



MENTHA

Oct. 1st, 2007

SPOT MARKETS

Amidst increased arrivals against poor offtake Mentha Oil prices declined across the markets in UP. Arrivals increased from the Friday's level of 500-600 barrels to around 700-800 barrels, which weighed on prices. Chandausi received the higher arrivals of 250 barrels followed by Sambhal at 190-200 barrels. Arrivals at Rampur and Barabanki reported at 150 barrels each. Further, the imposition of mandi tax on Mentha Oil also 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. Lack of overseas demand would also impact the market negatively.

FUTURES MARKETS

Mentha oil futures witnessed lackluster trade at MCX. October contract of mentha oil opened weak at Rs 498.00 against the previous close of Rs 499.70 and traded down in early hours testing a low of Rs 496.00. However, prices recovered thereafter on renewed buying interest testing a high of Rs 502.80 before it closed at Rs 498.70. September contract traded in the range of Rs 484.50-506.10. In October contract volume declined while open interest increased.

PRICE DRIVERS

1. Increased 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	1,550,850.475 Kg

TECHNICALS:

Candlestick chart pattern shows indecisive market. 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	491	490	498.7	502	504

TRADE RECOMMENDATION

SELL MCX Mentha Oil **October** contract below 500 with target of 496, then 494. Put stop loss at 502. Trade cautiously with intraday outlook.

Spot Market Prices

Origin/Grade	Centre	29.09.07	28.09.07	Change
Mentha Oil	Sambhal	516-517	517-518	-1
	Chandausi	518-519	519-520	-1
	Rampur	515-516	517	-1
	Barabanki	492-493	493-494	-1

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