



MENTHA

Sept. 7th, 2007

SPOT MARKETS

Mentha Oil extended the Wednesday's gains across the major markets in UP on the back of lower arrivals against improved demand. Some improved demand from locals supported the sentiment. Meanwhile, the traders / dealers not lifting Mentha oil from Punjab as the state govt. has levied 12.5 per cent value-added tax on Mentha Oil, which tightens the supplies and boosted the prices. Also farmers and stockists in UP are holding back stocks in anticipation of price rise, which further boosted the sentiment. Arrivals declined at the majority of markets from the Wednesday's level. Chandausi and Sambhal received the higher arrivals of around 160-170 barrels each followed by Barabanki and Rampur at around 150-160 barrels each. Demand from exporters remained subdued to silent in the market. Further, bumper production this year and estimated huge carry forward stock coupled with day by day improving stocks in warehouses would restrict the upside.

FUTURES MARKETS

Mentha oil futures traded firm at MCX. September contract opened firm at Rs.536.00 against the previous close of Rs.535.40. Contract then traded up on buying interest testing a high of Rs 540.00 before it closes at Rs 537.90. In Sept. contract both volume and open interest increased.

PRICE DRIVERS

1. Lower arrivals; higher stocks in warehouses
2. Farmers & stockists holding back 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 04.09.07
MCX	652,031.725 Kg

TECHNICALS:

Candlestick chart pattern shows firmness in prices. Prices closed above the 9 and 18 days EMA indicating firmness in short term. MACD is moving upward in the negative region. Both Stochastic and RSI is moving up in the neutral region. Market is expected to trade range bound with firm bias.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Sept. Contract	535	533	537.9	543	545

TRADE RECOMMENDATION

BUY MCX Mentha Oil September contract above 538 with target of 541, then 542. Put stop loss at 535. Trade cautiously with intraday outlook.

Spot Market Prices

Origin/Grade	Centre	06.09.07	05.09.07	Change
Mentha Oil	Sambhal	546	542	+4
	Chandausi	548	545	+3
	Rampur	543	539-540	+3
	Barabanki	525	519-520	+5

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