



Market Highlights May 15, 2006

There's an old adage in the coffee trade **"Sell in May and go away"** Well, following that precept, you've made a nice amount of money so far this month (.08 cnt drop from May 1st to 15th) but wary to the trader with the first hint of cold weather in coffee regions of Brazil.

Our more prudent coffee clients have a working strategy in place for forward traditional 'frost coverage' in the form of long spread futures and/or call options.

For those still reflecting on the dip.... Although it's in part because of the off-take in physical interest in view of the North American summer months or more so the speculative interest leaving the market. Temporary? Commodities, as a whole, have received a tremendous amount of speculative interest by buyers who are eager to get more favorable returns on their equity, introduction of more ETF's and at times there's general concern regarding U.S. inflation - thus the investment in commodities for protection. Coffee is of course part of that 'commodity package' that speculators love and the "speculation factor" is something that we in the trade are learning to deal with.

Physicals: Continued interest for Colombian both spot and nearby forward
Value priced mild stocklots traded recently (20 – 22 under)

There's mixed reports coming out of Indonesia particularly for Sumatra's both on offers and quality. Gathering more intelligence and look to share our findings.

Regarding the general recovery in and around New Orleans, LA...It's slow...very slow. Hurricane season is little less than 2 weeks away. So much to be done and there's no rest for the weary.

Regardless we will persevere.

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(Attached warehouse stock and OI reports below)

U.S. GREEN COFFEE WAREHOUSE 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.

PORT	TOTAL EXCHANGE	TOTAL EXCHANGE	DIFFERENCE
	& NON EXCHANGE	& NON EXCHANGE	
	4/30/2006	3/31/2006	
NEW YORK	1,850,230	1,916,349	-66,119
NEW ORLEANS	1,308,060	1,308,037	23
JACKSONVILLE	136,044	130,312	5,732
MIAMI	685,032	693,577	-8,545
HOUSTON	439,652	426,961	12,691
LAREDO	72,649	70,649	2,000
SAN FRANCISCO	326,153	344,610	-18,457
NORFOLK	149,572	129,915	19,657
PHILADELPHIA	5,509	5,878	-369
SEATTLE/TACOMA	100,553	130,494	-29,941
LOS ANGELES/LONG BEACH	107,856	100,266	7,590
BALTIMORE	17,663	<u>17,927</u>	-264
TOTAL USA:	5,198,973	5,274,975	-76,002

Commodity Name	Contract Month	EFP*	Trade Volume	Open Interest	Change	*** ADJ	Call Exercised	Put Exercised	Estimated EFS *	Spread Volume ^u
COFFEE										
KC	MAY06	0	12	96	-22*	-13	0	0	0	0
KC	JUL06	337	10,943	71,463	2,627	0	8	0	0	1,629
KC	SEP06	111	3,645	17,818	614	0	0	0	0	1,464
KC	DEC06	31	1,588	9,457	-190	0	0	0	0	410
KC	MAR07	0	90	3,112	25	0	0	0	0	19
KC	MAY07	0	66	766	9	0	0	0	0	31
KC	JUL07	0	6	682	3	0	0	0	0	2
KC	SEP07	0	4	576	0	0	0	0	0	2
KC	DEC07	0	13	910	11	0	0	0	0	1
KC	MAR08	0	0	3	0	0	0	0	0	0
Total for KC		479	16,367	104,883	3,077		8	0	0	3,558