

MENTHA OIL

22th November 2006

SPOT MARKETS

Spot markets continued to be in bullish run from sentiments witnessed in MCX. Chandusi continued to experience bullish sentiments, with intraday high of Rs.693. Sambhal continued to receive demand from exporters, with major equilibrium arrivals from stockiest. Intraday high in Sambhal was reported to be Rs.695. Arrivals in Rampur were noted to be less with adequate exporters. Increase in spot prices was seen due to buying pressure on MCX. Barabanki was experiencing bullish behavior; reason can be located as exporters approaching markets. Traders anticipating prices to slide marginally downwards tomorrow. 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 continued to trade in bullish tone. Mentha improved with Rs.24.80 on the futures continuing bullish rally. Buying on MCX was seen throughout the day, anticipating further demand. December contract climbed an intraday high of Rs.692.4 and concluded at 692.2. However Markets are seen to open in range bound trade, but speculation cannot be ignored.

PRICE DRIVERS

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

TECHNICALS

Candlesticks are indicating bullish pattern indicating further rise in prices. 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	655	634	692.2	702	723

TRADE RECOMMENDATION:

Safe strategy: Go short at current level with Rs.702 as stop loss
Risky strategy: Create position above Rs.703

Spot Market Prices

Origin/Grade	Center	21.11.06	20.11.06	Rs/Kg Change
Mentha Oil	Sambhal	692	670	22.00
Mentha Oil	Chandusi	690	667	23.00
Mentha Oil	Rampur	677	656	21.00
Mentha Oil	Barabanki	680	660	20.00

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