

MENTHA OIL (MCX)

3rd January 2007

SPOT MARKETS

Spot markets continued to be in a bearish node due to the fall in future prices on MCX. Spot traders continued to back the existence of speculative forces in the markets. Chandusi was experiencing lower arrivals with adequate demand from locals and exporters. Lower arrivals were noted in the markets of Sambhal. Demand was lower through out the trading session, as exporters presence was not felt. Traders are anticipating higher arrivals in the coming trading session. Rampur was experiencing less demand from locals, presence of exporters was not felt. Adequate arrivals were noted in Rampur. Barabanki continued to witness adequate arrival with the presence of few exporters. Price difference between the spot and futures is approximately Rs.40-60 on an average.

FUTURES MARKETS

January contract at MCX traded with bearish sentiment as prices continued to slide further. Speculative forces are prevailing in the markets. Lack of Fundamental support from the spot markets, as demand continued to exist in the market and spot traders are expecting existing demand in the future. January contract traded in the range of Rs.568.6-586.4, while February contract traded in range of Rs.574.3-594.7.

PRICE DRIVERS

1. Stockist presence in the markets.
2. Less farmers presence.
3. Active traders participation
4. Speculation cannot be ignored.

TECHNICALS

Candlesticks is indicating bearish pattern. MACD continued to indicate bearish markets. RSI cuts MA line from above indicating bearish mood. Volume and open interest was low, indicating low participation. Prices decline below moving averages. Oscillator indicating trend to be bearish.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-January Contract	563	557	570	581	592

TRADE RECOMMENDATION:

Safe strategy: Sell at current level.

Risky strategy: Buy at current level with target of 574 and stop loss near 565

Spot Market Prices

Origin/Grade	Center	02 . 01 . 07	01 . 01 . 07	Rs/Kg Change
Mentha Oil	Sambhal	641	645	4.00
Mentha Oil	Chandusi	637	642	5.00
Mentha Oil	Rampur	635	639	4.00
Mentha Oil	Barabanki	615	620	5.00

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