



## ■ MENTHA

■ Sept. 17<sup>th</sup>, 2007

### SPOT MARKETS

On Friday, physical prices of mentha oil traded on softer side on improved selling pressure among traders and improved arrivals across physical markets to yesterday's arrivals. Supplies in Chandausi and Sambhal market, totaled at 280-300 barrels and 200-210 barrels up from Thursday's arrivals at 250 barrels and 200 barrels respectively. However, supplies remain steady in Rampur at 180 barrels, whereas in Barabanki increased at 200 barrels against previous 190 barrels. The distiller units are producing as much quantity of mentha oil as market requirement but steady offtake from stockists to piled up their inventories that favor the steadiness. Stockists are optimists for good demand from exporters in near-terms. As current prices are good but expectation of further improvement in prices of mentha oil in coming days kept farmers aside from markets. As well as weakness in domestic exchanges reflected disinterest among traders to continue the up trends.

### FUTURES MARKETS

MCX Mentha oil futures settled down on selling pressure. October futures contract of mentha oil opened weak at Rs 544.40 against previous close of Rs. 544.80 and traded up initially testing a high at Rs 545 per 10 kg. However, prices declined sharply than after increases in selling interest and tested a low of Rs 541.90 before it closes at Rs 542.60. In October contract volume declined and while open interest increased.

### PRICE DRIVERS

1. Improved arrivals; higher stocks in warehouses
2. Farmers & Stockists 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 11.09.07
MCX	896.466.425 Ka

### Spot Market Prices

Origin/Grade	Centre	14.09.07	13.09.07	Change
Mentha Oil	Sambhal	540	541	-1
	Chandausi	542	543	-1
	Rampur	540	538	+2
	Barabanki	516	516	Nil

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### TECHNICALS:

Mentha oil chart shows the side way movement with selling pressure and fails to break the resistance level near Rs. 457-458 level. Prices remain close below to the short-term EMAs, hints persistent weakness in the prices. MACD is falling after bullish crossover in negative zone. Both stochastic and RSI is falling in neutral region. Market is expected to trade down with steady to slightly weak opening.



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	531	534	542.60	548	551

### TRADE RECOMMENDATION

**SELL** MCX Mentha Oil **October** contract Below 542 with target of 539, then 537. Put stop loss at 543.5. Trade cautiously with intraday outlook.