



MENTHA

July 18th, 2007

SPOT MARKETS

In all the major Mentha Oil markets in U.P., the spot prices were further slashed down as normal arrivals outpaced subdued demand from the exporters as well as locals. The prices were down at the range of Rs. 10-14. As per the trade sources, the buyers have shown interest to buy at the lower price levels in the anticipation of the further decline of the prices. In this crop year, Mentha oil productions are expected to be around 32,000 tonnes due to increased acreage and good yield per hectare. All the major market also received lower arrivals compared to Monday's arrivals. Farmers are holding back their products in anticipation of the further rise of the price. Although the arrivals were obstructed due to rain over some mentha growing regions, but the lower arrivals did not push up the prices due to very unresponsive physical demand. Among the markets, Chandausi received the highest arrival of 700 barrels, whereas both Rampur and Barabanki received 350 barrels each and arrival at Sambhal is 300 barrels. Analyzing the above factors, in the short term, the prices may go down.

FUTURES MARKETS

MCX Mentha oil witnessed weak sentiment with bearish undertone. July contract opened slightly weak at Rs.493 against the previous closing price of Rs. 494.2. Contract then traded down testing a low of Rs. 482.2 on the increased selling pressure at the higher level and finally settled in the negative side. July contract traded in the range of Rs. 482.2-493 with increasing volume and decreasing open interest.

PRICE DRIVERS

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

WAREHOUSE STOCKS

Exchange	Stock as on 16.07.07
MCX	137,041,350 Kg

TECHNICALS:

Candlestick shows strong bearishness in prices. Closing prices is below the 9 days and 18 days EMA. MACD has further dipping into the negative region. Stochastic has moved downward in neutral region whereas RSI is seen dipped into the over oversold region indicating weakness in prices in short term. Prices are expected to trade steady to weak with slight buying support at lower levels.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-July Contract	477	474	482.4	493	495

TRADE RECOMMENDATION

SELL MCX Mentha Oil July contract near 488 with target of 483, then 481. Put stop loss at 490.5. Trade cautiously with intraday outlook.

Spot Market Prices

(in Rs/Kg)

Origin/Grade	Centre	17.07.07	16.07.07	Change
Mentha Oil	Sambhal	486	500	-14
	Chandausi	485	495	-10
	Rampur	487	497	-10
	Barabanki	470	480	-10

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