



MENTHA

July 25th, 2007

SPOT MARKETS

In all the major markets in U.P., the spot prices were a tad lower on Tuesday as normal arrival outpaced normal demand from the stockists and exporters. The profit booking at higher level in MCX further pushed down the spot prices. The Mentha Oil turnover on the MCX dipped by 57 per cent to Rs. 846.11 crore in June from Rs. 1,960.83 crore in April 2007. Stockists have shown interest to buy at the lower level in the expectation of further down of the prices. This year, the crop outputs are hovering over 30,000 tonnes, up 65 per cent from the last year's production of 20,000 tonnes. Although some traders believe that the prices may further dip down as near harvesting of 75-80 per cent crops is completed as healthy supply will offset the normal demand but some others believe that though the markets are expecting increased arrivals, the prices are likely to be range bound due to good overseas demand as well as local demand. During Tuesday's trade, Rampur received the highest arrival of 600 barrels followed by 400 barrels. Sambhal and Barabanki received the same arrival of 300 barrels each.

FUTURES MARKETS

MCX Mentha oil witnessed weak sentiment with bearish undertone. July contract opened slightly firm at Rs.505.7 against the previous close of Rs. 505.4 and price traded up testing a high of Rs. 510.8. 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. 490.6-510.8 with decreased volume and open interest.

PRICE DRIVERS

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

WAREHOUSE STOCKS

Exchange	Stock as on 21.07.07
MCX	162, 969,050 Kg

TECHNICALS:

A bearish candle has been formed indicating profit booking at the higher level. Closing prices is below the 9 and 18 days EMA. MACD has further dipped into the negative region. Stochastic is moving up in the neutral region whereas RSI is moving downward in the neutral region indicating steady to slight weakness in prices. Prices are expected to trade steady to slightly weak with some selling pressure at higher levels.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-July Contract	485	483	494.4	502	504

TRADE RECOMMENDATION

SELL MCX Mentha Oil July contract below 496 with target of 491, then 488. Put stop loss at 498.5. Trade cautiously with intraday outlook.

Spot Market Prices

Origin/Grade	Centre	24.07.07	23.07.07	Change
Mentha Oil	Sambhal	508	510-515	-7
	Chandausi	502	510-513	-11
	Rampur	500	510-514	-14
	Barabanki	490	492-495	-5

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