

Equities Lack Support

Thursday, Morning

DALAL STREET had quite an uneasy time last week. Equity prices declined to new low levels in the recent reactionary trend. Business generally was small and interest was selective. Steel shares, which monopolised attention, came under heavy selling due to anxiety about labour situation at Burnpur and unfavourable reports about Tata Steel retention prices. Sentiment was also affected by lower steel output at Jamshedpur in June.

Against earlier forecasts of Rs 32 and Rs 34 latest reports about retention prices, which were said to be well-informed, were that the rise for the year to March, 1953, would be Rs 24 and that there would be a further rise of only Rs 14 for the next two years. The Government was also said to have changed its mind about a higher return on gross block. Belatedly the Government had realised that it did not have sufficient funds in the steel equalisation pool to provide for development expenditure in the form of higher retention prices. Upset by market reports about a small rise in retention prices the Tata Steel Company has asked the Government to consider the problem once again before giving its verdict.

With the publication of results for the quarter to March, 1953, it is possible to have a broad idea about the company's financial position. Despatches in the last quarter rose from 1,09,500 tons to 2,02,100 tons and net receipts showed a rise of Rs 61 lakhs at Rs 8.39 crores. Output of finished steel in the year to March, 1953, totalled 7,89,600 tons, against 7,98,600 tons in the previous year. Despatches were down by 10,100 tons at 7,87,000 tons. Net receipts increased from Rs 28.55 crores to Rs 30.91 crores. Details about cost of production are not available, but informed sources think that the Tariff Commission put the rise in manufacturing cost at Rs 32 per ton, including freight. The outlook depends essentially on the rise in retention prices which will be announced soon.

Despite the approach of dividend payment, and growing belief in a bonus issue after the completion of the conversion scheme the trading pattern of Tata Steels indicates lack of confidence even in the pre-

sent' levels. A further fall is generally thought likely. Only a big rise in retention prices can revive confidence. With the general tone diffident Tata Steel Ordinary shares bore the brunt of selling, being overvalued on the basis of 6 : 1 ratio. Sentiment in Tata Steels was also affected by the continued weakness in Indian Iron due to deteriorating labour situation which has compelled the West Bengal Government to declare the Indian Iron Works a public utility concern.

Cotton Mill shares continued to lack support due to unencouraging reports of cloth off-take, both domestic and overseas. In view of increasing consumer resistance reports about complete decontrol of cloth failed to enliven sentiment. The turnover in domestic markets has been rather too low even for the customary slack season. The trade fears that consumption may not rise unless prices fall further. Export of cotton cloth in the half year to June, amounted to 320.1 million yards against 224.3 million yards in the corresponding period of the previous year. It is possible that overseas buyers may have been holding off the market in expectation of a reduction in export duty,

but reduced export demand is in small measure due to rising foreign competition and the changed pattern of world textile trade. The Export Advisory Committee is reported to be against any relief in duty.

Bank, Insurance and Electric shares maintained a quietly steady tone. Business was limited. The Gilt-edged market was steady with limited turnover. Despite the easiness in the short-term money market, there has been no noticeable increase in activity in Government securities. Sellers, however, have become reserved. Miscellaneous issues followed the general trend. Belapur and Bombay Burmah were conspicuously weak. Selling in Belapur was attributed to reports that the company will have to pay more rent on its lands at Moregaon and Ahmednagar. BIG steadied after reports discounting any change in management.

* * * *

Bullion Easy

AFTER a further early fall bullion prices staged a si/able recovery and showed only small losses from the previous week's levels. Early decline was due to

STOCK EXCHANGE TRENDS — BOMBAY

(In Rupees and Annas)

	Previous Closing 1-7-1953	High	Low	Closing on 8-7-1953	1953	
					High	Low
STEELS:						
Tata Steel Defd.	1893-12	1888-12	1857- 8	1871- 4	1945- 0	1687- 8
Tata Steel Ord.	329-12	329- 0	322- 0	324- 4	338- 0	299-12
Indian Iron	24-11½	24-10½	24- 0	24- 1½	27- 1	22-12
TEXTILES:						
Bombay Dying	376- 4	375-10	371-14	375- 0	413- 2	353-12
Central India	157- 0	156- 0	153- 0	155- 0	179- 0	141- 0
Century	273-12	272- 8	268-12	270- 8	290- 0	243- 8
Kohinoor	303- 8	303- 4	299-12	301- 8	323- 0	259- 0
Svadeshi	246- 0	245- 8	243- 8	244-12	270- 0	228- 8
MISCELLANEOUS:						
ACC	170-12	170-12	169-12	170- 8	179-12	166- 4
Belapur	230- 0	229- 0	222- 8	223- 0	245- 0	209- 8
B'bay Burmah Old	361-14	360-10	351- 4	353-12	407- 8	351- 4
Premier Constn.	81- 4	81- 0	79- 4	79- 4	98- 0	79- 4
Scindia	12-14½	12-14	12- 8	12-10½	15-12	12- 8