



■ MENTHA

■ May 25th, 2007

SPOT MARKETS

The spot market prices of Mentha Oil quoted at the higher side at the majority of markets on good demand from locals against restricted arrivals. Demand from exporters remained subdued or absent in the market. At Sambhal market arrivals stood steady at 40-50 barrels with no arrival reported in Chandausi. Barabanki experienced the arrival of 15-20 barrels. Thus, prices are likely to remain slightly firm in coming days due to good demand against lower arrivals. However, expectation of bumper production of Mentha oil this year prices likely to remain in the lower side in medium term. According to the state run Spices Board, India exported 16,250 tonne of mint product during 2006-07 against the last year's 14,544 tonne. India is the largest producer of Mentha oil and exports nearly 75-80% of its produce.

FUTURES MARKETS

MCX Mentha oil witnessed weak sentiment with bearish undertone. May contract, opened slightly weak at Rs.591.5 against the previous closing price of Rs. 592.6 and traded up initially testing a high of Rs 599.0. However, prices tumbled thereafter on increased selling pressure and settled in the negative side. May contract traded in the range of Rs 583.1-599.0 with increasing Open interest and declining volume.

PRICE DRIVERS

1. Good demand from locals
2. Subdued demand from exporters
3. Lower arrivals in the market.
4. Expected bumper production this year

WAREHOUSE STOCKS

Exchange	Stock as on 22.05.07
MCX	1,14,724.650 Kg

Spot Market Prices

Origin/Grade	Centre	24.05.07	23.05.07	Change
Mentha Oil	Sambhal	587	582	+5
	Chandausi	598	596	+2
	Rampur	-	-	-
	Barabanki	570	568	+2

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TECHNICALS:

Charts are showing weakness in market. Long upper shadow indicates increased selling pressure. MACD is moving slightly down in neutral region. Prices closed between the short term EMAs. Stochastic has made a bullish cross over. Market is expected to trade down following a steady to slightly firm opening.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-May Contract	573	572	584.2	587	588

TRADE RECOMMENDATION

SELL MCX Mentha Oil May contract below 586 with target of 580, then 576. Put stop loss at 589. Trade cautiously with intraday outlook.