



■ MENTHA

■ Sept. 27th, 2007

SPOT MARKETS

Amidst weak demand against steady arrivals Mentha Oil spot prices declined across the markets in UP. Demand from locals and exporters remained silent or absent in the market. Further rains over UP affected the trading activity as well as arrivals in the market. Arrivals across the markets stood steady at Tuesday's level of 600-700 barrels. Chandausi and Sambhal received the higher arrivals of 225 and 160-170 barrels. Rampur and Barabanki received the arrivals of around 90-100 barrels. Hefty stocks in warehouses also pressurized the prices besides bumper output and huge carry over stock. Lack of overseas demand is further weighing heavily on prices. Thus, in coming days prices are expected to remain weak. However, some support can be seen if export activity revives.

FUTURES MARKETS

Mentha oil futures traded weak at MCX. October contract of mentha oil opened weak at Rs 500 against the previous close of Rs 500.10 and traded up initially testing a high of Rs 501.30. However, prices tumbled thereafter on increased selling pressure testing a low of Rs 491.90 before it closed at Rs 497.50. September contract traded in the range of Rs 481.00-490.00. In October contract volume increased while open interest declined.

PRICE DRIVERS

1. Steady arrivals; weak 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 25.09.07
MCX	1,377,807.275 Kg

Spot Market Prices

Origin/Grade	Centre	26.09.07	25.09.07	Change
Mentha Oil	Sambhal	512	512-513	-1
	Chandausi	514	515-516	-2
	Rampur	510	513-514	-4
	Barabanki	490-491	495-496	-5

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TECHNICALS:

Candlestick chart pattern shows weakness in prices. EMA and MACD remain weak for the medium-term. Both Stochastic and RSI are moving down in oversold zone. Long lower shadow of the candlestick indicates good buying support at lower level. Market is expected to trade range bound with weak bias with possibility early upward movement.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	492	491	497.5	502	503

TRADE RECOMMENDATION

SELL MCX Mentha Oil **October** contract below 500 with target of 495, then 493. Put stop loss at 502.5. Trade cautiously with intraday outlook.