

MENTHA OIL

3rd November 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 continue to stay away from major spot markets. Lower demand in the spot markets continued to pull prices down by Rs.5-15. 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. Markets are toning with spot sentiments, as people are holding short position. Mentha oil experienced downward trend as futures lost its value by Rs.35.3. Anticipating lower international demand, lackluster behavior in the spot markets, presently these can be located as a defining factor for lower prices. November contract traded in the range of Rs.626.3-662.3 while December contract traded in the range of 677.9-641. 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 resembling bearish strength. RSI line is still indicating that markets in a over sold region and may make transformation 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	677.2	699.2

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	2.11.06	31.10.06	Rs/Kg Change
Mentha Oil	Sambhal	642	656	14.00
Mentha Oil	Chandausi	645	663	18.00
Mentha Oil	Rampur	648	655	7.00

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