



■ MENTHA

■ Aug. 28th, 2007

SPOT MARKETS

Amidst weak physical demand against higher arrivals at most of the major markets in UP the prices of Mentha Oil declined further. Demand from locals and exporters remained silent in the market. Arrivals increased at the majority of markets during the Monday's trade. Sambhal received the higher arrivals of 200 barrels followed by Chandausi and Sambhal at 175 barrels each. Rampur received the arrivals of 150 barrels. Meanwhile, increasing stock positions in warehouses are also weighing heavily on prices. Sources reported that the no one in the market is willing to buy at current prices. Exporters as well as locals are waiting for prices to fall further so that they can buy at lower prices. Also the prices are expected to remain lower during the current FY on the back of bumper production and huge carry over stock. Arrivals at major markets stood steady at Friday's level. Further, stockists holding back stocks in expectation of price rise, sources reported.

FUTURES MARKETS

Mentha oil futures traded weak at MCX. September contract opened weak at Rs.534.60 then its previous close of Rs.536.40 and initially traded up testing a high of Rs. 535.90. However, prices tumbled thereafter on increased selling pressure testing a low of Rs 526.20 before it closes at Rs 526.40. In Sept. contract volume increased while open interest declined.

PRICE DRIVERS

1. Improved arrivals; higher stocks in warehouses
2. Weak demand from locals and exporters
3. Bumper production & huge carry over stock this year

WAREHOUSE STOCKS

Exchange	Stock as on 25.08.07
MCX	532,172.625 Kg

Spot Market Prices

Origin/Grade	Centre	27.08.07	25.08.07	Change
Mentha Oil	Sambhal	532	537-38	-6
	Chandausi	535	541-42	-7
	Rampur	530	537	-7
	Barabanki	516	518	-2

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TECHNICALS:

A long dark candlestick is formed indicating weakness in prices. Prices closed far below the short-term EMAs indicating further weakness in prices. MACD remains weak for the medium-term. Stochastic has made bearish crossover in neutral region and RSI is about to enter in oversold region. Market is expected to trade range bound with weak bias.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-September Contract	516	514	526.4	528	530

TRADE RECOMMENDATION

Sell MCX Mentha Oil September contract below 525 with target of 520, then 519. Put stop loss at 527.5. Trade cautiously with intraday outlook.

(in Rs/Kg)