

## MENTHA OIL ( MCX )

18<sup>th</sup> January 2007

### SPOT MARKETS

Spot markets opened with bullish undertone with volatile prices due to MCX. Positive correlation continues between spot and future prices. Barabanki continued to report lower arrivals from farmers. Adequate demand was experienced in Barabanki, demand was coming from exporters. Rampur experienced an intra-day low of 610 but later with the rising prices on MCX it recovered. Lower arrivals were reported in Rampur; however demand was coming from locals and exporters. Sambhal was experiencing lower arrivals with existing demand from exporters and locals. Arrivals were also reported from exchange warehouse. Chandusi experienced demand from exporters and locals. Arrivals were coming from exchange warehouse. Local demand was not so active in Chandusi.

### FUTURES MARKETS

January contract at MCX opened with mixed sentiments and traded marginal volatility. Markets are moving range bound and were not able to crack the psychological level of 580. Traders continue to anticipate correction to come in the futures markets very soon. However, January contract trading in the range of Rs.556.60-571.80 while February contract traded in the range of Rs.564-580.

### PRICE DRIVERS

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

### TECHNICALS

Candlesticks are indicating bullish pattern. MACD indicate bullish markets as DAV line cuts the MACD line from below and continues to run parallel. RSI line indicating trend to be consolidating. Volume was lower and open interest was relatively low compare to previous trading session. Prices closed above 9 day moving averages. Oscillator indicating trend to be marginally bearish. Gann Fan indicating falling trend.



### SUPPORT / RESISTANCES:

| Contract                        | S1  | S2  | PCP   | R1  | R2  |
|---------------------------------|-----|-----|-------|-----|-----|
| MCX-Mentha Oil-January Contract | 558 | 550 | 566.9 | 574 | 580 |

### TRADE RECOMMENDATION:

**Safe strategy:** wait and see

**Risky strategy:** buy at current level with a stop loss near 556 and a target near 574.

**Epilogue:** Correction phase.

### Spot Market Prices

| Origin/Grade | Center    | Rs/Kg        |              |        |
|--------------|-----------|--------------|--------------|--------|
|              |           | 17 . 01 . 07 | 16 . 01 . 07 | Change |
| Mentha Oil   | Sambhal   | 625          | 625          | 0.00   |
| Mentha Oil   | Chandusi  | 622          | 622          | 0.00   |
| Mentha Oil   | Rampur    | 620          | 620          | 0.00   |
| Mentha Oil   | Barabanki | 610          | 610          | 0.00   |

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