



■ MENTHA

■ Sept. 8th, 2007

SPOT MARKETS

Mentha Oil prices eased at Sambhal and Barabanki markets on mild demand against slightly improved arrivals, while remained unchanged at Chandausi and Rampur markets of normal demand-supply situation. Some improved demand from locals against steady arrivals restricted downside in prices at Chandausi and Sambhal. Arrivals at Chandausi and Rampur markets stood steady at Thursday's level of around 160-170 barrels, while arrivals improved at Sambhal and Barabanki markets from 160-170 barrels to around 180 barrels. Meanwhile, the traders / dealers not lifting Mentha oil from Punjab as the state govt. has levied 12.5 per cent value-added tax on Mentha Oil, which tightens the supplies and boosted the prices. Also farmers and stockists in UP are holding back stocks in anticipation of price rise, which further boosted the sentiment. Demand from exporters remained subdued or silent in the market.

FUTURES MARKETS

Mentha oil futures traded firm at MCX. September contract opened flat at its previous close of Rs.537.60 and traded down initially testing a low of Rs 534.30. However, prices recovered thereafter on renewed buying interest testing a high of Rs 538.50 before it closes at Rs 538.10. In Sept. contract both volume and open interest declined.

PRICE DRIVERS

1. Steady arrivals; higher stocks in warehouses
2. Farmers & stockists holding back 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 06.09.07
MCX	686,594.025 Kg

Spot Market Prices

Origin/Grade	Centre	07.09.07	06.09.07	Change
Mentha Oil	Sambhal	545	546	-2
	Chandausi	548	548	-
	Rampur	543	543	-
	Barabanki	522	525	-3

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TECHNICALS:

A dragonfly doji is formed in the chart indicating firmness in prices. Prices closed above the 9 and 18 days EMA indicating firmness in short term. MACD is about to enter in the neutral region. Stochastic rising in the neutral region while RSI is moving flat in the neutral region. Market is expected to trade range bound with firm bias.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Sept. Contract	536	534	538.1	545	547

TRADE RECOMMENDATION

BUY MCX Mentha Oil September contract above 539 with target of 542, then 543. Put stop loss at 537.5. Trade cautiously with intraday outlook.