

MENTHA OIL

20th November 2006

SPOT MARKETS

Spot markets were steady to firm, but in the closing hour prices reached high due to higher buying on MCX. Chandusi continued to experience presence of exporters, as arrivals were reported low. Sambhal continued to receive demand from exporters, with major equilibrium arrivals from stockiest. Arrivals in Rampur were noted to be less with adequate exporters. Exporters were approaching Barabanki while Barabanki was experiencing less arrival. Traders are anticipating low arrivals from farmers, while deficit will be filled by stockiest. Prices may shoot up in (medium term) spot markets anticipating exporters approaching spot markets.

FUTURES MARKETS

December contract at MCX traded firm but in the closing hours it traded bullish due to buying pressure on the MCX. Traders are voting for regress movement of the trend than a sudden rise/fall. Speculation drove the markets in closing hours. November contract closed in a bullish node while trading between Rs.625-644 and December contract traded between the range of Rs.640-660.8. 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

TECHNICALS

Charting candlesticks is bullish indication of strengthening the markets. It can be looked as markets are approaching consolidation phase. MACD signaled bullish movement but a firm phase is needed for further movement. RSI index is indicating bullish driven markets, but RSI is roving in overbought region. Volume and open interest was quite high. Strategy here 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	633	603	655.5	659	680

TRADE RECOMMENDATION:

Hold December contract futures at stop loss of 626

Spot Market Prices

Origin/Grade	Center	18.11.06	17.11.06	Rs/Kg Change
Mentha Oil	Sambhal	672	645	27.00
Mentha Oil	Chandausi	670	643	27.00
Mentha Oil	Rampur	655	635	20.00
Mentha Oil	Barabanki	655	635	20.00

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