



End Third Quarter Report 2006

Trade industry and speculative interest continue to monitor weather developments for coffee-producing regions of Brazil and Vietnam. There is continued speculative interest by funds “to sell” in anticipation of higher rain counts and steady flowering in comparison to recent dry conditions for Brazil. While regarding Vietnam, there’s concern for possible shortages and continued squeeze of physical availability.

The uneasiness by London the market in direct relation to recent squeeze on availability of Sept and continued industry chatter for same squeeze to possibly occur in November month has the obvious possibility to lend support to the NY futures market for arabica.

Continued tact by our more prudent coffee clients is to have in place for forward the traditional North American ‘fall season’ in the form of long spread futures, call options and/or actual physical purchases.

Other commodities, particularly oil, have seen some recent off-take with eased Middle East (Israel/Lebanon) concerns and lack of hurricanes impacting the gulf coast United States. Expect continued allocation of investor money to be adjusted. The current oil prices are most welcome to ward off U.S. inflation and an easing at the pumps for overall pocket book cash. Hopefully this will translate to more out of home coffee purchases!

After a series of 17 rate hikes stretching over a two-year period, the FOMC have held U.S. prime rate steady at 8.25% Rates are unchanged as of Aug 8th and Sept 20th

Physicals: Colombians presenting good over all values vis-à-vis other origins. Some concerns have persisted though regarding Buenaventura port congestion impacting both inbound and outbound shipments.

We’ve turned a corner with recent anniversary of Hurricane Katrina and focus continues for a region and city toward rebirth and renewal. We acknowledge there are considerable obstacles ahead and much work still to be done. Our mission continues with confidence. We would also like to take this opportunity to thank all that have shown support during these trying times. Without you, we would simply not be here.

CECAFE
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U.S. GREEN WAREHOUSE COFFEE STOCKS

Each month the Association will distribute a port-by-port recapitulation of coffee in warehouses in all ports of the United States.

The following is a list by port compiled by the Green Coffee Association, Inc. The data furnished is derived by the local warehouseman in the listed port areas. The compilation has been made by the Green Coffee Association, Inc. which has no reason to believe the data is not reasonably accurate, but no assurance is given or representation made as to the accuracy of all or any of the material.

| <u>PORT</u> | TOTAL EXCHANGE & NON EXCHANGE 8/31/2006 | TOTAL EXCHANGE & NON EXCHANGE 7/31/2006 | <u>DIFFERENCE</u> |
|----------------------|---|---|-------------------|
| NEW YORK | 1,982,855 | 1,966,426 | 16,429 |
| NEW ORLEANS | 1,057,205 | 1,080,809 | (23,604) |
| JACKSONVILLE | 125,000 | 156,000 | (31,000) |
| MIAMI | 603,161 | 634,844 | (31,683) |
| HOUSTON | 536,721 | 523,591 | 13,130 |
| LAREDO | 102,836 | 93,855 | 8,981 |
| SAN FRANCISCO | 454,258 | 432,731 | 21,527 |
| NORFOLK | 112,171 | 131,828 | (19,657) |
| PHILADELPHIA | 4,338 | 3,827 | 511 |
| SEATTLE/TACOMA | 86,626 | 84,513 | 2,113 |
| LOS ANGELES/LONG BCH | 77,809 | 72,863 | 4,946 |
| BALTIMORE | <u>24,681</u> | <u>25,096</u> | <u>(415)</u> |
| TOTAL USA: | 5,167,661 | 5,206,383 | (38,722) |

| Commodity Name | Contract Month | EFP* | Trade Volume | Open Interest | Change | *** ADJ | Call Exercised | Put Exercised | Estimated EFS * | Spread Volume ^u |
|----------------|----------------|------|--------------|---------------|--------|---------|----------------|---------------|-----------------|----------------------------|
| COFFEE | | | | | | | | | | |
| KC | DEC06 | 350 | 6,281 | 76,821 | 21 | 0 | 4 | 0 | 0 | 168 |
| KC | MAR07 | 30 | 678 | 15,434 | 187 | 0 | 0 | 0 | 0 | 171 |
| KC | MAY07 | 0 | 12 | 4,113 | -1 | 0 | 0 | 0 | 0 | 2 |
| KC | JUL07 | 0 | 169 | 2,337 | 24 | 0 | 0 | 0 | 0 | 130 |
| KC | SEP07 | 0 | 234 | 1,626 | 49 | 0 | 0 | 0 | 0 | 176 |
| KC | DEC07 | 0 | 350 | 2,428 | 39 | 0 | 0 | 0 | 0 | 350 |
| KC | MAR08 | 0 | 295 | 1,828 | 225 | 0 | 0 | 0 | 0 | 295 |
| KC | MAY08 | 0 | 0 | 1,758 | 0 | 0 | 0 | 0 | 0 | 0 |
| KC | JUL08 | 0 | 0 | 226 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total for KC | | 380 | 8,019 | 106,571 | 544 | | 4 | 0 | 0 | 1,292 |