

Stock Exchange**Hesitancy after Early Advance**

Friday, Morning

THE four-week-old uptrend which pushed up almost all the leading industrial shares to the highest levels for some months appears to have been halted, if only for necessary technical adjustments. Though bullishly inclined, analysts are less confident about recommending purchases at current levels to the intermediate trend operator. The investor, however, has little to fear till the reaction pushes down equity prices to below the lowest levels touched in 1951.

In about one month industrial shares have recorded all-round improvement ranging between 5 and 15 per cent. Even more significant is the revival of confidence. Though activity continued to be mainly of a professional nature, stock brokers reported broadening of public inquiry. Equity values have gradually looked up, despite continued stringency in the money market.

The Calcutta Stock Exchange had been a drag on Bombay, due presumably to uncertainty about the West Bengal elections. Hopes of a Congress victory last week enlivened sentiment and this was reflected in a spurt in Indian Iron and Bengal Steel.

Recent balance sheets of jute companies show quite satisfactory results, and they might do even better, thanks to the comfortable supply position in regard to jute and the wider margin of profit on exports. Hessian prices in New York are reported to have risen by nearly Rs 300 per ton to around Rs 4,650, while the comparable Indian quotation is Rs 2,800.

Steel shares have continued to provide the lead for the market. The outlook for them has seldom been doubted, but the marked and almost continuous rise in recent weeks is attributable to increasing belief in a further considerable rise in retention prices. A world Bank loan to develop the steel industry is thought likely. The Bank Mission was greatly impressed by the performance of the steel companies when it visited India.

Tatas are reported to have sold about 30,000 tons of scrap iron to America at around Rs 115 per ton

and there is much more still to be sold. Production trend alone expected to exceed 70,000 tons, would justify an encouraging outlook for steels. The Steel Corporation of Bengal production exceeded the Tariff Board's target for 1951. Total output last year was 60,000 tons more than in 1950. Tata Steel output in January is

Results of some of the banks recently announced have raised hopes about the outlook for them. Fears of heavy losses in investment in Government securities following the rise in the Bank Rate seem to have been greatly exaggerated. The rise in costs has been more than compensated by increase in interest charged on and the volume of loans. Central Bank's profits are 25 per cent higher than in 1950 and the Bank of Baroda shows an increase of Rs 2 lakhs in net profits at Rs 28 lakhs.- The Union Bank has raised its dividend by half an anna to 5½ annas. Bank

shares, therefore, have been in good demand in recent weeks.

Cotton Mill shares have developed a hesitant trend in the last fortnight and have suffered a small all-round set-back. This has been attributed, erroneously it seems, to receding export prospects and increasing foreign competition. For the marked rise in the 'unofficial' rates of cloth shows renewed demand for internal consumption and exports. The premium on coarse and medium varieties has shot up by nearly 25 per cent to about 50 per cent above the official rates. Recent price trend abroad suggest that fear of competition has been exaggerated, and unless there is a distinct change in stock-piling, demand for Indian cloth is assured.

Hesitancy in textile shares seems due more to technical considerations than to doubts about the basic outlook for the industry. Recovery in these shares started earlier than

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in other sections and almost all the active counters have been bid up to around their previous intermediate tops. Resistance at these levels was only to be expected. The corrective phase in this group seems well under way. The extent of the decline and the duration of the corrective phase must be carefully watched before forming a view about the underlying trend.

The emergence of several bright spots in the miscellaneous section indicates that Stock Exchange operators are now beginning to recognise individual merits of various scrips. Associated Cements have spurted to Rs 190-8, the highest since 1949, due to brighter prospects for the Company following extensions and modernisation of plant and machinery. Investment brokers consider these shares a good buy even at the current rates.

Bombay Burmah evoked good inquiry on reports that the com-

pany was negotiating with the Canadian Government to exploit its forests. Bombay Steams have become popular after the splitting of the Rs 250 paid shares into 10 shares of Rs 25 each. Shipping shares have been in demand due to the increase in coastal freight for selected commodities from the middle of February. Chemical, Cement, Engineering and Construction shares have been increasingly fancied due to encouraging prospects in an expanding economy.

The austerity measures announced by the British Chancellor are considered less severe than expected. Fears regarding a further rise in Britain's Bank Rate have proved wrong. The Stock Exchange, however, seems convinced that the coming budget would disclose some drastic measures to bring about disinflation.

Sentiment on the local Stock Exchange has been affected by the

heavy decline in some commodity prices, particularly oilseeds, and the approach of the end-of-account period. The general tendency is to watch the 'budla' rates before increasing commitments.

With most of the anxious short covering over, the technical position of the market would not seem strong. But this is not to suggest that the market cannot advance without a substantial set-back. The public being bullishly inclined, professional operators might not have much difficulty in pushing up prices further. Besides, a corrective phase in a bull market might take the form of a sideways movement instead of a decline. However, Dalai Street's behaviour in the last few days suggests that technical forces need more time to work themselves out and it would be advisable to wait and watch the trend before increasing long commitments.

STOCK EXCHANGE TRENDS—BOMBAY

(In Rupees and annas)

	Closing on 19-1-'52	High	Low	Closing on 30-1-1952	1952		1951 Lowest
					High	Low	
Steels							
Tata Steel Defd.	1852-8	1927-8	1872-8	1881-4	1927-8	1752-8	1717-8
Tata Steel Ord.	333	345-12	336	337-8	345-12	317	308
Bengal Steel	19-15	21-14	20-3	21-3	21-14	18-4	19
Indian Iron	27-9½	29 5½	27-13	28-9	29-5½	26-11	27-8½
Textiles							
Bombay Dyeing	430	440	426-4	426-4	440	416-4	395
Central India	231	235-8	228	228	235-8	222	218-8
Century	316-8	324	315-12	316-8	324	308-8	299
Kohinoor	335-8	338-12	331-12	332	338-12	323	304
Simplex	275-8	278	273-8	273-8	278	273-8	242
Svadeshi	284-4	289-8	280	280	289-8	258	247
Banks, Insurance, Electrics							
Central	71-8	72	70-8	70-8	72	65-4	66-12
Imperial	1792-8	1792-8*	1762-8†	1762-8	1795	1788-12	1705
India	177	178-8	173	173-8	176-8	169	164-12
New India Ins.	46	47-12	45-12	46-12	47-12	43-8	44-8
Tata Hydro	144	147-8	145	147-8	147-8	142-8	148
Tata Power	1802-8	1507-8	1487-8	1490	1507-8	1455	1470
Miscellaneous							
A.C.C.	184-12*	190-8*	185 0*	179†	190-8	180*	160-4
Belapur	260	268	260	265	268	255	249
Bombay Burmah Old	527-8	540	521-4	527-8	540	516-14	441-4
Premier Construction	101	104-8	100	100	104-8	88-8	84
Scindia	15-11½	16-6	15-9	15-9½	16-6	14-1	12-15½

* Cum dividend + Ex dividend