



■ MENTHA

■ Sept. 28th, 2007

SPOT MARKETS

Mentha Oil spot prices across the markets in UP recovered on the back of some demand against lower arrivals. Some demand from locals reported whereas demand from exporters remained subdued or silent in the market. Arrivals across the markets reported at around 500-600 barrels, which supported the sentiment. Chandausi received the higher arrivals of 200 barrels followed by Sambhal at 170 barrels. Arrivals at Rampur and Barabanki reported at 60-70 barrels. However, in coming days prices are expected to remain lower due hefty stocks in warehouses coupled with bumper production and huge carry over stock this year. Lack of overseas demand would also impact the market negatively.

FUTURES MARKETS

Mentha oil futures traded firm at MCX. October contract of mentha oil opened weak at Rs 496 against the previous close of Rs 496.40 and traded down in early hours to test a low of Rs 494.60. However, prices recovered thereafter on renewed buying interest and profit taking testing a high of Rs 505.40 before it closed at Rs 505. September contract traded in the range of Rs 483.50-494.00. In October contract volume and open interest declined.

PRICE DRIVERS

1. Lower arrivals; Mild physical demand
2. Increasing stocks in warehouses
3. Farmers 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 26.09.07
MCX	1,530,850.475 Kg

TECHNICALS:

Candlestick chart pattern shows firmness in prices. Both EMA and MACD remain weak for the medium-term. Stochastic has made a bullish crossover in the oversold region. RSI is also heading up in oversold zone. Market is expected to trade range bound with firm bias with possibility late downward movement.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	501	497	505	512	514

TRADE RECOMMENDATION

BUY MCX Mentha Oil **October** contract above 506 with target of 509, then 510. Put stop loss at 504.5. Trade cautiously with intraday outlook.

Spot Market Prices

Origin/Grade	Centre	27.09.07	26.09.07	Change
Mentha Oil	Sambhal	519-520	512	+8
	Chandausi	520-521	514	+7
	Rampur	518-519	510	+9
	Barabanki	495	490-491	+4

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