



■ MENTHA

■ Aug. 2nd, 2007

SPOT MARKETS

Mentha oil prices inched higher Wednesday at majority of trading centers in UP as poor arrivals along with normal demand supported the prices. The harvesting season is coming to an end and in the meantime the distillation process has gathered the momentum. However, the arrivals are not picking up much as farmers are holding their stuff in anticipation of higher prices. During Wednesday trade, Chandausi received lower arrivals of 100-150 barrels followed by Sambhal 200 barrels. Arrivals at Barabanki however increased to 300 barrels. Weather seems no constraint at the moment given the most of the harvest have been dried up. As the overseas demand for the mentha products is brisk, the prices are getting support in the peak distillation season. The prices are likely to see some firm bias in such a scenario of reducing arrivals and healthy overseas demand until the farmers find the price levels attractive to offload their holdings.

FUTURES MARKETS

Mentha oil futures at MCX witnessed roller coaster movement during the Wednesday's trade with prices dipping after firm opening only to surge towards the end of the day. August contract opened firm at Rs.515.10 against the previous close of Rs. 512.70 and then dipped to the lows of Rs 510.70 before finally settling at Rs 518 with a good Rs 5.30 gain. Open interest inched marginally higher, whereas volumes dipped slightly.

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 27.07.07
MCX	217, 666,000 Kg

Spot Market Prices

Origin/Grade	Centre	01.08.07	31.07.07	Change
Mentha Oil	Sambhal	519-20	513	+7
	Chandausi	522-23	515	+8
	Rampur	-	512	-
	Barabanki	498-99	495	+4

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TECHNICALS:

Candlestick with long lower shadow depicts tentativeness at lower levels. The prices closed well above short term EMAs, which supports bulls. MACD has just entered in to positive territory. Stochastic is also supporting bulls in normal region. Market is expected to trade range bound with firm bias.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-August Contract	510	513	518	524	528

TRADE RECOMMENDATION

BUY MCX Mentha Oil August contract above 519 with target of 524. Put stop loss at 516. Trade cautiously with

(in Rs/Kg)