

Cool Frangrance - Commodity

The commodity with a 'cool fragrance', Mentha Oil can be easily included among the most volatile agro commodities with extreme levels seen both up & downsides. After more than a year of full-fledged bear rally, Mentha Oil has found some support in last few weeks. MCX June contract recently marked a bottom of Rs.865, almost near to 2 years' low level but on the back of 'Harami Cross' candlestick pattern on daily chart, prices have shown a strong upward movement since then. Icing on the cake, these price movements after bottom formation have shaped-up into a reversal 'Inverse Head & Shoulder' pattern to get qualified for a trend reversal.



The neckline of the above pattern comes at Rs. 980 and on sustained trade or a strong breakout above this level; Mentha Oil prices are likely to remain bullish. Volume will play a vital role in deciding magnitude of the expected breakout of above pattern. However if we look at the participation in last few days, volume & open interest have seen a considerable rise. A technical moving average band is also showing a positive crossover along with strong RSI, MACD & ADX. On fundamentals' side, fresh oil from new crop has started to reach various spot markets in UP amid rising export demand. However, local demand has slightly been hampered due to ban on Gutkha across India but trade enquiries from China, US & few European countries are likely to keep the momentum up for physical demand as India is the largest producer and exporter of the multi-purpose oil. **Buy MCX June contract at cmp Rs.961 & add more above Rs.980 with stop loss below Rs.935 and targets in the range of Rs.1027-Rs.1080.**



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