

MENTHA OIL (MCX)

2nd February 2007

SPOT MARKETS

Spot markets opened firm but with MCX showing bearish sentiments and then later recovering spot markets also recovered. Positive correlation was seen between spot and futures market. Rampur was incorporating demand from fewer exporters and locals. However the arrivals were comparatively lower. Chandusi experienced adequate arrivals from stockiest, however arrivals from farmers were lower with stockist holding fewer stocks. Sambhal reported adequate arrivals from farmers and stockist with the presence of exporters and locals. Demand was higher in Sambhal compared with the prior trading session. Barabanki reported arrivals coming from farmers, these arrivals were lower than the previous trading session. Barabanki exporters came in equilibrium with the increasing MCX prices.

FUTURES MARKETS

February contract at MCX opened with bearish sentiments and markets slashed to Rs.5.4. However later due to buying pressure on MCX markets carried bullish sentiments and reached a high of Rs.15.6 visa-a-via with the previous trading session. February contract traded in the range of 571.3-589.6 while March contract traded in the range of 574.9-596.

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	577	565	589.6	596	601

TRADE RECOMMENDATION:

Safe strategy: wait and watch(Strong resistance between 585-590 as markets has touch this level before and slashed down)

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

Epilogue: Consolidation Phase.

Spot Market Prices

Origin/Grade	Center	02. 02. 07	01. 02. 07	Rs/Kg Change
Mentha Oil	Sambhal	615	610	5.00
Mentha Oil	Chandusi	618	606	12.00
Mentha Oil	Rampur	608	600	8.00
Mentha Oil	Barabanki	595	588	7.00

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