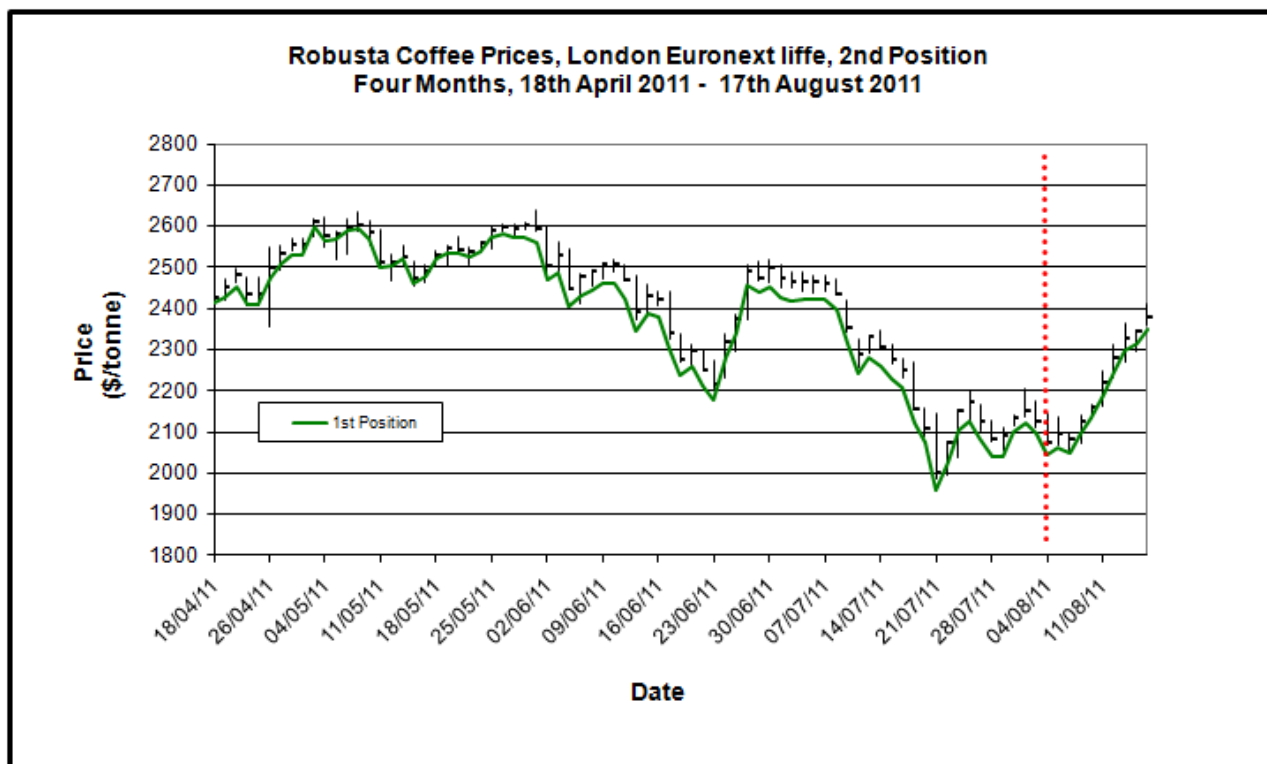
REVIEW OF NY 'C' ARABICA MARKET 2 WEEKS ENDING 17TH AUGUST 2011 & OUTLOOK FOR ARABICA PRICES

New York reached the highest point since the beginning of July 2011 (not so long ago) and hit the 267.30 mark yesterday, 17 August, basis December 2011 month. This has been a volatile time in all markets over the last few days; after a short period of calm recently, these moves are reminiscent of the sharp 'intraday' rallies seen back in May, June and July of this year. As before, these are seen as 'technical moves' and do not directly relate to specific any physical coffee news.

However coffee producing countries hit the headlines too. The Colombia Mitaca crop has suffered through the effects of heavy rains and the crop for the year may not reach the 9m bags forecast. There is also supply concerns form Brazil for the new season 2011/12 which is making the coffee supply situation for 2012 uncertain. Lastly the 'certified stocks' of Arabica fell below the 1.5m mark for the first time in ten years. Quality coffee is in demand. However overall GCA stocks (see table overleaf) increased to 4.8m bags and has been increasing steadily. This gives us mixed messages.

Sentiment in the market appears to be very variable at this time. Perhaps we have returned to the higher trading range of 240-260 or even 250-270 once again; it may be that the fall back to 235 was overdone. In our view, this is the case and we believe that some fresh consolidation at current levels is likely. Another volatile fortnight to come?

LONDON ROBUSTA COFFEE MARKET



REVIEW OF EURONEXT LIFFE ROBUSTA MARKET 2 WEEKS ENDING 17TH AUGUST 2011 & OUTLOOK FOR ROBUSTA PRICES

At first Robusta prices struggled and reached lows of \$2055 before demonstrating a change of mood and after 7 consecutive moves up, reached a high of \$2410 yesterday. Indeed London was leading the way for some of the time during the last period of review. Only in the last 3 days did the New York Arabica market retake the initiative. In our view prices will continue steady and struggle to keep in line with the New York.

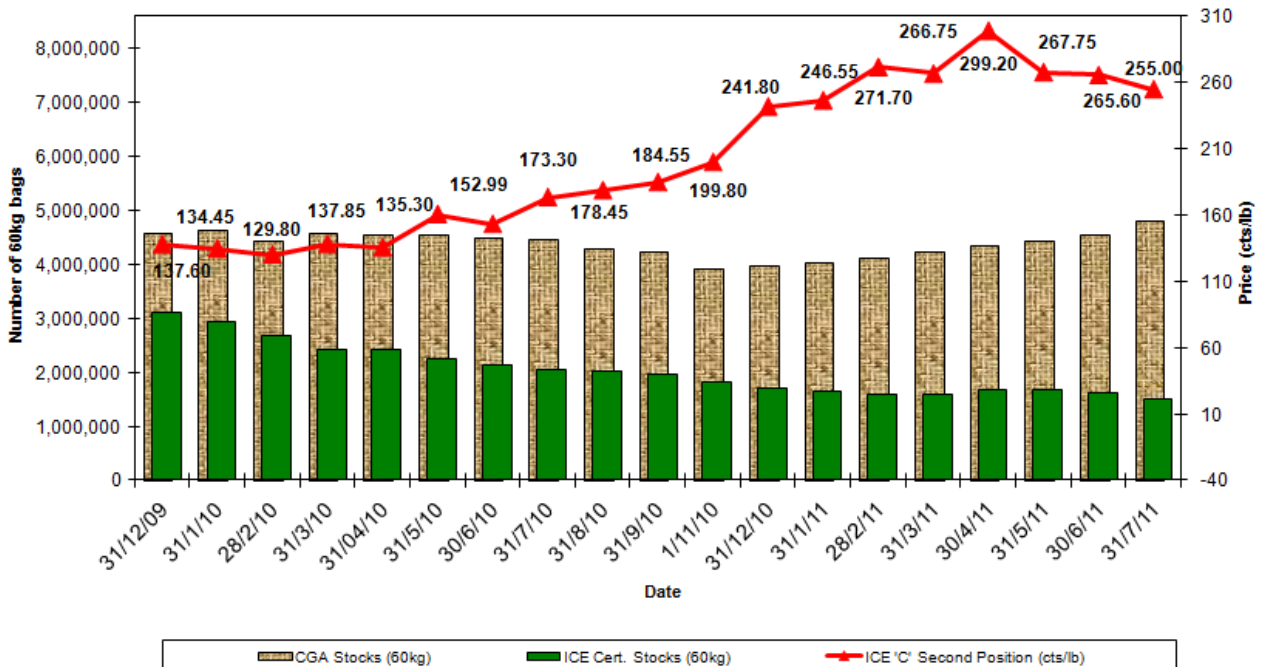
SUMMARY OF PRICE MOVEMENTS FROM 4TH – 17TH AUGUST: 2ND POSITION

	Period High	Date	Period low	Date	Settle on 3 rd August	Settle on 17 th August	Overall Change + / -
ARABICA Sep 11 NY Cts/lb.	267.3	17/08/11	235.3	08/08/11	245.50	266.80	+21.3
ROBUSTA Sep 11 London US\$/ton.	2410	17/08/11	2055	08/08/11	2126	2380	+254
ICO composite price Arabica and Robusta cts/lb					200.44	218.74	+18.3

NY CERTIFIED STOCKS AND GREEN COFFEE ASSOCIATION STOCKS

	03/08/11	17/08/11	Change
NY Certified Stocks (60kg bags)	1,531,183	1,491,797	-14
Pending Grading	5,155	4,874	-281
GCA Stocks (60kg bags) Next release of figures 15 th Sept	30/06/11 4,559,795	31/07/11 4,811,817	+252,022

GCA Stocks with ICE-Certified Stocks and ICE 'C' Arabica Prices (2nd pos.)
18 months, December 2009 - July 2011



RECENT DIFFERENTIALS

Accurate differentials are more difficult to establish with more business being executed on fixed price bases. These are estimated conventional prices. They do not represent the higher differential paid for specialty grades. All prices are FOB against New York (Arabicas) or London (Robusta) Futures:

ORIGIN	QUALITY	SHIPMENT	DIFFERENTIAL	
ARABICA				
BRAZIL	NY2/3 MTGB FC	Sep-Dec	NYC	-7
BRAZIL	S/W NY2 MTGB FC	Sep-Dec	NYC+	3
COLOMBIA	EXCELSO EP	Aug-Nov	NYC+	25
PERU	MCM 22 DEFECTS	Aug-Nov	NYC+	0
COSTA RICA	SHB	Dec-Mar	NYC+	26
COSTA RICA	HB	Jul-Aug	NYC+	n/a
EL SALVADOR	SHG	Dec-Mar	NYC+	6
EL SALVADOR	HG	Dec-Mar	NYC+	4
GUATEMALA	SHB	Aug	NYC+	15
GUATEMALA	HB	Aug	NYC+	13
HONDURAS	SHG	Jan-Mar	NYC+	6
HONDURAS	HG	Jan-Mar	NYC+	n/a
MEXICO	HG	Jan-Mar	NYC+	10
MEXICO	PW	Jan-Mar	NYC+	5
NICARAGUA	SHG	Feb-Mar	NYC+	7
INDIA	Plantation A	Jul-Aug	NYC+	9
SUMATRA	GRADE 1 DP	Jul-Aug	NYC+	n/a
D R CONGO	KIVU 4	Aug-Sep	NYC	-15
RWANDA	ORDINARY	Aug-Sep	NYC	-10
RWANDA	F/W A1/A2	Aug-Oct	NYC+	30
TANZANIA	AA NORTH	Oct-Dec	NYC+	45
TANZANIA	AB NORTH	Oct-Dec	NYC+	15
TANZANIA	AA SOUTH	Oct-Dec	NYC+	10
TANZANIA	AB SOUTH	Oct-Dec	NYC+	0
UGANDA	BUGISU AA		NYC+	n/a
UGANDA	BUGISU AB		NYC	-16
UGANDA	DRUGAR	Aug-Nov	NYC	-55
BURUNDI	F/W A	Sep	NYC+	29
KENYA	AB FAQ	Oct-Dec	NYC+	115
ETHIOPIA	DJIMMA 5	Aug-Sep	NYC+	-15
MALAWI	F/W AB	Sep-Oct	NYC+	50
ROBUSTA				
TANZANIA	BUKOBA FAQ	Sep-Dec	Liffe+	n/a
UGANDA	SCR 18+	Jul-Aug	Liffe+	330
INDIA	CHERRY AA	Jul-Aug	Liffe+	330
VIETNAM	GRADE 2 5%	Jul-Aug	Liffe+	-50

© Twin, 2011. The next issue is due to be published on the 1st September 2011. For more information contact: Matt Horsbrugh, John Weaver or Joanna Lawson at: Twin, Tel: + 44 (0)20 7375 1221, Fax: + 44 (0)20 7375 1337, e-mail: joannalawson@twin.org.uk