

MENTHA OIL

4th November 2006

SPOT MARKETS

Major spot markets of mentha oil were acknowledging flow of farmers and traders. Traders reported spot markets were tuning with MCX. Big export houses continue to stay away from major spot markets, but the anticipation of they approaching markets is the driving force. In the upcoming trading session expectation are high, on the arrivals of exporters in the spot markets. Prices may shoot up in spot markets on the anticipation that exporters may arrive very soon. Situation is likely to improve on international demand.

FUTURES MARKETS

The mentha oil futures at the Multi Commodity Exchange (MCX) made a recovery after a steady downward trend. Futures were making recovery on the anticipation of exporters arriving in the spot markets. Mentha oil made a recovery of Rs.15 in the November contract and Rs.16 in the December contract. November contract traded in the range of Rs.622.1-649 while December contract traded in the range of 637.3-665. Market is likely to appreciate, in the coming trading session.

PRICE DRIVERS

1. Trader's participation in the spot market.
2. Increasing demand and arrivals inspot's
3. Exporters are likely to approach markets
4. Increasing speculative activity

TECHNICALS

Charting candlesticks pattern is indicating that market may follow bears. MACD 9 day and 12 day index signaled markets resembling bearish strength. RSI line is indicating that markets in a over sold region and is likely to transform very soon. Volume was comparatively low and open interest was high.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-November Contract	607.9	596	628.3	653.8	676.5

TRADE RECOMMENDATION:

Safe strategy: Stay out of the market: **Risk strategy :** Hold December position, at stop loss at S1

Spot Market Prices

Origin/Grade	Center	3.11.06	2.11.06	Rs/Kg Change
Mentha Oil	Sambhal	644	642	2.00
Mentha Oil	Chandausi	652	645	7.00
Mentha Oil	Rampur	642	648	6.00

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