

MENTHA

July 14th, 2007

SPOT MARKETS

In all the major Mentha Oil markets in UP, spot prices were down at the range of Rs.5-9 as healthy arrivals outpaced normal demand. During Thursday's trade, markets experienced normal demand from the local traders and no good demand from the exporters. Till date, markets received near about 25-30 per cent of new crops, which further imparted bearishness in the market, trade sources reported. However, improvement in stock levels at exchange warehouses also helped the downward movement of market. All markets are receiving good arrivals as distillation process of 60 per cent crops has been done so far, sources reported. During Friday's trade, Chandausi received the highest arrival of 850 barrels followed by Barabanki 500 barrels, whereas both Sambhal and Rampur market received 400 barrels each. Taking into the factors like healthy arrivals against a normal demand into account, the prices may go down slightly in the short run.

FUTURES MARKETS

MCX Mentha oil witnessed weak sentiment with bearish undertone. July contract opened slightly weak at Rs.504 against the previous closing price of Rs. 505.4. Contract then traded down on increased selling pressure at higher level and finally settled in the negative side. July contract traded in the range of Rs. 494.1-404 with increasing volume and decreasing open interest.

PRICE DRIVERS

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

WAREHOUSE STOCKS

Exchange	Stock as on 11.07.07
MCX	135,601,250 Kg

TECHNICALS:

Candlestick shows strong bearishness in prices. Closing prices is below the 9 days and 18 days EMA. MACD has entered into the negative region. Stochastic has moved downward in neutral region whereas RSI has dipped further into oversold region indicating weakness in prices with slight recovery expected later. 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	488	485	495.2	502	505

TRADE RECOMMENDATION

SELL MCX Mentha Oil July contract near 497 with target of 493, then 490. Put stop loss at 499. Trade cautiously with intraday outlook.

Spot Market Prices

(in Rs/Kg)

Origin/Grade	Centre	13.07.07	12.07.07	Change
Mentha Oil	Sambhal	504	512	-8
	Chandausi	505	514	-9
	Rampur	505	512	-7
	Barabanki	490	495	-5

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