



## MENTHA

Aug. 4th, 2007

### SPOT MARKETS

Mentha Oil spot prices at all the major markets continued to trade higher on strong physical demand against lower arrival during the Friday's trade. Good export demand combined with demand from the Mentha processors boosted the market prices. The market sentiments were also further supported by rainfall over the UP region as supplies were obstructed. According to a study done by IIM, Lucknow, due to farmers' future trading in National Exchanges, their earning went up substantially over the years as they are gaining the direct profit from the market without any middlemen. They are also unwilling to sell in the spot market in lower price level. Due to national exchange and their better storing facility, Mentha Processors are now operating for the whole year, which encourages farmers to hold back their stuffs. Markets continued receiving lower arrivals. Sambhal received the highest arrival of 200 barrels whereas rest of the madis received around 100 barrels each. Lower arrivals combined with good export demand may impart bullishness in the short term.

### FUTURES MARKETS

Mentha oil futures at MCX witnessed roller coaster movement during the Friday's trade with weak sentiment. August contract opened slightly firm at Rs.529 against the previous close of Rs. 528.3 and traded up testing a high of Rs. 533.8. However, prices dipped down thereafter on increased selling pressure and finally settled in the negative region. The August contract traded in the range of Rs. 526.1-533.8. Open interest inched marginally higher, whereas volumes decreased slightly.

### PRICE DRIVERS

1. Lower arrivals on farmers' hoarding
2. Good 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	03.08.07	02.08.07	Change
Mentha Oil	Sambhal	534	528	+6
	Chandausi	535	525	+10
	Rampur	530	528	+2
	Barabanki	510	500	+10

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### TECHNICALS:

Bearish candlestick formed with long upper shadow indicating increased selling pressure at higher level. The prices closed well above short term EMAs, which shows firmness in market. MACD is moving up in the positive territory. Stochastic is about to enter oversold region and RSI has made downward movement from the oversold region. Market is expected to trade range bound with steady to firm bias.



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-August Contract	520	518	527.5	534	536

### TRADE RECOMMENDATION

**SELL** MCX Mentha Oil August contract below 529 with target of 524 then 522. Put stop loss at 532. Trade cautiously with intraday outlook.