

MENTHA OIL

21th November 2006

SPOT MARKETS

Spot markets were in bullish run from the sentiments created in the MCX. Chandusi continued to experience bullish sentiments in marginal presence of exporters. Sambhal continued to receive demand from exporters, with major equilibrium arrivals from stockiest. Intraday high in Sambhal was reported to be Rs.680, at this level low buying was seen. Arrivals in Rampur were noted to be less with adequate exporters. Exporters were approaching Barabanki while Barabanki continued to experience less arrival. Traders are anticipating low arrivals from farmers, while deficit will be filled in by stockiest. Prices may shoot up in (medium term) spot markets anticipating exporters approaching spot markets.

FUTURES MARKETS

December contract at MCX opened in a bullish mode and continued to be in bullish tone. Mentha improved with Rs.10.80 on the futures continuing bullish rally. Buying on MCX was seen throughout the day, anticipating further demand. December contract reached an intraday high of Rs.678.5 and concluded at 666.1. 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 hammer pattern indication of bullish driven markets. 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. Prices were below the averages. 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	658	642.2	666.1	689	718

TRADE RECOMMENDATION:

Safe strategy: Hold December contract futures at stop loss of 646. **Risky strategy:** Create position at Rs.660 when market tapers downward.

Spot Market Prices

Origin/Grade	Center	20.11.06	18.11.06	Rs/Kg Change
Mentha Oil	Sambhal	670	672	2.00
Mentha Oil	Chandusi	667	670	3.00
Mentha Oil	Rampur	656	655	1.00
Mentha Oil	Barabanki	660	655	5.00

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