

persistent bull liquidation and bear pressure. Lower levels induced considerable short-covering and modest professional speculative support. Outside interest continued negligible.

Gold forward was marked down from Rs 88 to Rs 85-11 but recovered gradually to end at Rs 87-3 against Rs 87-7 a week ago. Silver forward declined from Rs 154-12 to Rs 151-12 but rallied to fluctuate erratically at between Rs 153-7 and Rs 152-3 and ended at Rs 153-3. Sentiment in gold continued to be influenced by fear that the Reserve Bank of India might sell large quantities of confiscated smuggled gold. With outside interest small the market has become rather thin and it responds quickly to small volume of selling and buying. Although the trend is erratic, the trading pattern indicates lack of faith in higher levels for bullion prices.

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#### Cotton Futures Irregular

COTTON futures continued to fluctuate erratically on alternate spells of bull liquidation and short covering. The tone generally was steadier and prices recorded further modest improvement from the previous week's levels. After rising from Rs 668 to Rs 683 on considerable bear covering and spot house buying ICC August reacted sharply to Rs 668 on heavy profit-taking and renewed bear pressure. Later it rallied to Rs 679 and ended at Rs 677-8 against Rs 673-4 a week ago. The daily turnover averaged around 50,000 bales.

Technical considerations continued to favour recovery. Sentiment was helped by optimism about early hedge trading in new crop contract which is unofficially reported at a discount of about Rs 10. It is now generally believed that the Government, encouraged by the satisfactory progress of the monsoon, and the trend of cotton prices, will soon allow hedge trading in the new crop February contract. Although there have been frequent talks about a bull syndicate to take delivery in the maturing contract there is little enthusiasm to follow the rise. Business continues essentially professional. Despite the sizable recovery in the last fortnight the over-all trading pattern indicates lack of faith in higher levels. With outside support lacking the professional bulls are anxious sellers on the rise. The spot market continued steady with business mostly in Indian cottons,

Bengal Deshi was further down by about Rs 10 per candy due to continued absence of export business.

Artificial silk yarn prices reacted after an early rise and ended at ground the week's lowest level. Early improvement was due to short covering induced by fear of scarcity in 150 deniers. But higher levels attracted heavy profit taking. July delivery 150 D Japan, which had been bid up to Rs 785, declined gradually to end at Rs 766 against Rs 779 a week ago. While the trade is happy about the increase in import quota for 120 D yarn from five per cent to 25 per cent of the face value of licence continued restriction on the import of 150 D yarn has caused considerable resentment.

Cotton yarn prices showed a firm tendency. Burma was reported a keen buyer of 20's for forward delivery. The trade is anxiously awaiting the announcement of export policy for the half year to December. With domestic off-take good prospects of an increase in cotton yarn quota is considered unlikely.

Weavers from South India have asked the Union Government not to raise the export quota in view of rising trend of prices. With the restoration of power cut supply position is expected to ease in coming months.

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#### Groundnuts at Record High

EXCEPT castor futures, which fluctuated narrowly with diffident tone, oilseeds prices recorded sizable improvement from the previous week's levels. Groundnuts were remarkably firm and were bid up to the highest level for a long time. Bold ready rose by about Rs 3 to Rs 51-12. While, floating stocks are scarce, crushers and vanaspati manufacturers continue keen buyers. Saurashtra was reported a persistent buyer, Bombay prices being lower by about Rs 2 per cwt. August-September delivery improved from Rs 45-2 to Rs 48-10 on heavy short covering and speculative buying induced by the remarkable firmness in ready. Ground-

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