

MENTHA OIL (MCX)

8th January 2007

SPOT MARKETS

Spot markets opened with bearish sentiments. Chandusi continued to reported adequate arrivals, with falling prices. Exporter's presence was not felt in Chandusi. Spot prices were in positive correlation with futures MCX prices. Demand continued to be less in Chandusi. Sambhal was experiencing lower arrivals with lower demand. Traders reported arrivals are coming from stockist, farmers are not willing to contribute at lower prices. Exporter's presence was not felt in Sambhal. Rampur received adequate arrivals with less demand from locals as exporters were not approaching the markets. Barabanki was receiving lower arrivals and lower demand, constructing an equilibrium condition. Exporters presence was lower in Barabanki. Backwardation is seen in the future and spot prices. Traders also said markets are likely to be bearish.

FUTURES MARKETS

January contract at MCX followed bearish sentiments. MCX continued to follow is downfall, this is located by speculation reported traders. Traders continue to anticipate prices to lower further in next trading session. January contract traded in the range of Rs.533.1-556 while February contract traded in the range of Rs.541.3-561.6

PRICE DRIVERS

1. Less presence of Exporters
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 line now is wandering in oversold region. Volume and open interest was low, indicating low participation. Prices decline below moving averages. Oscillator indicating trend bearish.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-January Contract	527	518	534.9	550	564

TRADE RECOMMENDATION:

Safe strategy: Sell at current level

Spot Market Prices

Origin/Grade	Center	06 . 01 . 07	05 . 01 . 07	Rs/Kg Change
Mentha Oil	Sambhal	612	624	12.00
Mentha Oil	Chandausi	609	622	10.00
Mentha Oil	Rampur	612	626	14.00
Mentha Oil	Barabanki	605	615	10.00

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