



MENTHA

■ Aug. 6th, 2007

SPOT MARKETS

Mentha Oil spot prices at all major markets traded steady on strong physical demand against lower arrival during Saturday's trade. Good demand from the locals, exporters combined with rainfall have held up the price level. Although rainfall over mentha-growing region have no negative impact on mentha crops as most of the harvested crops have been dried up but obstructed arrival into the market. The markets continued receiving lower arrivals as farmers no hurry to sell their stuffs. The trade sources reported that farmers are no need of money now as other crops like rice, wheat, etc. planted after the harvesting of mentha arvensis needs investment during crop growth. According to a study done by IIM, Lucknow, due to farmers' future trading in National Exchanges, their earning went up substantially over the years. During Saturday's trade, Sambhal received the highest arrival of 200 barrels whereas rest of the madis received around 100 barrels each, remained unchanged from Friday's. Lower arrivals combined with good demand may keep the prices range bound in the short term.

FUTURES MARKETS

Mentha oil futures at MCX witnessed firm sentiment during Saturday's trade. August contract opened slightly weak at Rs.529 against the previous close of Rs.529.4 and initially traded down testing a low of Rs.523.2. However, prices recovered thereafter on increased buying interest at lower levels and finally settled in the neutral region. The August contract traded in the range of Rs523.2-530.8. 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 02.08.07 |
|----------|----------------------|
| MCX | 237, 074,700 Kg |

TECHNICALS:

Bullish candlestick formed with long lower shadow indicates some buying interest at lower level. The prices closed well above short term EMAs, which shows firmness in market. MACD is moving up in the positive territory. Stochastic has entered into the oversold region and RSI is moving in 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 | 521 | 519 | 529.4 | 535 | 537 |

TRADE RECOMMENDATION

SELL MCX Mentha Oil August contract below 530 with target of 525 then 523. Put stop loss at 533. Trade cautiously with intraday outlook.

Spot Market Prices

| Origin/Grade | Centre | 04.08.07 | 03.08.07 | Change |
|--------------|-----------|----------|----------|--------|
| Mentha Oil | Sambhal | 535 | 534 | +1 |
| | Chandausi | 533-35 | 535 | - |
| | Rampur | 527-30 | 530 | - |
| | Barabanki | 510 | 510 | - |

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