

MENTHA OIL

2nd December 2006

SPOT MARKETS

Spot markets witness mixed sentiments throughout the trading session.

Chandusi continued to experience fewer buyers with adequate arrivals and moderate sellers. However traders in Chandusi said if spot prices moved range bound markets may strengthen. Sambhal was incorporating exporters with the adequate arrivals in the markets. Less positive correlation was noticed between MCX and spot market. Sambhal experienced spot prices moving with marginal price volatility. Rampur continued to experience adequate arrivals but local buyers were few throughout the day. Barabanki witnessed less arrival with adequate buyers. Exporter's presence was quite high in Barabanki: reported traders. Overall traders are anticipating firm arrivals in the coming trading session.

FUTURES MARKETS

December contract at MCX opened in a bullish tone, with a jump of Rs.2.8 then the early trading session. In the mid-hours marginal volatility of prices was seen on futures, later in the closing hours bullish drive moved the markets to 675.9. Speculative forces prevailing in the future markets. Traders are anticipating markets to trade in range bound area. December contract traded in the range of Rs.665.8-678.9 January contract traded in the range of Rs.679.8-693.5

PRICE DRIVERS

1. Exporters are approaching the markets
2. Higher participation in spot markets
3. Speculation cannot be ignored.

TECHNICALS

Candlesticks are indicating wait and see pattern. However MACD signaled convergence between MACD and DAV, indicating possible rise in prices. RSI index indicating possibility of trend reversal. Volume was high and open interest was low. Prices decline below 9 day moving averages. Oscillators indicated trend to be tapering upwards.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-December Contract	668	660	675.9	681	686

TRADE RECOMMENDATION:

Safe strategy: Buy near 673 with stop loss near 681

Risky Strategy: Sell near 685

Spot Market Prices

Origin/Grade	Center	Rs/Kg		
		01.12.06	30.11.06	Change
Mentha Oil	Sambhal	672	670	2.00
Mentha Oil	Chandausi	675	670	5.00
Mentha Oil	Rampur	665	662	3.00
Mentha Oil	Barabanki	657	655	2.00

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