Stock Exchange

Confidence Returns

Thursday, Morning.

THE decision to support the. three per cent 1986 Conversion Loan at 80 last week has begun to give good results. Confidence has returned as indicated by the end of selling pressure. Prices of all loans have hardened and the market is experiencing short supply. The Conversion Loan has risen to Rs 80-8 and all other loans have improved likewise.

In the share market the bulls have regained command. They displayed their strength on Friday by forcing the badki charts on Tata Deferreds to move in their favour by privately arranging delivery of shares. This was the signal for prices to improve. On Tuesday. Tata Deferreds rose to Rs 1.795 and Ordinaries to Rs 320 though the closing for the day was again lower. Textiles were steadier, Kohinoors having improved to Rs 320 and Dyeings to Rs 420. The gains were widespread and included ACC at Rs 180, Belapurs at Rs 276, Indian Irons at Rs 29-4 and Imperial Banks at Rs 1,760.

In Calcutta, a similar change has been noticeable, particularly in Jutes and Coals where a general improvement in prices has taken place. Investment scrips are in short supply everywhere and though enquiries are not many, they are not really satisfied. The supply position is on the whole healthy. Investors' confidence in industrials has been well maintained, if absence of selling pressure is any indication.

Cotton

Domestic Prices a Shade Easier

HOME grown cotton is selling at ceiling or even below ceiling levels. This is mainly accounted for by the staggering of quotas and the unusual delay in granting permission to trade in several areas where the crop had started moving six weeks ago. The Textile Commissioner has recently granted permission to trade in ready and delivery contracts for the crop now moving in Punjab, PEPSU, Madhya Bharat, Hyderabad State, and in some districts of the Bombay State, and in one district of Saurashtra.

Under the prices determined in terms of the new Cotton Control Order, cultivators are actually receiving lower prices than they did last year, due to strict control on quality. Moreover, the manner in which control is being operated has been working to the detriment of the interests of the fanners and the small dealers who have no holding capacity. The prevailing financial stringency has also strengthened the pressure for an early disposal of the goods while mills have not been in a hurry to lift their allotted quotas. Thus sellers are foregoing their commission of ij4 per cent while in certain cases cotton is selling even Rs 15 to Rs 20 below the ceiling levels.

At the moment, buyers are in a somewhat favourable position and are able to dictate terms. Some of the prominent men in the trade arc inclined to believe that if the Government do not amend their policy, it will adversely affect cotton production next year.

The second all-India Cotton Acreage estimate released this week shows an increase of 20.9 per cent as compared to the. corresponding adjusted estimate last year. The total acreage is placed at 12,321,000 as against 10,192,000. This estimate is upto the end of September but since then, due to drought conditions in Gujerat, Saurashtra and elsewhere, crop conditions have deteriorated and despite increased acreage, the yield is not likely to exceed 30 lakh bales, which will be more or less the same as last year.

The acreage as estimated is as follows:

(in thousand acres)

	1951-52	1950-51
Oomras	3,929	3,302
Dholleras	1,286	1,119
Bengals	987	771
Americans	878	683
Broach	775	691
Surti	286	242
Others	4,180	3,384
Total	12,321	10,192

Allocation of domestic cotton is being made to mills *on* such a basis that they can have stock to last up to December 1952. Mills' commitments in US Cotton area also being taken into consideration. Those mills which did not use Bengals last year will be offered special allocations with a view to encouraging the use of this variety of cotton. The Government of India are not in favour of encouraging the exports of Bengal cotton this year and only after the industry's requirements have been fully met will the position be review. If there is any surplus left, then alone exports of a few thousand bales will be allowed.

Mills are taking very little interest in Egyptian cotton in view of its prevailing high prices. The Commerce Ministry announced that due to the unusual, unstable and highly artificial conditions prevailing in the Alexandria market, leading to unjustifiably high prices, the usual practice of adopting Egyptian cotton prices ruling in the first week of December will not be followed in the coming quarter for fixing cloth prices. Representatives of millowners have urged the Textile Commissioner to review their policy regarding prices of Egyptian cotton vis-a-vis superfine cloth prices in the ensuing quarter. It has been pointed out that the production of superfine goods will decline in case the Tariff Board's formula, which had hitherto been followed in fixing cloth prices, is abandoned.

After keeping firm American cotton prices reacted on publication of the sixth and preliminary final crop report of the 1951 season. The crop has been estimated at 15,290,000 bales ,i.e., nearly two million bales lower than expected four months ago, and nearly 4,81,000 bales less than what was expected a month ago. The. yield per acre has been estimated at 274.5 lbs. and the area for harvest has been placed at 26,698,000 acres as against 27,997,000 under cultivation on July 1. Thus the area abandoned comes to 4.6 per cent. Ginnings prior to December 1, totalled 12,803,000 bales.

March delivery contract after rising to 43.75 cents dropped to 42.25 to finish at 42.58 cents a lb. Price movements of contracts on New York market during the season were as follows;

(in cents per lb.)

1952	High	Low	Dec. 12
March	43.75	33.88	42.46
May	43.55	34.13	42.28
July	43.11	33.85	41.75
October	41.04	32.50	48.65
December	43.73	30.56	48.20