



MENTHA

July 28th, 2007

SPOT MARKETS

Mentha Oil spot prices were traded steady to increase in most of the major markets in UP as good demand offsets the normal arrivals while prices were slashed down in Sambhal market against a subdued trading activity during Friday's trade. Due to volatility in the market prices, stockists and farmers have held back their products in anticipation of the further increase in prices. Traders are still hopeful of the price rise due to good overseas demand as well as demand from the locals. Market sources also reported the illegal parallel trading along side with the MCX and NCDEX in the major mandis of UP also held up the prices. Although the harvest of 80 per cent crops completed, the markets are receiving lower arrivals because of the lower buying prices. However, compared to the last year, in this crop season, mentha production could well reach around 30,000 tonnes due to increased per hectare yield and increased acreage. During Friday's trade, Chandausi received the highest arrival of 400 barrels, down of 100 barrels from Wednesday's arrival followed by Sambhal, 250 barrels. Rampur and Barabanki received the arrivals of 150 and 200 barrels respectively.

FUTURES MARKETS

MCX Mentha oil witnessed weak sentiment with bearish undertone. July contract opened slightly firm at Rs.506 against the previous close of Rs. 505.5 and traded up testing a high of Rs. 507.9. However, prices were traded down thereafter on increased selling pressure at higher level and finally settled in the negative region. July contract traded in the range of Rs. 499-507.9 with decreased volume and open interest.

PRICE DRIVERS

1. Normal demand from exporters and locals
2. Restricted arrivals in the Markets
3. Expected bumper production this year

WAREHOUSE STOCKS

Exchange	Stock as on 26.07.07
MCX	217, 666,000 Kg

Spot Market Prices

Origin/Grade	Centre	27.07.07	26.07.07	Change
Mentha Oil	Sambhal	505	512	-7
	Chandausi	510	508	+2
	Rampur	510	510	-
	Barabanki	490	480	+10

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TECHNICALS:

A bearish candle with both upper and lower shadows has been formed indicating tentativeness in prices. Closing prices is above the 9 days and below 18 days EMA. MACD is moving upward in the negative region. Stochastic is moving down in the neutral region indicating slight weakness in prices, whereas RSI is moving downward in the neutral region. Prices are expected to trade steady to slightly weak with late downward movement.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-July Contract	497	495	500.5	510	513

TRADE RECOMMENDATION

SELL MCX Mentha Oil July contract below 504 with target of 499, then 496. Put stop loss at 507. Trade cautiously with intraday outlook.