



# DAZZLERS & TOPPERS PTL INC.

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## **INDIA Mint Crop Status- (19th July-2018)**

**Our report of 11th June 2018, that the crude oil, will hit US\$25/kg, it did and actually went beyond.**

The current situation is

- The BASF crisis left a lot of gaps in the supply of Menthol crystals. A lot of actual users ran hand to mouth, and some even switched to synthetic menthol
- Everyone was waiting for the new crop
- The producers small or big who made crystals had not loaded their machines last year, as there was low return for them in view of the low prices.
- The sudden void in supply made everyone rush to make menthol crystals.
- As the crop came in, nearly all the freezers making menthol in the country were quickly loaded up for making crystals
- Today, such is the demand for crystals, that the normal conversion cost of about 3 Dollars, from oil to crystals, is today touching 12 dollars
- So producers are reaping the windfall in profits, and yet the demand remains unsatisfied.
- This situation is not going to ease till BASF supplies become normal, which is a few months away.
- There is a virtual grab for any arrival in the market today, and the farmer is holding back bringing the oil into the terminal markets in anticipation of a better price the next day.
- This is creating an unprecedented stocking chain.
  - First the farmer holds.
  - then the small stockist holds.
  - then the large stockist holds.
  - and then the Commodity Index speculator holds the material
- In effect seeing a 4-7 % return every day, everyone in the raw material supply chain from the farmer to the speculator has become a stockist
- As such the money required to hold material has got distributed between people, and thus the holding capacity has gone up
- Added to this is the Bull Run on the commodity index, run purely by speculators. That is only stoking the prices upwards
- The sentiment is so strong that even when the market hits, the low intraday sealing of minus 4%, arrivals do not pick up in panic.
- Today being a perfect example. The market has closed negative 4% today. But there has been virtually no trade, as sellers did not bring oil to the market, hoping for a revival tomorrow.
  
- The situation is dangerous, as the market is going into a vertical spiral, and the ceiling does not seem to be in view.

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The information contained herein is, to the best of our knowledge, true and accurate.  
All information is valid until revisions are issued.  
Issue date: Thursday, 19 July 2018

-Exporters are apprehensive in quoting, as they are not sure if they will be able to cover the raw material even if they have the money, since arrivals are poor. This is adding to the high price sentiment

-Again one may argue that there is a lot of crop.

**TRUE**

-But today the farmer, the small stockist, the large stockist, and the speculator has made enough profits, for them to hold on bringing the oil to the market

-The MCX operator too is making 4-7% every day, and for him paper trade is driving profits.

-Our reading of the market is that the at some time the market will snap, and this rally will stop

-Unfortunately by then the physical market would have developed enough resilience to hold on to the stocks for a much longer time, and hence corrections may not come any time soon