



MENTHA

June 19th, 2007

SPOT MARKETS

At all major markets' Mentha Oil spot prices slashed down at the range of R. 3-8/ during Monday's trade in the back of a low demand against a restricted supply. Continuous rainfall in Mentha growing regions resulted in the less arrival of Mentha Oil in the market. The advance of the monsoon obstructed the recovery process of Mentha oil from Mentha crop, which resulted in the less arrivals of Mentha crops in the distillation centres. All these major markets witnessed lower arrivals as Sambhal market received only 50 barrels, a less of 250 barrels than the Saturday's. The arrival at Chandausi market is 500, at Rampur, 100 barrels and the Barabanki market received the same arrival of 150 barrels as on Saturday. Expecting for the further decline of prices, exporters as well as local traders waiting for the good weather when there is heavy arrival against a subdued demand. Due to rainfall over Uttar Pradesh, some bearishness is expected in short term.

FUTURES MARKETS

MCX Mentha oil witnessed weak sentiment with bearish undertone. June contract opened firm at Rs.509.5 against the previous closing price of Rs. 512.5 and traded up initially testing a high of Rs. 514.4. However, prices tumbled thereafter on selling pressure and settled in the negative side. June contract traded in the range of Rs 508.5-514.4 with declining volume and increasing open interest.

PRICE DRIVERS

1. Subdued Demand in the Markets
2. Lower fresh arrivals in the Markets
3. Expected bumper production this year

WAREHOUSE STOCKS

Exchange	Stock as on 16.06.07
MCX	76,597,100Kg

Spot Market Prices

Origin/Grade	Centre	18.06.07	16.06.07	Change
Mentha Oil	Sambhal	520	524	+4
	Chandausi	522	525	+3
	Rampur	522	527	+5
	Barabanki	502	510	+8

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TECHNICALS:

Long upper shadow of candlestick indicates good selling pressure at higher level. Prices managed to close above the short term EMA's. MACD is moving upward in negative region. Stochastic is moving slightly downward in neutral region. Market is expected to trade range bound with weak bias.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-June Contract	502	500	509.7	512	514

TRADE RECOMMENDATION

SELL MCX Mentha Oil June contract above 511 with target of 506, then 504. Put stop loss at 513.5. Trade cautiously with intraday outlook.