

MENTHA OIL

November 6, 2006

SPOT MARKETS

Major spot markets of mentha oil continued to see flow of farmers and traders. Sambhal traders reported that exporters were approaching the markets; but buying and selling was close to equilibrium. Chandusi was still under light lackluster behavior. In the upcoming trading session expectation are high, on the arrivals of exporters in other 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) traded in a bearish sentiment, after yesterday's bullish drive. Futures were closely trading high in the middle hours but tapered downwards at the closing hours. Mentha oil lost its value by Rs.4.8 in the November contract and Rs.6.6 in the December contract. November contract traded in the range of Rs.632.2-648 while December contract traded in the range of 646.4-663.5. Markets are likely to appreciate, in the coming trading session, anticipating exporters.

PRICE DRIVERS

1. Trader's participation in the spot market.
2. Increasing demand and arrivals in spot'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. Long term trend remains same below the average. Volume was comparatively low and open interest was high.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-November Contract	629	608	639.6	653.8	668

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	4.11.06	3.11.06	Rs/Kg Change
Mentha Oil	Sambhal	643	644	1.00
Mentha Oil	Chandausi	648	652	4.00
Mentha Oil	Rampur	642	642	----

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