



## ■ MENTHA

■ Sept. 24th, 2007

### SPOT MARKETS

Mentha Oil spot prices declined across the major markets in UP on weak physical demand. Demand from locals and exporters remained silent or absent in the market. Lack of overseas demand is weighing heavily on prices besides heavy stock in warehouses and bumper production this year, reported. Arrivals across the markets declined from the Friday's level of 900 barrels to 800 barrels. Sambhal received the higher arrival of 250 barrels following 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.

### FUTURES MARKETS

Mentha oil futures traded weak at MCX. October contract of mentha oil opened firm at Rs 519.10 against previous close of Rs. 518.90. Contract then tumbled on increased selling pressure testing a low of Rs 509.20 before it closed at Rs 510.50. September contract traded in the range of Rs 498.00-508.30. In October contract volume declined marginally while open interest declined.

### PRICE DRIVERS

1. Lower 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 20.09.07
MCX	1,325,967.275 Kg

### TECHNICALS:

A long dark candlestick is formed indicating weakness in prices. EMA and MACD remain weak for the medium-term. Stochastic is flat in the oversold region while RSI heading down in the oversold region. Market is expected to trade range bound with weak bias.

EMA(9) 525.82 (18) 533.38



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	505	503	510.5	512	515

### TRADE RECOMMENDATION

**SELL** MCX Mentha Oil **October** contract below 511 with target of 508, then 507. Put stop loss at 512.5. Trade cautiously with intraday outlook.

### Spot Market Prices

Origin/Grade	Centre	22.09.07	21.09.07	Change
Mentha Oil	Sambhal	516	522	-6
	Chandausi	520	525	-5
	Rampur	516	523	-7
	Barabanki	495	503	-8

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