

Thursday, 14th June, 2012

BUY: Mentha oil

TARGET: 1475 - 1520



Steep down fall witnessed recently from high of 2564.80 to low of 1148.70 in Menthaoil.

Short term Technical Factors to watch

- A long white candle stick with high volumes is witnessed
- Prices are sustaining far below the short and medium term moving averages
- The momentum indicator RSI (14) is on the verge of forming a bullish cross over with its MA (9)

Crucial resistance is seen at 1480 (23.6% Fibonacci retracement of the recent downfall) and then 1520 (EMA-9) whereas, the support is at 1320 (previous swing) and 1200 (psychological support).

Short term Fundamental Factors to watch

- Prices at spot market of Chandausi are quoting at '1300-1450' per kg
- Major spot markets across UP have been witnessing limited supply of the produce
- Lower carryover stocks at spot market might support the prices in short term
- In 2010, China has emerged as the largest importer of mentha product from India. Earlier to this US was the largest mentha product importer. In 2010 Chinese mentha imports were around 6520 tons up by 25% Y/Y.
- As per trade sources, in coming year mentha product exports to China is likely to increase on robust demand for mint related products
- According to trade sources, Mentha oil production in 2011 is likely to up by 20-25% as compared to last year which was at 25,000 tons and fresh crop will start coming to the market June onwards

Recommendation

From the above analysis we expect Menthaoil prices to remain on an upside and recommend buying in Mentha oil at 1380-1365 for the target of 1475 and then 1520 with stop loss of 1310.



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