



■ MENTHA

■ Sept. 22nd, 2007

SPOT MARKETS

Amidst some demand against steady arrivals Mentha Oil spot price across the markets in UP stood steady at Thursday's level. Some demand from locals and exporters reported during the Friday's trade, which restricted the downside in prices. Arrivals across the markets stood steady at Thursday's level of 900 barrels. Sambhal and Chandausi received the higher arrivals of 250 barrels and 250-260 barrels respectively. Barabanki and Rampur received the arrivals of around 180-200 barrels each. Prices are expected to remain week in coming days due higher stocks in warehouses and bumper production this year coupled with huge carry over stock. Meanwhile, source reported that arrivals are expected to increase in coming day's ahead of festivals (Ramzan, Dushera and Deepawali), which is expected to pressurize the prices.

FUTURES MARKETS

Mentha oil futures traded weak at MCX. October contract of mentha oil opened weak at Rs 523.30 against previous close of Rs. 524.40 and traded up in early hours to test a high of Rs 524.00. However, prices tumbled thereafter on increased selling pressure testing a low of Rs 515.60 before it closed at Rs 519.00. September contract traded in the range of Rs 505.20-513.20. In October contract both volume and open interest declined.

PRICE DRIVERS

1. Steady 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 20.09.07
MCX	1,325,967.275 Kg

Spot Market Prices

Origin/Grade	Centre	21.09.07	20.09.07	Change
Mentha Oil	Sambhal	522	522	-
	Chandausi	525	525	-
	Rampur	523	523	-
	Barabanki	503	503	-

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TECHNICALS:

Candlestick chart pattern show weakness in prices. EMA and MACD remain weak for the medium-term. Stochastic is deep in the oversold region while RSI is about to enter in to the oversold region. Market is expected to trade down following a steady to slightly firm opening.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	514	513	519	525	527

TRADE RECOMMENDATION

SELL MCX Mentha Oil **October** contract below 520 with target of 517, then 515. Put stop loss at 521.5. Trade cautiously with intraday outlook.