



■ MENTHA

■ May 19, 2007

SPOT MARKETS

The spot market prices of Mentha Oil eased 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. This year mentha oil production is expected to raise 35-40%. Last year country produced 22000-25000 tonnes of mentha oil and this year it is expected to cross 30000 tonnes due increase in acreage in MP, Haryana, Bihar followed by UP, which accounts 80% of the total production. The new crop harvest is expected to start soon and new arrivals are expected to hit the market after the end of May 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.595.5 against the previous closing price of Rs. 596.3. Contract then traded up to test a high of Rs 598.4. However, prices tumble on increased selling pressure and finally settled in the negative side. May contract traded in the range of Rs 587.3-598.4. Open interest declined 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	1,52,816.720 Kg

TECHNICALS:

Charts are showing weakness in market. The prices closed below the short term EMAs that indicates weakness in prices. MACD is moving downward in neutral region following a bearish cross over while stochastic is moving up 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	581	589	593	594

TRADE RECOMMENDATION

SELL MCX Mentha Oil May contract below 591 with target of 585, then 583. Put stop loss at 594. Trade cautiously with intraday outlook.

Spot Market Prices

(in Rs/Kg)

Origin/Grade	Centre	18.05.07	17.05.07	Change
Mentha Oil	Sambhal	594	595	-2
	Chandausi	605	608	-3
	Rampur	598	600	-2
	Barabanki	579	580	-1

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