



## MENTHA

Sept. 18<sup>th</sup>, 2007

### SPOT MARKETS

Amidst increased arrivals and weak physical demand coupled with ample stocks in warehouses, Mentha Oil spot prices across the major mandis in UP tumbled during the Monday's trade. Arrivals across the mandis in UP reported at around 900-1000 barrels. Chandausi and Sambhal received the higher arrivals of 280-300 barrels and 200-210 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. Meanwhile, talks of imposition of mandi tax over Mentha Oil in UP also imparted bearish tone. Further, the bumper production this year and estimated huge carry over stock further imparting bearishness in the market.

### FUTURES MARKETS

Mentha oil futures traded weak at MCX. October contract of mentha oil opened weak at Rs 540.20 against previous close of Rs. 542.60. Contract then tumbled on increased selling pressure testing a low of Rs 523.00 before it closed at Rs 524.10, down 3.41 per cent from the previous close. September contract traded in the range of Rs 512.90-529.90 and settled down 3.11 per cent at Rs 514.80. In October contract volume increased while open interest declined.

### PRICE DRIVERS

1. Improved arrivals; higher 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 11.09.07
MCX	896,466.425 Kg

### Spot Market Prices

Origin/Grade	Centre	17.09.07	14.09.07	Change
Mentha Oil	Sambhal	527	540	-13
	Chandausi	531	542	-11
	Rampur	527-528	540	-12
	Barabanki	507-508	516	-8

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### TECHNICALS:

A long dark candlestick is formed breaking the major support level, indicating weakness in prices. EMA and MACD remain weak for the medium-term. Both Stochastic and RSI is about to enter in to the oversold region. Market is expected to trade weak with steady to slightly weak opening.



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	516	514	524.1	526	528

### TRADE RECOMMENDATION

**SELL** MCX Mentha Oil **October** contract Below 524 with target of 520, then 518. Put stop loss at 526. Trade cautiously with intraday outlook.