



## ■ MENTHA

■ Sept. 25th, 2007

### SPOT MARKETS

Amidst weak physical demand and steady arrivals physical prices of Mentha Oil declined across the major markets in UP. Demand from locals and exporters remained silent or absent in the market. Lack of overseas demand is further weighing heavily on prices besides hefty stock in warehouses and bumper production this year, reported. Arrivals across the markets stood steady at Saturday's level of 800 barrels. Sambhal received the higher arrival of 250 barrels followed by Chandausi, Barabanki and Rampur at 150-160 barrels each. However, arrivals are expected to increase in coming day's ahead of festivals (Ramzan, Dushera and Deepawali), which may further pressurize the prices. Prices are expected to recover if export activity revives.

### FUTURES MARKETS

Mentha oil futures traded weak at MCX. October contract of mentha oil opened at its previous close of Rs 510.50 and traded up initially testing a high of Rs 511.70. However, prices tumbled thereafter on increased selling pressure testing a low of Rs 495.80 before it closed at Rs 496.50. September contract traded in the range of Rs 482.00-500.80. In October contract volume increased while open interest declined.

### PRICE DRIVERS

1. Steady arrivals; Increasing stocks in warehouses
2. Farmers releasing stocks
3. Govt. levied VAT on Mentha Oil in Punjab
4. Bumper production & huge carry over stock this year

### WAREHOUSE STOCKS

Exchange	Stock as on 22.09.07
MCX	1,377,807.275 Kg

### Spot Market Prices

Origin/Grade	Centre	24.09.07	22.09.07	Change
Mentha Oil	Sambhal	513	516	-3
	Chandausi	516	520	-4
	Rampur	514	516	-2
	Barabanki	496-497	495	-2

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### TECHNICALS:

A long dark candlestick is formed indicating weakness in prices. EMA and MACD remain weak for the medium-term. Both Stochastic and RSI are moving down in the oversold region. Market is expected to trade range bound with weak bias with possibility of late upward movement.

EMA(9) 519.96 (18) 529.50



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	490	489	496.5	500	502

### TRADE RECOMMENDATION

**SELL** MCX Mentha Oil **October** contract below 497 with target of 494, then 493. Put stop loss at 498.5. Trade cautiously with intraday outlook.