

Mentha Oil Weekly



Technical Recommendation:

Commodity	Exchange	Contract	Recommendations
Mentha Oil	MCX	Nov-11	Buy above Rs. 1295 target: Rs. 1315/1320 with stop loss below 1280 Sell below 1275 targeting 1259 then 1245 with stop loss above 1296

Spot Price Performance: (W/W)

Date	Chandausi	Moradabad	Barabanki	MCX Spot- Oil	MCX Spot- Flakes
21-10-2011	1480	1470	1450	1514.3	1630.6
22-10-2011	1470	1465	1445	1498.5	1602
24-10-2011	1465	1460	1420	1466.3	1577.5
25-10-2011	1465	1460	1420	1465.6	1574.9
27-10-2011	1455	1450	1380	1465.6	1574.9
28-10-2011	1460	1455	1410	1479.9	1588

Note: Since Uttar Pradesh is the major growing state in India, spot prices have taken from various districts of UP

Review:

Bearish trend in mentha Oil prices continued for 5th consecutive week. Activities across the major spot markets remained sluggish due to festival of Diwali. From starting of the week prices witnessed huge fall amid subdued demand from local buyers and exporters. Futures prices also fell drastically on bearish activities. However, later on prices witnessed small recovery on short covering but spot prices remained steady for rest of the day with down side biasness. However, overall trend remained very choppy due to limited activity at spot front. Therefore, on cues from spot market futures traded down giving negative closing with 1.11% W/W losses.

Last week's Price Movement:

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	1314.6	1318.3	1259	1297.4	-1.11	12517	-17.53	4873	19.55
Dec-11	1314	1316.7	1262	1297.8	-1.06	2720	-23.23	3445	20.24

Outlook

In the coming week, mentha oil prices are expected to trade volatile. Spot markets are likely to resume activity on full swing in next week which might support the prices initially. Emergence of demand from domestic pharma companies might also add to the upside. According to trade sources, near term trend depends on demand from exporters. According to traders, around 60% stocks have been sold and rest 40% will be sold as when demand hits the market.

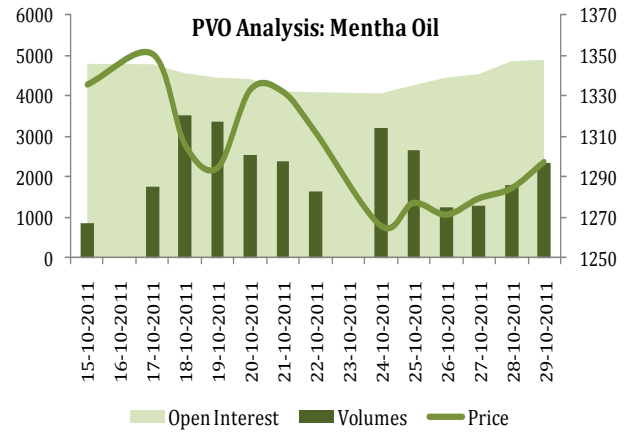
Though overall trend for medium to long term is expected to remain firm on emergence of winter season demand from US and European countries; short term trend might remain volatile as traders are waiting for further correction in prices for starting the fresh buying. Arrivals at spot market of Sambhal are also remaining stable that might also weigh on prices.

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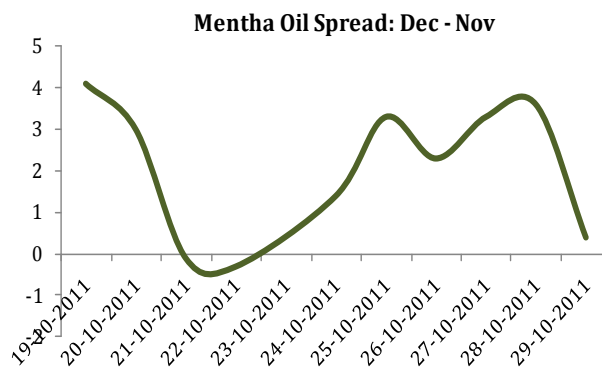


Derivative Analysis (Nov - 11)

Mentha Oil November contract, prices and volumes have declined while open interest has increased. According to analysis, it is a good indication that Market has a lot of traders initiating from both sides but larger traders may be liquidating into the higher prices. The market may be vulnerable to large price swings as shorter time frame traders attempt to trade from both sides of the market but liquidating before end of day.



Calendar Spread



Spread Matrix		
	Nov-11	Dec-11
Nov-11	0	
Dec-11	2.4	0

Calendar spread between the consecutive contracts declined to 2.4 on Saturday; still it is on higher side (Contango). Selling in both the contracts has been noticed during the week. However, smart recovery on Saturday November contract as compared to December contract pulled down the spread.

Spot Price Performance last week: Mint Product

Date	Flakes	Peppermint	DMO	Crystal	Powder
20-10-2011	1590	1200	1085	1675	1595
21-10-2011	1590	1200	1085	1675	1595
24-10-2011	1545	1185	1070	1640	1550
25-10-2011	1535	1185	1070	1625	1540
27-10-2011	1535	1185	1070	1625	1540
28-10-2011	1535	1185	1070	1625	1540

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Pivot Table

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Nov-11	1206	1232	1265	1297	1324	1351	1383
	Dec-11	1213	1237	1268	1298	1322	1347	1377

Warehouse stock level in Kgs. (as on 28, October 2011)

Commodity	Place	Physical Stocks	Demat Stocks	Total Stocks Eligible for Exchange Delivery
Mentha Oil	Chandausi	4676.25	0	4676.25
Mentha Oil	Barabanki	971103.52	84233.905	1055337.428
Mentha Oil	TOTAL			1060013.678

Technical

Mentha oil prices are trading lower from its high of Rs. 1449 and made a recent low of Rs. 1259 and settled the week at Rs. 1302.40 levels. The correction has taken place in five consecutive weeks. Moreover, the correction is over 61.8 per cent of the higher move witnessed from Rs. 1184.80 to Rs. 1449 therefore a pullback can be expected. Hence, while looking at the daily price chart we see market is trading in a trend channel however, in the week gone by mentha prices although traded lower but was able



to make higher lows suggesting a smart pullback can be expected. However, market still finds tough resistance near Rs. 1292/1295 and then Rs. 1316 levels. Therefore, market needs to break Rs. 1295 levels then a buying recommendation could be established. Likewise, on the lower side the supports could be seen at Rs. 1259 and breach of the same may see prices testing Rs. 1240 levels. Looking at the above analysis we believe Mentha oil prices may move higher only on break of Rs. 1295.

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