

Around the Markets**Recovery Continues**

Friday, Morning

RECOVERY of industrials under the lead of Tata Steels continued in the last week. Hut turnover remained extremely restricted. Activity was at a low level though prices looked up. Follow-up support, has been negligible. Fluctuations have been confined to a narrow range. The steadier feeling has been due more to lack of selling than to any revival of demand, speculative or investment. In the steels section, fluctuations in Indian Irons were much wider than in either Steel Corporations or Tata Steels. This may be attributed to continued offerings of Indian Irons from Calcutta which brought about a sympathetic decline in Steel Corporations but did not affect Tata Steels. On Thursday, both Indian Irons and Steel Corporations declined further to Rs 26-2½ and Rs 20-14 but managed to recover to the closing levels of Wednesday. On the other hand, Tata Steel Deferreds and Ordinaries continued to advance and moved up further to Rs 1692-8 and Rs 302-8 respectively.

As between Deferreds and Ordinaries, the latter have been in greater enquiry and the rise in them was proportionately greater particularly on Thursday. This is attributed to the expectation that the final ratio of share conversion will be fair to holders of Ordinary shares, although the mediator has stated clearly that he was not an arbitrator but only a mediator and that his task was merely to suggest a ratio to the Government and that it would still be left to shareholders and the Government to decide the issue.

Activity in the textiles section has been slowly reviving. Attention was concentrated on Bombay Dyeings which received support and were maintained around the highest level for several weeks. On Thursday, however, there was some realising due to end-account considerations. Among other cotton mill shares, Kohinoors and Svadeshis have been prominent. The sustained rise in speculative cotton mill shares occurred notwithstanding the Commerce and Industry Minister's disclaimer that there was no basis for the expectations of a reduction in the export duty on cloth. The revival of

demand in the internal markets, though slow, has been good enough to justify a modest rise in the cotton mill shares. The share of world export trade in cotton textiles that India can hope to get this year or next cannot be as large as in recent years and this factor has already been discounted in the past several mouths.

In the miscellaneous section, activity was confined to Associated Cements, Premier Constructions and Scindias. The rise in Associated Cements in the previous week was due first to expectations of an increase of eight annas in the dividend; the effect was lost in the wave of selling that followed the announcement that prices for packed cement would be reduced from November 15. The later modification that the prices would not be so radically altered but would be according to a schedule based on a range of prices for jute bags has failed to import strength for it is now believed that the dividend may not be put up at all. Indeed Thursday saw a further paring down of recent gains to Rs 177-12

before covering took the pride to Rs 178-4 at close. Trading in Scindias was much broader as also the fluctuations. After a long lapse, the shares crossed par but realising has again put the price back to around Rs 14-14. Until the balance sheet for the year is out, the significance of the resumption of dividend will be difficult to assess.

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Dull trading prevailed in Sheik Memon Street for almost the whole of last week and fluctuations were narrow. There was a comparative steadiness in silver which moved between Rs 153-4 and Rs 154-14. Over the week ending Wednesday, there was a net loss of three annas in silver at Rs 154-11 while gold forward gained in the same period from Rs 82-0 to Rs 82-14½. The slightly firmer trend in gold has been due to improved, offtake from about 5,000 tolas on Thursday last to 10,000 tolas on Wednesday. On the other hand, arrivals of silver from up-country have been reported to be larger, averaging 35 bars a day while offtake has been 5 bars a day, except only on one day when it touched 10 bars. The improvement in forward gold was brought, however, more by

STOCK EXCHANGE TRENDS — BOMBAY

(In Rupees and Annas)

| | Previous Closing 12-11-1952 | High | Low | Closing on 19-11-1952 | 1952 | |
|-----------------------|--------------------------------|---------|---------|--------------------------|---------|---------|
| | | | | | High | Low |
| STEELS: | | | | | | |
| Tata Steel Defd. | 1678-12 | 1693-12 | 1657- 8 | 1685- 0 | 1976- 4 | 1592- 8 |
| Tata Steel Ordy. | 299- 8 | 302- 0 | 295- 0 | 299- 8 | 358- 8 | 291- 8 |
| Bengal Steel | 21- 6 | 21- 5 | 20-13 | 21- 1 | 22- 7 | 16-12 |
| Indian Iron | 26-12 | 26-13 | 26- 3 | 26- 5 | 29- 6½ | 21- 7 |
| TEXTILES | | | | | | |
| Bombay Dyeing | 345-10 | 351-14 | 340-10 | 348-12 | 450- 0 | 331- 4 |
| Central India | 148- 0 | 152- 8 | 146- 0 | 150- 0 | 234- 8 | 123- 0 |
| Century | 239- 0 | 239- 0 | 235- 0 | 238- 8 | 324- 0 | 218- 0 |
| Kohinoor | 261- 4 | 262- 8 | 257- 0 | 260- 0 | 339- 8 | 252- 8 |
| Svadeshi | 234- 8 | 239- 4 | 231- 8 | 236- 8 | 296- 0 | 225- 0 |
| MISCELLANEOUS: | | | | | | |
| ACC | 179- 8 | 179- 4 | 176- 0 | 178- 8 | 190- 8 | 160- 0 |
| Belapur | 216- 0 | 220- 0 | 215-12 | 219- 8 | 268- 0 | 195- 0 |
| B'bay Burmah Old | 388-12 | 391-14 | 381- 4 | 388-12 | 553- 2 | 367- 8 |
| Premier Constn. | 81- 0 | 85- 0 | 79- 8 | 83- 8 | 107- 0 | 69- 0 |
| Scindia | 14- 6 | 15- 1 | 14- 4 | 14-14 | 17- 1 | 12- 7 |

short-covering than by any new bull activity.

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Oilseeds and oils prices have been steadying in the past two days. Groundnut bold ready which had declined to Rs 32 from Rs 34 on Thursday last recovered to Rs 33-8 following enquiries from abroad. A similar improvement was noticed in linseed, the quotation for bold ready improving from Rs 25-5 on Friday last to Rs 28 on Thursday. Enquiry from abroad is still only at £128 per ton of oil but some representation is being made for reduction in the export duty. Activity in castor futures was much larger than in the past several weeks and reached an estimated level of 30,000 candies on Thursday. The quotation had been brought down to a record low level of Rs 125-12 on Monday and the subsequent recovery to Rs 131-8 has been due both to heavy short-covering and fresh bull activity. Enquiry from Europe is now around a steady level of £168 per ton of oil, commercial quality first pressure.

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Art silk yarn prices are steadier. The closing on Thursday for 1501

Japan was Rs 684 for November delivery, compared with the lowest level of Rs 662 reached last week. The Yarn Merchants Association has decided that deposits will have to be given against all fresh sales. On representation, it has now been decided that deposits will not be required on the first sales of 40 cases. Prices of staple fibre have also been steadier, the quotation for 2 x 40 for November delivery having moved up to Rs 706 from Rs 663 a week ago.

Much more rapid has been the recovery in mercury. Since the notification issued early last month that export, would be allowed upto 10,000 flasks, it is understood that licences have already been obtained for 5,000 flasks on the basis of firm orders. The price has gone up to over Rs 500 per flask from around Rs 460 a week ago. This compares with the low level of Rs 260 a year ago.

Export-Import Bank Loans

The Export-Import Bank of the United States has granted a credit of \$5 million to Falconbridge Nickel Mines, Toronto, the second largest

nickel producer in the world. The company has entered into an agreement to supply to the United States 50 million lbs of nickel by 1961 for defence purposes. It will also supply 1.5 million lbs of cobalt. Repayment of the loan will be in ten half-yearly equal instalments beginning in 1955. Interest charged is 5 per cent per annum.

Last month the Bank authorised two credits to Brazil totalling \$19.9 million. The National Development Bank, recently created by the Government of Brazil to handle the financing of the economic development programme, was granted \$18 million. The credit will be used mainly for purchase of US agricultural equipment to be sold to farmers. Guaranteed by the Government of Brazil, the loan carries an interest of 4 per cent per annum and is repayable in five years.

The other credit of \$1.9 million is to the Companhia Metalurgica Barbara for expanding its facilities in Sao Panho for manufacturing cast iron pipes. This loan also carries interest at 4 per cent, per annum but is repayable in twelve half-yearly instalments beginning from June 1954.

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