

## Dalal Street Hesitant

Thursday, Morning

**H**OLIDAYS restricted trading on the Bombay Stock Exchange last week to barely two sessions and had a restraining effect on activity. In slow dealings Industrial shares drifted idly in a narrow range with a hesitant tone. End-account considerations and fear of heavy backardation charges in Tata Steel Deferred induced short covering and prices tended to rally. New support, however, was lacking. News from Burnpur continued to dampen sentiment. The tremendous loss of output at Indian Iron's works is particularly significant because of the huge development loan from the World Bank. Many people think that these shares may lose Calcutta market's leadership unless normal work is resumed soon. Recently traders have been showing growing awareness of the poor yield from these shares.

Tata Steel shares were held steady by continued bull manipulation. "Budla" charges on Friday, however, indicated the weakness of bull control. After being quoted up to Rs 4/6 against the sellers the "budla" rate in Tata Deferred became even and the quotation soon fell from Rs 1,961-4 to Rs 1,947-8. The kerb tone in the holidays was subdued.

Cotton Mill shares were quietly steady with a little business. Reports of domestic off-take of cloth were slightly better, but the downward trend in cloth prices shows increasing consumer resistance. Export trade does not seem hopeful about the revival of foreign demand. With cloth production rising to record high levels and off-take failing to catch up the mills are beginning to complain about the accumulation of stocks. Prospects of any marked and sustained improvement in textile shares are generally discounted.

Bank, Insurance and Electric shares maintained a steady tone without much business. Miscellaneous issues were generally dull and slightly subdued due to lack of new support. The Gilt-edged market was steadier with business continuing mainly in the short and medium dated loans. With conditions in the short-term money market distinctly easy the banks have been showing

greater interest in Government securities. The speculative Conversion Loan, which had been marked down to Rs 81-14 in the previous week, has recovered to around Rs 82-4. The National Plan Bonds are quoted at Rs 98-6.

While official economists are confidently forecasting continued business prosperity in America, Wall Street has given its verdict about a business recession. Stock prices have suffered a further heavy slump and both the Dow Jones Railroad and Industrial averages have declined to the May, 1952, low levels. The trend-theorists seem convinced about the reversal of the primary uptrend in stock prices in America. Wall Street's verdict has seldom been wrong, although there has often been a time lag between the slump on the stock exchange and a fall-off in economic activity. A recession in American economy is likely to have far-reaching effects on the economies of most countries. The Indian business outlook has been becoming increasingly obscure recently. While industrial production has been rising, unemployment has been on the increase. Speculative

hoarding and holding of commodities are at a discount. Consumer resistance is fast increasing.

### Rise in Bullion Prices

**S**HEIKH MEMON STREET, which had been virtually deserted for some months, showed considerable animation last week. Both gold and silver recorded a marked improvement, but more important was the increase in the volume of business and the return of outside public interest. The change in sentiment was attributed to hopes of revival of hoarding demand for precious metals to evade the estate duty. Sentiment was also influenced by ideas of increased up-country demand following encouraging crop reports due to favourable weather conditions.

Silver "Bhadrapad" delivery was masked up from Rs 152-15 to Rs 158-5 and ended at Rs 157-11. In kerb dealings it had been pushed up to around Rs 159. The rise was due both to heavy "short" covering and renewed speculative support. The improvement occurred despite the fact that "budla" rate had been against the buyers after a lapse of

## STOCK EXCHANGE TRENDS - BOMBAY

(In Rupees and Annas)

	Previous Closing 26.8.1953	Week ended 2-9-53		Closing on 28-8-1953	1953	
		High	Low		High	Low
<b>STEELS:</b>						
Tata Steel Defd.	1956-4	1962-8	1952-8	1953-12	1970-0	1687-8
Tata Steel Ord.	237-8	238-12	237-4	238-8	342-0	299-12
Indian Iron	22-1	22-5½	22-½	22-1	27-1	21-11½
<b>TEXTILES:</b>						
B'bay Dyeing	377-8	379-6	375-10	378-2	413-2	353-12
Central India	159-8	159-8	159-0	159-0	179-0	141-0
Century	269-0	271-4	267-12	270-12	290-0	243-8
Kohinoor	295-0	296-0	294-8	295-0	323-12	259-0
Svadeshi	247-12	249-8	247-8	248-8	269-0	228-8
<b>MISCELLANEOUS:</b>						
ACC	168-4	168-8	167-12	168-0	179-12	166-4
Belapur *	238-8	239-8	237-8	238-0	245-0	209-8
B'bay Burmah Old	350-10	351-4	350-0	350-0	407-8	348-12
Premier Constn.	85-4	85-8	84-12	85-4	98-0	79-8
Scindia	13-7½	13-8½	13-7	13-8	15-12	12-8

September 5, 1953

many months suggesting the weakness of bull manipulation. Gold also rose, although reports of off-take were not quite encouraging. The quotation for "Bhadrapad" delivery advanced from Rs 86-13½ to Rs 88-4 and the closing was lower at Rs 87-7 due to considerable profit-taking.

Deliveries against "Shravan" settlement indicated an interesting position. There was no tender of gold, while only 99 bars of silver had been issued up to September 2. There are still two more days for the delivery of silver. Absence of any gold tender suggests a scarcity of stocks, but the premium of spot gold on the forward rate declined further to around barely six annas per tola. The average daily arrivals and off-take of gold were estimated around 5,000 tolas and 3,000 tolas respectively. Corresponding figures for silver were 25 bars and 12 bars.

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#### Cotton Futures Hesitant

COTTON futures moved rather erratically on alternate spells of short covering and bull liquidation, and showed only a nominal change from the previous week's level. Technical considerations favoured a rally, the fall in the last few weeks being rather steep. But persistently encouraging crop reports checked new bull support and induced hedge pressure. After an early rise to Rs 641 ICC February was twice pushed down to Rs 632-8, but each time it recovered to around Rs 639. It was bid up around Rs 643 in kerb dealings on August 31, but reacted sharply to Rs 633 on Wednesday and ended at Rs 634, against Rs 635 a week ago. It declined further to Rs 628 on Wednesday evening.

The August contract which ended in the previous week had opened at Rs 653-4 on February 2, and after rising to Rs 744-8 on May 6 it declined to Rs 660 on June 26. Later it recovered to Rs 735 on August 21, and ended at Rs 731. Total tenders issued at 110,250 bales were considerably larger than general trade expectations. The percentage of tenders rejected in surveys and appeals works out to around 37. The uncertainty about the disposal of cotton delivered against the expired contract continues. It appears that unable to dispose of this cotton the bulls have been trying to hedge their positions with sales in the new crop contract. That explains the steep fall in February.

Given continued favourable weather, and reasonable prices for cotton compared with those of alternative crops, there seems no reason why the Five-Year Plan target of 42 lakh bales should not be realised. The current season's crop is estimated around 40 lakh bales which is about six lakh bales more than the 1952-53 production. Following the changed ratio between short and long staple sowing there is likely to be a reduction in exports and imports next season. The carry-over into the new season will be about 19 lakh bales which is nearly six lakh bales less than that brought in. The lower carry-over will off-set the estimated rise in production, and leave the supply position about the same as this season. Imports in the coming season are likely to be around six lakh bales with little prospect for the import of American cotton. With sowing reduced to give preference to long staple varieties exports of "deshi" cottons is expected to fall.

Artificial silk yarn and staple fibre yarn prices showed a steadier tendency. The rise was due mainly to short covering encouraged by the recent heavy fall. Sentiment was helped by reports about modest recovery in the off-take of rayon cloth. Dealers reported good inquiry in 150 and 120 deniers. Selling has subsided. August delivery 150 D Japan was marked up from Rs 773 to Rs 785 and ended at Rs 781 per case of 200 pounds. Staple fibre yarn was also steadier. The quotation for (40 x 2) September delivery improved from Rs 653 to Rs 678 and ended at Rs 674 per bale of 400 pounds. With supply position of both art silk and staple fibre yarns comfortable prospects of any sustained recovery in prices are generally discounted.

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#### Oilseeds Steady

OILSEEDS and oil prices generally showed a steadier tendency induced chiefly by technical considerations. Prices had fallen quite heavily in recent weeks. The recovery, however, was marked only in spot and near-by deliveries because persistently encouraging crop reports caused speculative selling in distant contracts. Groundnuts August-September rose by Rs 1/8 per cwt to Rs 48 on short covering induced by the firmness in spot due to scarcity of stocks and negligible arrivals. New crop December-January rallied in sympathy. After im-

proving from Rs 31-8 to Rs 32-8 it eased to end at Rs 32-2 per cwt. Groundnut oil was also steadier, although business was limited.

Linseeds were comparatively subdued on speculative selling and continued poor demand for oil. August-September delivery fluctuated at around Rs 29-10. February-March was marked down to Rs 24-10 but steadied again to Rs 25 per cwt. Linseed oil held quietly steady around Rs 16 per quarter. Kardi-seeds ready were firm on moderate mill buying due to a scarcity of groundnuts, but October-November delivery continued to attract speculative selling and fluctuated at around Rs 23-12, against Rs 24-8 for August-September contract.

After early irregularities castor September developed a firm tendency on heavy short covering induced by reports that the bulls were determined to take delivery of goods tendered against the maturing contract. After being down to Rs 139-12 the September contract improved to Rs 144-10 but declined again to Rs 141. Later it advanced to Rs 145-10 and ended at Rs 145-4, against Rs 140-14 per candy. Tenders issued on the first notice day, September 2, totalled 1,500 candies and were considerably below general market expectations. Although the export outlook for castor oil is not encouraging, Europe being the only buyer in small quantities, fluctuations in castor September are likely to be governed mainly by the tenders in coming weeks. The new crop May contract moved irregularly at between Rs 127-8 and Rs 125-8 and ended at Rs 126-8, against Rs 126-4 a week ago.

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#### Labour Cost Stabilised-Says JRD

THE annual meeting of the shareholders of the Tata Iron and Steel Company on Thursday evening lacked excitement. The vexed question of the conversion of Deferred shares into Ordinary shares is very near solution. Shri J R D Tata seemed confident that the capital structure would have been reorganised before the shareholders meet next year. The issue of bonus shares, after the conversion scheme is through, has already been announced and the shareholders have been repeatedly assured against any early increase in capital.

Complaints against the company's dividend policy were few because dividends are dependent chiefly on