

MENTHA OIL (MCX)

5th February 2007

SPOT MARKETS

Spot markets opened with mixed 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. Sambhal was experiencing demand from fewer exporters due to weekend effect and lower prices due to falling futures on MCX. Exporters were bargaining for lower prices. Barabanki experienced lower demand as exporters were further anticipating a fall in prices in the coming trading session. However arrivals were reported from farmers with weakening prices. Traders are anticipating markets to open in a bullish node for the coming trading session.

FUTURES MARKETS

February contract at MCX opened with bearish sentiment as markets was able to hold the previous high which breached a strong resistance. February contract opened at Rs.592.60 and slashed to Rs.581.20 before closing at 583.40, while March contract opened at 600 and slashed to 585.10 and concluded at 588.5. Weekend effect taking place in the markets, however traders are showing lower confidence at higher prices indicating markets to again wonder in the consolidation phase.

PRICE DRIVERS

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

TECHNICALS

Candlesticks is indicating bearish 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	577	571	583.4	593	602

TRADE RECOMMENDATION:

Safe strategy: buy at current level with a stop loss near 580 and a target near 592

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	03. 02. 07	02. 02. 07	Rs/Kg Change
Mentha Oil	Sambhal	610	615	5.00
Mentha Oil	Chandusi	608	617	9.00
Mentha Oil	Rampur	600	608	8.00
Mentha Oil	Barabanki	590	600	10.00

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