



■ MENTHA

■ Aug. 17th, 2007

SPOT MARKETS

During the Thursday's trade, in all the major markets in UP, the Mentha Oil spot prices traded steady to increase as good demand offset increased arrivals. The rise of future prices at MCX and NCDEX further supported the Mentha Oil spot prices. The restricted arrivals in the markets due to holding back stuffs by farmers coupled with good demand from pharma and tobacco companies further helped the short-term bullish trend of Mentha oil. Mentha Oil spot prices could have been a tad lower by this time as harvesting season is over but farmers are not releasing their stuffs for the better price realization in future. Heavy rainfalls in eastern UP triggered floods and believed that the last phase of mentha harvest has been affected which may reduce the quantity of recovery of oil from the crops as harvested crops were under flood for few days. During today's trade, Chandausi received highest arrivals of 300 barrels followed by 200 barrels each by Rampur and Barabanki. Sambhal received the lowest arrival of 100 barrels.

FUTURES MARKETS

Mentha oil futures at MCX traded weak. August contract opened slightly firm at Rs.540.6 then its previous close of Rs.538.3 and initially traded up testing a high of Rs.545.5. However, price dipped down thereafter on increased selling pressure at higher level and finally settled in positive side. The August contract traded in the range of Rs.538.8-545.5. Open interests decreased slightly while volume increased marginally.

PRICE DRIVERS

1. Increased Arrivals
2. Good demand from locals and exporters
3. Expected bumper production this year

WAREHOUSE STOCKS

Exchange	Stock as on 11.08.07
MCX	251,465,450 Kg

Spot Market Prices

Origin/Grade	Centre	16.08.07	14.08.07	Change
Mentha Oil	Sambhal	548	545	+3
	Chandausi	550	550	-
	Rampur	550	543	+7
	Barabanki	520	517	+3

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TECHNICALS:

A bearish candle with long upper shadow shows increased selling pressure at higher level. The prices closed below 9 and 18 days EMAs showing some firmness in market. MACD is dipping down in neutral region. Stochastic is moving down in the neutral region. RSI has made an upward movement in the neutral region showing firmness in market sentiment. Market can go up if opens above 539.5 or if this support line breaks, market may trade down. Market is expected to trade range bound with weak bias.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-August Contract	530	528	539.3	545	548

TRADE RECOMMENDATION

SELL MCX Mentha Oil August contract below 539 with target of 532. Put stop loss at 543. Trade cautiously with intraday outlook.

(in Rs/Kg)