



MENTHA

Sept. 14th, 2007

SPOT MARKETS

The physical prices of mentha oil trade on higher side on thin trades activities among traders, steady demand and declined supplies of mentha oil vs previous day. The market gained bullish momentum from short supplies as reflected by Chandausi and Sambhal market, where supplies remained at 250 barrels and 200 barrels down from yesterday's 260 barrels and 250 barrels respectively. However, supplies remain steady in Rampur and Barabanki at 180 and 190 barrels, respectively. As per trade sources, country is heading towards record harvest of mint crop, which is expecting between 30,000-31,000 tonnes favors the limited gains. Due to better prices, farmers are willing to offload into markets but gust of arrivals of mentha oil are depending upon higher prices. On other hand, higher stock position in warehouses chopped the gains to certain extent.

FUTURES MARKETS

Mentha oil futures settled up on increased buying support at MCX. October futures contract of mentha oil opened weak at Rs 541 against previous close of Rs. 541.90 and traded down initially testing a low at Rs 540.30 per 10 kg. However, prices rose sharply increased buying interest and tested a high of Rs 545.40 before it closes at Rs 544.60. In October contract volume declined and while open interest increased.

PRICE DRIVERS

1. Improved arrivals; higher stocks in warehouses
2. Subdued demand from locals & exporters
3. Farmers & Stockists releasing stocks
4. Govt. levied VAT on Mentha Oil in Punjab
5. Bumper production & huge carry over stock this year

WAREHOUSE STOCKS

Exchange	Stock as on 11.09.07
MCX	896,466.425 Kg

TECHNICALS:

Light body with slightly upper and lower shadow suggests strong buying pressure at lower level. Prices closed slightly below to the short-term EMAs, hints weakness is diminishing. MACD made bullish crossover in negative territory. Stochastic is moving down while RSI is poking up in neutral region. Market is expected to trade up with steady to firm opening.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	539	537	544.60	452	555

TRADE RECOMMENDATION

BUY MCX Mentha Oil **October** contract near 544 with target of 548, then 550. Put stop loss at 542. Trade cautiously with intraday outlook.

Spot Market Prices

Origin/Grade	Centre	13.09.07	12.09.07	Change
Mentha Oil	Sambhal	541	538-539	+2
	Chandausi	543	542-543	Nil
	Rampur	538	536-537	+1
	Barabanki	516	516-517	Nil

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