



■ MENTHA

■ Sept. 29th, 2007

SPOT MARKETS

Mentha Oil spot prices across the markets in UP declined on weak physical demand against steady arrivals. Demand from locals and exporters remained silent or absent in the market, which pressurized the prices. In UP, imposition of mandi tax on Mentha Oil further weighed on prices besides hefty stocks in warehouses. Bumper production this year and huge carry over stock is also weighing heavily on prices. Thus, in coming days the prices are expected to remain lower. Arrivals across the markets stood steady at around 500-600 barrels. Chandausi received the higher arrivals of 200 barrels followed by Sambhal at 170 barrels. Arrivals at Rampur and Barabanki reported at 60-70 barrels. Lack of overseas demand would also impact the market negatively.

FUTURES MARKETS

Mentha oil futures traded weak at MCX. October contract of mentha oil opened firm at Rs 506.30 against the previous close of Rs 504.50 and traded up in early hours testing a high of Rs 510.00. However, prices skid thereafter erasing all the early gains on increased selling pressure testing a low of Rs 498.30 before it closed at Rs 499.50. September contract traded in the range of Rs 488.50-499.00. In October contract both volume and open interest increased.

PRICE DRIVERS

1. Steady arrivals; weak physical demand
2. Increasing stocks in warehouses
3. Farmers releasing stocks
4. Govt. levied VAT on Mentha Oil in Punjab
5. Imposition of mandi tax on Mentha Oil in UP
6. Bumper production & huge carry over stock this year

WAREHOUSE STOCKS

Exchange	Stock as on 26.09.07
MCX	1,530,850.475 Kg

Spot Market Prices

Origin/Grade	Centre	28.09.07	27.09.07	Change
Mentha Oil	Sambhal	517-518	519-520	-2
	Chandausi	519-520	520-521	-1
	Rampur	517	518-519	-2
	Barabanki	493-494	495	-1

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TECHNICALS:

Candlestick chart pattern shows weakness in prices. Prices closed below the EMAs indicating weakness in prices. MACD remains in the negative zone. Stochastic is moving upward in the oversold region while RSI heading down in oversold zone. Market is expected to trade range bound with weak bias with possibility slight late upward movement.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	490	489	499.5	501	503

TRADE RECOMMENDATION

BUY MCX Mentha Oil **October** contract below 498 with target of 494, then 492. Put stop loss at 500. Trade cautiously with intraday outlook.