

MENTHA OIL

23th November 2006

SPOT MARKETS

Spot markets experienced volatile movement from sentiments created in MCX. Chandusi continued to experience mixed sentiments, with intraday high of Rs.704. Sambhal continued to receive demand from exporters with a intraday high of Rs.705. Arrivals in Rampur were in equilibrium with approaching exporters. Traders are anticipating higher arrivals in Rampur. Increase in spot prices was seen due movements in MCX. Barabanki was experiencing bullish sentiment in the early hours, with an intra-day peak of 705; reason can be located as exporters approaching markets. Overall firm arrivals are reported in the coming trading session. Prices may shoot up in (medium term) spot markets anticipating exporters approaching spot markets.

FUTURES MARKETS

December contract at MCX opened in a bullish node and slide downwards in the late trading hours. Buying on MCX was seen throughout the day, however skepticism cannot be ignored from the future market. December contract traded with a intraday climax of 709 and concluded at 687.6. However Markets are seen to open in range bound trade, but speculation cannot be ignored.

PRICE DRIVERS

1. Exporters are approaching the markets
2. Higher participation in spot markets
3. Increasing speculative activity.

TECHNICALS

Candlesticks are Tonbo or dragonfly doji indicating wait and see pattern. MACD signaled bullish, but a firm phase is needed for further movement. RSI index is indicating bullish driven markets, but RSI is still roving in overbought region. Volume and open interest was quite high. Prices were above the averages, indicating lower strength in upward movement. Strategy here with respect to RSI would be to hold position with a stop loss.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-December Contract	680	658	687.6	702	723

TRADE RECOMMENDATION:

Safe strategy: Go short at current level with Rs.702 as stop loss.

Spot Market Prices

Origin/Grade	Center	22.11.06	21.11.06	Rs/Kg Change
Mentha Oil	Sambhal	688	692	4.00
Mentha Oil	Chandusi	685	690	5.00
Mentha Oil	Rampur	675	677	2.00
Mentha Oil	Barabanki	675	680	5.00

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