



MENTHA

Aug. 10th, 2007

SPOT MARKETS

During Thursday's trade, in all the major markets in UP, Mentha Oil spot prices were slightly down from previous day's price level as restricted arrivals outpaced normal demand. Maharashtra government's plans to ban gutkha further helped the downward movement of the spot price. Although markets received higher arrivals compared to Wednesday's, but the arrival was quite lower than the expected, trade sources reported. The trade sources also estimated that earlier expected output of 32,000 tonnes of Mentha Oil in the current crop year may be down to 30,000 tonnes due to less recovery of oil from the crop, which was around 5 per cent less than the normal as the crops could not dry up properly for the processing due heavy rainfall over the region. Taking into account the above factors, the mentha oil spot prices may roll range bound. During Thursday's trade, Sambhal received the highest arrival of 250 barrels followed by Chandausi 200 barrels. The arrival at Rampur and Barabanki stood at 150 and 100 barrels respectively.

FUTURES MARKETS

Mentha oil futures at MCX witnessed firm sentiment during Thursday's trade. August contract opened weak at Rs.540.1 against the previous close of Rs.543.5 and traded down testing a low of Rs.536.5. However, prices recovered thereafter on increased buying interest at lower level and finally settled in the positive region. The August contract traded in the range of Rs.536.5-550. Open interest increased marginally, whereas volumes declined slightly.

PRICE DRIVERS

1. Restricted arrivals
2. Normal demand from exporters
3. Expected bumper production this year

WAREHOUSE STOCKS

Exchange	Stock as on 08.08.07
MCX	241,385,450 Kg

TECHNICALS:

A bullish candle with long lower shadow has formed showing some buying interest at lower level. The prices closed well above short term EMAs, which shows firmness in market. MACD is hovering in the positive territory indicating positive momentum. Stochastic is moving down in the oversold region and RSI is moving up in the oversold region. Market is likely to trade steady to upward inclination with firm opening.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-August Contract	538	536	549.6	556	558

TRADE RECOMMENDATION

BUY MCX Mentha Oil August contract above 545 with target of 554. Put stop loss at 540. Trade cautiously with intraday outlook.

Spot Market Prices

Origin/Grade	Centre	09.08.07	08.08.07	Change
Mentha Oil	Sambhal	549	554	-5
	Chandausi	550	555	-5
	Rampur	546	552	-6
	Barabanki	523	525	-2

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