



MENTHA

May 11, 2007

SPOT MARKETS

Spot markets of mentha oil stood steady at the majority of markets amidst subdued trading activity against steady arrivals. Demand from exporters and locals remained subdued in the market while stockist were offloading their stock on expectation of higher production this year with a view to build up new stock at lower prices. Mentha oil production this year is expected to increase by 30-35% as farmers boosted planting in UP and Bihar and it is expected to hit the market after mid May to end of May. Thus prices are expected to remain in the lower side in medium to long run. Arrivals at Sambhal market reported slightly higher at 70-80 barrels. Rampur and Barabanki markets experienced the arrivals of 20-25 barrels with no arrivals reported in Chandausi market. Prices are expected to remain steady to weak in coming days due to increasing arrivals from the stocks and expected arrivals of the fresh crop in the market.

FUTURES MARKETS

MCX Mentha oil May contracts experienced firm sentiment with bullish tone. May contract, opened slightly firm at Rs.582.00 against the previous closing price of Rs. 581.30. Futures traded down initially, testing a low of Rs.575.80 and then on the back of increased buying interest, futures tested a high of Rs.585.80 and finally settled green at Rs 585.20. Open interest increased marginally while volume increased significantly.

PRICE DRIVERS

1. Increase in Exporters demand
2. Increasing local demand
3. Higher arrivals in the market.

WAREHOUSE STOCKS

Exchange	Stock
MCX	2,69,332.520 Kg

Spot Market Prices

Origin/Grade	Centre	10.05.07	09.05.07	Change
Mentha Oil	Sambhal	590	590	0
	Chandausi	600	600	0
	Rampur	595	595-596	0
	Barabanki	575	575	0

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TECHNICALS:

Charts are showing firmness in market. Long lower shadow of the candlestick indicates good buying support. The prices closed above the short term EMAs that indicates short-term firmness. MACD is moving down in neutral region while stochastic is moving down in over bought region. Market is expected to trade up following a steady to slightly firm opening with possibility of slight late downward movement.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-May Contract	572	570	585.2	589	591

TRADE RECOMMENDATION

BUY MCX Mentha Oil May contract above 586 with target of 591, then 594. Put stop loss at 583.5. Trade cautiously with intraday outlook.