



MENTHA

Aug. 9th, 2007

SPOT MARKETS

In most of the major markets, Mentha Oil spot prices were slightly up from previous day's price level on good demand against restricted arrivals while prices slashed down at Barabanki on subdued trading activity. Supply was obstructed by heavy rainfall over the UP region coupled with farmers' unwillingness to sell in the current price level. As the harvest process is almost over and distillation process is in full swing, the prices could have gone down, but the good demand from the exporters along with lower arrivals support the market sentiment. Traders reported that there is growing overseas demand for India's mint products, especially from the traditional markets like China and US. In the short term, good demand from the exporters, mild domestic demand and restricted arrivals are likely to keep the spot prices range bound. Mandis received slightly higher (around 500 barrels) arrivals compared to Tuesday's arrival.

FUTURES MARKETS

Mentha oil futures at MCX witnessed weak sentiment during Wednesday's trade. August contract opened firm at Rs.554.3 against the previous close of Rs.550.7 and traded up testing a high of Rs.556.5. However, prices dipped down thereafter on increased selling pressure at higher level and finally settled in the negative region. The August contract traded in the range of Rs.541.6-556.5. Open interest decreased marginally, whereas volumes increased slightly.

PRICE DRIVERS

1. Lower arrivals on farmers' hoarding and rainfall
2. Normal demand from exporters and locals
3. Expected bumper production this year

WAREHOUSE STOCKS

Exchange	Stock as on 07.08.07
MCX	241,385,450 Kg

TECHNICALS:

A dark candle has formed showing selling at higher level. The prices closed well above short term EMAs, which shows firmness in market. MACD is falling in the positive territory. Stochastic is moving flat in the oversold region and RSI has made downward trend in the oversold region indicating corrections. Market is likely to open weak with early downward movement.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-August Contract	534	532	541.6	549	552

TRADE RECOMMENDATION

SELL MCX Mentha Oil August contract below 542 with target of 537. Put stop loss at 545. Trade cautiously with intraday outlook.

Spot Market Prices

Origin/Grade	Centre	08.08.07	07.08.07	Change
Mentha Oil	Sambhal	554	553	+1
	Chandausi	555	554	+1
	Rampur	552	550	+2
	Barabanki	525	530	-5

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