

MENTHA OIL (MCX)

7th February 2007

SPOT MARKETS

Spot markets opened firmed but later traded bullish with MCX bullish rally. Rampur experienced approximately 3000kg of arrivals; reported traders. These arrivals were demanded by locals and exporters in the markets. There was a marginal downwards movement with the fall in MCX prices. Barabanki experienced adequate arrivals with the presence of exporters and locals. Exporters demand was felt while locals were timid in demand. Barabanki went with an intra-day high of Rs.615/kg then slashed to the closing level. Chandusi experienced adequate arrivals with exporters demand. Locals were asking 'bold' with the bullish rise in MCX. Chandusi went with an intra-day high of Rs.628/kg. Sambhal was experiencing the influx of arrivals with consumption from exporters and locals. Chillers were the active buyers in the markets of Sambhal. Sambhal was more sensitive to MCX volatility.

FUTURES MARKETS

February contract at MCX opened with bullish sentiment at Rs.599, and continued to trade in bullish sentiments, but in the late hours MCX showed bullish sentiments and slashed down to Rs.590.7. March contract opened at 603.2 and traded with a bullish sentiment before closing in a bearish sentiment at Rs.597.

PRICE DRIVERS

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

TECHNICALS

Candlesticks is indicating bearish pattern. MACD indicate bullish markets as DAV runs parallel with the MACD with a greater difference. RSI line indicating trend to be consolidating as the RSI line converges to the MA line. 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	581	590.7	607	612

TRADE RECOMMENDATION:

Safe strategy: buy at current with a stop loss near 590 and a target near 602.

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	06. 02. 07	05. 02. 07	Rs/Kg Change
Mentha Oil	Sambhal	615	625	10.00
Mentha Oil	Chandusi	620	624	4.00
Mentha Oil	Rampur	612	608	4.00
Mentha Oil	Barabanki	607	610	3.00

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