



MENTHA

Sept. 20th, 2007

SPOT MARKETS

Amidst increased arrivals across the major markets in UP against poor offtake, Mentha Oil prices softened further. Arrivals across the mandis in UP reported at around 1000-1050 barrels. Chandausi and Sambhal received the higher arrivals of 300-310 barrels and 230-280 barrels respectively. Barabanki and Rampur received the arrivals of around 200-220 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. Further, the bumper production this year and estimated huge carry over stock further imparting bearishness in the market. Demand from locals and exporters remained subdued or silent in the market. Thus, prices are expected to remain weak in coming days.

FUTURES MARKETS

Mentha oil futures traded weak at MCX. October contract of mentha oil opened weak at Rs 528.50 against previous close of Rs. 528.60. Contract then traded down on increased selling pressure testing a low of Rs 516.50 before it closed at Rs 517.00, down 2.19 per cent from the previous close. September contract traded in the range of Rs 506.10-517.30. In October contract volume increased while 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

TECHNICALS:

A long dark candlestick is formed indicating weakness in prices. EMA and MACD remain weak for the medium-term. Both Stochastic and RSI are deep in the oversold region. Market is expected to trade down following a steady to slightly weak opening.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	508	507	517	520	522

TRADE RECOMMENDATION

SELL MCX Mentha Oil **October** contract below 516 with target of 512, then 510. Put stop loss at 518. Trade cautiously with intraday outlook.

Spot Market Prices

Origin/Grade	Centre	19.09.07	18.09.07	Change
Mentha Oil	Sambhal	522	525	-3
	Chandausi	525	528	-3
	Rampur	523	525	-2
	Barabanki	503	505	-2

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