



■ MENTHA

■ May 22, 2007

SPOT MARKETS

The spot market prices of Mentha Oil eased further at the majority of markets on the back of increased arrivals against subdued local and domestic demand. Stockists offloaded their stock in the market with a view to build a fresh stock position in coming season, as this year mentha oil production is likely to raise 35-40%. Last year country produced 22,000-25,000 tonnes of mentha oil and this year it is expected to cross 30,000 tonnes due increase in acreage in MP, Haryana, Bihar followed by UP, which accounts 80% of the total production. Bihar is expected to produce 500-550 tonne while MP likely to produce around 300-400 tonne of mentha oil. The new arrivals are expected to hit the market after May end to beginning of June. Thus prices are likely to remain in lower side in medium to long term.

FUTURES MARKETS

MCX Mentha oil May contracts witnessed weak sentiment with bearish undertone. May contract, opened slightly weak at Rs.585.7 against the previous closing price of Rs. 586.4 and traded up initially testing a high of Rs 586.0. However, prices tumbled on increased selling pressure and settled in the negative side. May contract traded in the range of Rs 570.3-586.0 with declining Open interest and increasing volume.

PRICE DRIVERS

1. Weak export & Local demand
2. Higher arrivals in the market.
3. Expected bumper production this year

WAREHOUSE STOCKS

Exchange	Stock
MCX	5,679.867 Kg

TECHNICALS:

Charts are showing weakness in market. MACD and EMA indicate for a strong bearish trend. Stochastic is moving down in neutral region. Market is expected to trade down following a steady opening.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-May Contract	559	556	570.8	575	579

TRADE RECOMMENDATION

SELL MCX Mentha Oil May contract below 572 with target of 566, then 562. Put stop loss at 575. Trade cautiously with intraday outlook.

Spot Market Prices

(in Rs/Kg)

Origin/Grade	Centre	21.05.07	19.05.07	Change
Mentha Oil	Sambhal	580	593	-13
	Chandausi	595	602	-7
	Rampur	590	596	-6
	Barabanki	565	578	-13

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