



MENTHA

Aug. 20th, 2007

SPOT MARKETS

During Saturday's trade, in all the major markets in UP, the Mentha Oil spot prices continued its downward movement on healthy arrivals against a subdued demand from the exporters and locals. The down of future prices coupled with increased stocks at MCX and NCDEX further imparted bearishness in the market sentiment. Although farmers and stockists somehow have shown their interest to sell in the current price level, but a subdued demand further pulled down the prices. Traders also believe that this year's bumper production combined with exporters interest to buy at lower level may further bring down the prices. To meet the domestic demand, companies like pharma, tobacco, etc have enough stuff to meet their demand and waiting to buy further at a lower price level. The arrivals at all the major mandis have been increased compared to Friday's. Chandausi received the highest arrival of 400 barrels followed by Rampur, 325 barrels and Barabanki, 250 barrels. Sambhal received the lower arrivals of 175 barrels.

FUTURES MARKETS

Mentha oil futures at MCX traded weak. August contract opened slightly weak at Rs.532 then its previous close of Rs.533.8 and initially traded up testing a high of Rs. 533. However, prices traded down thereafter on increased selling pressure at higher level and tested a low of Rs. 527.1 and finally settled in the negative region. The August contract traded in the range of Rs.527.1-533. Open interest declined slightly where as volume increased marginally.

PRICE DRIVERS

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

WAREHOUSE STOCKS

Exchange	Stock as on 16.08.07
MCX	291,758,950 Kg

Spot Market Prices

Origin/Grade	Centre	18.08.07	17.08.07	Change
Mentha Oil	Sambhal	539	542	-3
	Chandausi	540	543	-3
	Rampur	535	538	-3
	Barabanki	514	515	-1

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TECHNICALS:

A bearish candle has formed showing increased selling pressure at higher level. The prices closed below 9 and 18 days EMAs favouring bears in market. MACD is dipping down in neutral region. Both Stochastic and RSI are approaching oversold region indicating weakness in the short-term market sentiment. Market is expected to trade range bound with weak bias.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-August Contract	518	516	528.5	532	534

TRADE RECOMMENDATION

SELL MCX Mentha Oil August contract below 527 with target of 522, then 520. Put stop loss at 529.5. Trade cautiously with intraday outlook.