



MENTHA

Sept. 19th, 2007

SPOT MARKETS

Mentha Oil prices eased further across the mandis in UP amidst steady arrivals against weak physical demand coupled with ample stocks in warehouses. Arrivals across the mandis in UP reported at around 900-1000 barrels. Chandausi and Sambhal received the higher arrivals of 280-300 barrels and 210-250 barrels respectively. Barabanki and Rampur received the arrivals of around 190-200 barrels each. Source reported that farmers continuously releasing their stock ahead of festivals (Ramzan, Dushera and Deepawali), which weighing heavily on prices besides heavy stocks in warehouses. On other hand poor offtake from locals and exporters are reported. Further, the bumper production this year and estimated huge carry over stock further imparting bearishness in the market.

FUTURES MARKETS

Mentha oil futures traded firm at MCX. October contract of mentha oil opened weak at Rs 523.00 against previous close of Rs. 524.80 and traded down initially testing a low of Rs 521.50. However, prices recovered thereafter on renewed buying interest and profit booking and tested a high of Rs 529.30 before it closes at Rs 528.50. September contract traded in the range of Rs 511.10-519.50. In October contract both volume and open interest declined.

PRICE DRIVERS

1. Improved 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 17.09.07
MCX	1,210,383.225 Kg

Spot Market Prices

Origin/Grade	Centre	18.09.07	17.09.07	Change
Mentha Oil	Sambhal	525	527	-2
	Chandausi	528	531	-3
	Rampur	525	527-528	-3
	Barabanki	505	507-508	-3

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TECHNICALS:

Candlestick chart pattern shows firmness in prices. EMA and MACD remain weak for the medium-term. Stochastic is deep in the oversold region while RSI is heading up in the oversold region. Market is expected to trade weak with steady to slightly firm opening.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	520	518	528.5	533	535

TRADE RECOMMENDATION

SELL MCX Mentha Oil **October** contract below 530 with target of 525, then 523. Put stop loss at 532.5. Trade cautiously with intraday outlook.