



■ MENTHA

■ Aug. 3rd, 2007

SPOT MARKETS

Mentha oil spot prices at all the major markets in U.P. continued to surge as normal demand offsets restricted arrivals during Thursday's trade. Although 90-95 per cent mentha crops have been harvested and the distillation process has gathered the full momentum, but trading centers continued receiving lower arrivals as farmers have shown their unwillingness to sell at the current low prices. Wet weather over the mentha-growing region is not a constraint as most of the harvested crops have been dried up. The growing overseas demand for India's mint products has held up the prices even in the pick distillation season. In the short term, prices are likely to see some firm bias in a situation of restricted arrivals coupled with growing overseas demand. Due to volatility in market prices, various mandis continued receiving lower arrivals. Chandausi, Sambahal and Barabanki received 200 barrels each during Thursday's trade while Rampur received the lowest arrival of 150 barrels.

FUTURES MARKETS

Mentha oil futures at MCX witnessed upward movement during the Thursday's trade. August contract opened firm at Rs.518.4 against the previous close of Rs. 517.7 and dipped slightly to the lows of Rs 518.3. However, prices recovered thereafter with increased buying interest at lower level before finally settling at Rs 530.4 with a good Rs 12.7 gain. Open interest inched marginally higher, whereas volumes increased significantly.

PRICE DRIVERS

1. Lower arrivals on farmers' hoarding
2. Normal demand from exporters and locals
3. Expected bumper production this year

WAREHOUSE STOCKS

Exchange	Stock as on 31.07.07
MCX	237, 074,700 Kg

Spot Market Prices

Origin/Grade	Centre	02.08.07	01.08.07	Change
Mentha Oil	Sambhal	528	519-20	+8
	Chandausi	525	522-23	+2
	Rampur	528	522	+6
	Barabanki	500	498-99	+1

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TECHNICALS:

Long bullish candlestick formed indicating strong firmness in market. The prices closed well above short term EMAs, which supports bulls. MACD has made an upward movement in the positive territory. Stochastic is also supporting bulls in normal region. However, RSI has entered into the oversold region showing some corrections in prices. Market is expected to trade range bound with firm bias.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-August Contract	524	522	530.4	538	540

TRADE RECOMMENDATION

BUY MCX Mentha Oil August contract above 530 with target of 535. Put stop loss at 527. Trade cautiously with intraday outlook.