

MENTHA OIL

31th October 2006

SPOT MARKETS

Major spot markets of mentha oil continued to flow in a bullish node. Lackluster behavior was seen in most of the markets. Big export houses are still not approaching the markets; as a result markets are experiencing depleted prices. Prices tapered downwards by Rs.2-4 while Rampur was away from any price change. 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 after UP election.

FUTURES MARKETS

The mentha oil futures at the Multi Commodity Exchange (MCX) continued to traded with a bearish sentiment. Futures are toning with spot as no exporters are seen in the spot markets. Mentha oil experienced downward trend as futures lost its value by Rs.2.7-3.7. November contract traded between the range of 654.2-668 while December contract traded in the range of 670.1-685.8. Market is likely to appreciate, in the coming trading session.

PRICE DRIVERS

1. Lackluster behavior in spot market.
2. Exporters are likely to approach markets
3. Increasing speculative activity

TECHNICALS

Charting candlesticks pattern is indicating that market are following bears. MACD 9 day and 12 day index signaled markets not resembling strength from the bullish perspective. RSI line is indicating that markets in a over sold region and may make transformation very soon. Volume was low and open interest was high.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-November Contract	663.6	661.9	678.1	689.5	696.4

TRADE RECOMMENDATION:

Safe strategy: Stay out of the market: **Risk strategy :** Buy December futures at S1 for short-medium term gain.

Spot Market Prices

Origin/Grade	Center	31.10.06	30.10.06	Rs/Kg Change
Mentha Oil	Sambhal	656	658	2.00
Mentha Oil	Chandausi	663	667	4.00
Mentha Oil	Rampur	655	655	--

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