



## MENTHA

Sept. 26th, 2007

### SPOT MARKETS

Mentha Oil spot prices witnessed steady to weak sentiment. At Sambhal, Chandausi and Rampur markets prices remained unchanged on subdued trading activity while prices eased in Barabanki markets on weak physical demand. Further rainfall over UP affected the trading activity as well as arrivals in the market. Arrivals across the markets declined from the Monday's level of 800 barrels to 600-700 barrels. Sambhal received the higher arrivals of 150 barrels followed by Chandausi, Rampur and Barabanki at 90-100 barrels each. On other hand, hefty stocks in warehouses pressurized the prices besides bumper output and huge carry over stock. Lack of overseas demand is further weighing heavily on prices. Prices are expected to recover if export activity revives.

### FUTURES MARKETS

Mentha oil futures traded firm at MCX. October contract of mentha oil opened weak at Rs 496 against the previous close of Rs 496.80 and traded down initially testing a low of Rs 495.50. However, prices recovered thereafter on renewed buying interest testing a high of Rs 503.40 before it closed at Rs 500.50. September contract traded in the range of Rs 483.40-492.00. In October contract volume increased while open interest declined.

### PRICE DRIVERS

1. Lower arrivals; weak physical demand
2. Increasing stocks in warehouses
3. Farmers releasing stocks
4. Govt. levied VAT on Mentha Oil in Punjab
5. 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	25.09.07	24.09.07	Change
Mentha Oil	Sambhal	512-513	513	-
	Chandausi	515-516	516	-
	Rampur	513-514	514	-
	Barabanki	495-496	496-497	-1

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### TECHNICALS:

Candlestick chart pattern shows firmness in prices. EMA and MACD remain weak for the medium-term. Stochastic is moving down in oversold region while RSI heading up in the oversold region. Market is expected to trade range bound with weak bias with possibility of late upward movement.



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	495	493	500.5	506	509

### TRADE RECOMMENDATION

**SELL** MCX Mentha Oil **October** contract below 504 with target of 500, then 498. Put stop loss at 506. Trade cautiously with intraday outlook.