

MENTHA OIL (MCX)

3rd February 2007

SPOT MARKETS

Spot markets opened with bullish sentiments in the early hours but later due to selling pressure on MCX spot markets closed with declining prices. Rampur was incorporating demand from fewer locals with lower arrivals. Chandusi experienced lower arrivals with few exporters. Local buying was taking place absorbing the arrivals. Chandusi experienced an intra-day high of Rs.622. Sambhal experienced adequate arrivals which were coming from farmers and fewer from stockist, as stockist has less stocks with them; reported traders. Sambhal was incorporating exporters with lower local demand. Sambhal experienced an intra-day high of Rs.616. Barabanki experienced exporters demand, but exporters were bargaining for lower prices, however prices increased with MCX. Adequate arrivals were reported in Barabanki. Traders are anticipating markets to trade weak for the coming trading session.

FUTURES MARKETS

February contract at MCX opened with bullish sentiment, but later due to profit booking MCX slashed from Rs.604.90 to Rs.593 or lower by Rs.11.90 while March contract slashed from Rs.610 to Rs.604.40 or down by Rs.5.90. Less selling pressure was seen in March contract as future traders are anticipating further rise in the coming days till March contract expires.

PRICE DRIVERS

1. Exporters demand in the spot markets.
2. Lower arrivals from farmers.
3. Speculation cannot be ignored.

TECHNICALS

Candlesticks is 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 bullish as the RSI line has cut the MA line from below. Volume was lower and open interest was high. Prices closed above the 9,18 and 27 day moving averages.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-February Contract	586	576	593	606	612

TRADE RECOMMENDATION:

Safe strategy: buy at current level with stop loss near 590 and a target near 600 (weekend effect taking place)

Risky Strategy: buy at current level with the stop loss near S1 and target near R1

Epilogue: Covering Phase.

Spot Market Prices

Origin/Grade	Center	02. 02. 07	01. 02. 07	Rs/Kg Change
Mentha Oil	Sambhal	615	615	0.00
Mentha Oil	Chandusi	617	618	1.00
Mentha Oil	Rampur	608	608	0.00
Mentha Oil	Barabanki	600	595	5.00

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