



■ MENTHA

■ Oct. 3rd, 2007

SPOT MARKETS

Mentha Oil prices recovered across the major markets in UP amidst improved demand against restricted arrivals. Good demand from locals supported the sentiment during the Monday's trade. Arrivals across the market declined from the Saturday's level of 700-800 barrels to 450-500 barrels. Sambhal received the higher arrivals of 150 barrels followed by Chandausi and Barabanki at 125 barrels each. Rampur received the lower arrivals of 90-100 barrels. Thus, short-term firmness is expected in prices. However, in medium to long term prices are expected to remain lower due to hefty stock position in warehoused coupled with bumper production and huge carry over stock this year. Further, the imposition of mandi tax on Mentha Oil is also expected to pressurize the prices. Demand from exporters remained silent in the market due to lack of overseas demand.

FUTURES MARKETS

Mentha oil futures traded firm at MCX. October contract of mentha oil opened firm at Rs 502.10 against the previous close of Rs 498.70. Contract then traded up on increased buying interest testing a high 511.20 before it closed at Rs 509.00. In October contract volume and open interest increased.

PRICE DRIVERS

1. Lower arrivals; Mild demand
2. Increasing stocks in warehouses, farmers releasing stocks
3. Govt. levied VAT on Mentha Oil in Punjab
4. Imposition of mandi tax on Mentha Oil in UP
5. Bumper production & huge carry over stock this year

WAREHOUSE STOCKS

Exchange	Stock as on 28.09.07
MCX	15, 61, 091.975 Kg

TECHNICALS:

A long hollow candlestick is formed indicating firmness in market. Prices closed above the 9 days EMA indicating short-term firmness. MACD remains in the negative zone. Both Stochastic and RSI is moving upward in the neutral region. Market is expected to trade upward following a steady to slightly firm opening.



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-Mentha Oil-Oct Contract	507	505	509	519	521

TRADE RECOMMENDATION

Buy MCX Mentha Oil **October** contract above 510 with target of 515, then 517. Put stop loss at 507.5. Trade cautiously with intraday outlook.

Spot Market Prices

Origin/Grade	Centre	01.10.07	29.09.07	Change
Mentha Oil	Sambhal	524-525	517-518	+7
	Chandausi	527-528	519-520	+8
	Rampur	522-523	517	+6
	Barabanki	504-505	493-494	+11

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