

MENTHA OIL

31st October 2006

SPOT MARKETS

Major spot markets of mentha oil opened at a bearish note on Monday after Uttar Pradesh election. Chandausi experienced lackluster behavior, as less buyers and sellers were reported. Traders reported few exporters arrived at Rampur, which resulted in a Rs.4-5 increase. In the upcoming season 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 come very soon. Situation is likely to improve after UP election.

FUTURES MARKETS

The mentha oil futures at the Multi Commodity Exchange (MCX) continued traded with a bearish sentiment after Saturdays technical snag. Mentha oil experienced downward trend as futures lost its value by Rs.3.1-3.7. Lackluster behavior in the spot market of Chandausi was influencing the future market. However futures regained from a dip, as exporters arrived at the markets of Rampur. November contract traded between the range of 655.6-672.8, while December contract traded in the range of 672.4-689.5. Market is likely to recover, as exporters are seen.

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 are Bearish. Volume was low and open interest was indicating higher speculation.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-November Contract	646.3	632	666.5	688.4	713.7

TRADE RECOMMENDATION:

Safe strategy: Stay out of the market

Risk strategy: Buy December futures at current level with stop loss at 676.

Spot Market Prices

Origin/Grade	Center	30.10.06	27.10.06	Rs/Kg Change
Mentha Oil	Sambhal	658	662	4.00
Mentha Oil	Chandausi	667	NA	--
Mentha Oil	Rampur	655	NA	--

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