



■ MENTHA

■ May 21, 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 demand. Stockists offloaded their stock at higher price level 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.588.0 against the previous closing price of Rs. 588.8. Contract then traded down on increased selling pressure testing a low of Rs. 582.1 and finally settled in the negative side. May contract traded in the range of Rs 582.1-588.0. Open interest increased marginally while volume declined significantly.

PRICE DRIVERS

1. Subdued demand from Locals
2. Weak export demand
3. Higher arrivals in the market.
4. 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 bearish trend. Stochastic is moving slightly down in neutral region. 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	579	578	586.4	591	592

TRADE RECOMMENDATION

SELL MCX Mentha Oil May contract below 589 with target of 584, then 581. Put stop loss at 591.5. Trade cautiously with intraday outlook.

Spot Market Prices

(in Rs/Kg)

Origin/Grade	Centre	19.05.07	18.05.07	Change
Mentha Oil	Sambhal	593	594	-1
	Chandausi	602	605	-3
	Rampur	596	598	-2
	Barabanki	578	579	-1

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