



MENTHA

Aug. 8th, 2007

SPOT MARKETS

Mentha Oil spot prices at all the major markets were surged on good demand against lower arrivals during the Tuesday's trade. The prices were up at the range of Rs. 5-10/kg from Monday's price level. Due to holding back of stuffs by farmers as well as stockists, all the markets witnessed very lower arrivals. The harvest of mentha crops almost completed and the distillation process is in full swing. Due to farmers' future trading in national exchanges coupled with volatility in the market sentiment, farmers are not willing to release their stuffs. Through the futures trading in the national exchanges, farmers earning has been increased sharply over the past two-three years. In the short term, lower arrivals coupled with good demand may pressurize the prices slightly higher. During Monday's trade, Sambhal received the highest arrival of 100 barrels and the remaining markets (Chandausi, Rampur and Barabanki) received 50 barrels each.

FUTURES MARKETS

Mentha oil futures at MCX witnessed firm sentiment during Tuesday's trade. August contract opened slightly firm at Rs.544.20 against the previous close of Rs.542.6 and traded down testing a low of Rs.539.5. However, prices recovered thereafter on increased buying interest at lower levels and finally settled in the positive region. The August contract traded in the range of Rs 539.5-554.2. Open interest increased marginally, whereas volumes increased 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 06.08.07
MCX	237, 074,700 Kg

TECHNICALS:

Candlesticks pattern indicates steady to firm opening and initial uptrend. The prices closed well above short term EMAs, which shows firmness in market. MACD is moving up in the positive territory. Stochastic is moving flat in the oversold region and RSI has shown an upward trend in the oversold region. Market is expected to trade steady with firm bias.

EMA(9) 529.28 (18) 521.18



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-August Contract	544	541	550	562	564

TRADE RECOMMENDATION

BUY MCX Mentha Oil August contract above 551 with target of 557 then 560. Put stop loss at 547. Trade cautiously with intraday outlook.

Spot Market Prices

Origin/Grade	Centre	07.08.07	06.08.07	Change
Mentha Oil	Sambhal	553	545	+8
	Chandausi	554	545	+9
	Rampur	550	545	+5
	Barabanki	530	520	+10

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