

MENTHA OIL (MCX)

16th January 2007

SPOT MARKETS

Spot markets opened with mixed sentiments in the early hours but later due to bullish run on the MCX spot followed the trail. Positive correlation continues between spot and future prices. Barabanki continued to report lower arrivals with marginally higher demand compared with the arrivals. Rampur lower arrivals with subdued demand from exporters. These arrivals were mainly coming from small farmers. Participation of locals was noted. Sambhal was experiencing arrivals from exchange warehouse and stockist. Demand was mainly seen from locals, approaching for bold and menthol. Demand was comparatively higher. Chandusi experienced lower demand with fewer arrivals. Arrivals were mainly coming from exchanges warehouse. Locals were active participants in the spot markets of Chandusi. Bullish sentiments are seen in the spot markets: spot traders reported.

FUTURES MARKETS

January contract at MCX opened with a bullish sentiment. Markets were able to cross the psychological barrier of 570, and closed at 577.4. Markets may follow the bullish trend as it has crossed the 570 level: traders anticipated. However, January contract trading in the range of Rs.559-582.5 while February contract traded in the range of Rs.565.2-590.5. Speculations cannot be ignored.

PRICE DRIVERS

1. Arrivals from exchanges warehouse
2. Lower stockiest participation
3. Active traders participation
4. Speculation cannot be ignored.

TECHNICALS

Candlesticks is rising window pattern indicating bullish markets. MACD indicate bullish markets as DAV line cuts the MACD line from below. RSI line indicating trend to be bullish. Volume and open interest was high. Prices closed above 9 day moving averages and on 18 day moving averages indicating bullish signal. Oscillator indicating trend to be bullish.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-January Contract	563	550	577.4	587	596

TRADE RECOMMENDATION:

Safe strategy: buy at current level with a stop loss near 570 and a target near 585

Risky strategy: buy at current level with a stop loss near 565 and a target near 592

Epilogue: bullish phase.

Spot Market Prices

Origin/Grade	Center	15 . 01 . 07	13 . 01 . 07	Rs/Kg Change
Mentha Oil	Sambhal	640	634	6.00
Mentha Oil	Chandusi	635	632	3.00
Mentha Oil	Rampur	634	628	6.00
Mentha Oil	Barabanki	625	620	5.00

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