

September 19, 1953

With slow but gradual improvement in food situation in the country, the hope may be fulfilled but only over a long period.

The gilt-edged market continued featureless with National Plan Bonds unchanged at Rs 98-6 and Conversion Loan steady around Rs 82-1 *cum*-voucher and Rs 81-15 *ex*-voucher.

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Steady Silver

SHEIKH MEMON STREET was principally affected by the continued delay in deciding the question of amending the bye-laws relating to penalty for non-delivery. The Bullion Board met many times but the decision has again been postponed to Friday. While speculation about the final result continues in the market, some prominent operators are reported to have changed sides. Business continued to be of a small volume and the fluctuations were confined to a narrow range. Silver Bhadrabad opened on Thursday last at Rs 157-8 and closed on Wednesday at Rs 157-7. The highest rate during the week was Rs 158-3 and the lowest Rs 156-7. The undertone, as can be judged from these figures, appears to be steady but it is difficult to be sure in view of reports of increased arrivals of *kuicha* silver.

Fluctuations in gold were even narrower. Bhadrabad delivery opened at Rs 87 on Thursday last and closed at Rs 87-5 on Wednesday. The highest rate was Rs 87-9 and the lowest 87-2.

The comparative steadiness of silver was brought into evidence when quotations for Asho delivery showed a backwardation rate of 12 annas for gold and a carry forward charge of 8 annas for silver. Bulls in silver, it is reported, are prepared to take deliveries of upto 1,200 bars.

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Further Decline in Cotton

COTTON drifted to yet lower levels this week. February contract touched Rs 611 this Wednesday before closing around Rs 616-4. This is a net fall of nearly Rs 4 over the week. The early rise to Rs 624-8 was shortlived. Similar was the trend in ICC May which touched the lowest of the week at Rs 614 this Wednesday and improved to Rs 619-4 at the close, recording a net decline of Rs 2 over the week. The early rise to Rs

128-8 proved equally shortlived.

There was an increase in bear selling in both the deliveries. The main explanation is to be found in the continued sagging of cotton mill shares on the stock exchange over the past two weeks. As if this was not sufficient discouragement to bulls, the spot market also sagged visibly. The only bright feature was the improvement of about Rs 10 in the spot prices of short staples, following the announcement of the levy of a duty by Pakistan Government at a rate of Rs 60 per bale on exports of Deshi and Comilla cotton. The duty is being imposed almost exactly one year, as it was removed on September 10 last year. The export duty on other varieties of cotton remains unchanged at Rs 90 per bale. The duty on short staple is applicable to both old and new crop.

Although this should be welcome news to exporters of Indian cotton, the East Indian Cotton Association has made representation that export policy for the new cotton should be announced soon. Bengal Deshi crop is expected to start moving next month.

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New High for Castor Sept

C A S T O R futures hardened further. September touched a new high of Rs 171-8 this Wednesday, closing firm at Rs 169. There was almost a continuous rise over the week from the closing of Rs 155-8 last Wednesday. The new crop contract advanced from Rs 125 to Rs 126-10, in step with the trend in September, but could not keep pace. Later it slid down to Rs 119-4 this Wednesday, on the expectation of a better supply position in the new season.

The firm trend in castor September was forcefully reasserted when the Oilseeds Exchange decided to

push up the deposit for upcountry deliveries from 10 per cent to 50 per cent. Despite the higher deposit, there is no likelihood of deliveries being increased at all. Tenders already made have been absorbed in full.

Another feature of the oilseeds market this week was the sharp rise in groundnut oil prices. But this was not reflected in groundnut futures. On the whole a steady to firm trend was maintained for August-September at around Rs 49-8 until week end. Subsequently the quotation moved down to Rs 48. Similarly after being maintained around Rs 32-12, December-January delivery was also marked down to Rs 31-8.

US Cotton Crop Forecast

The US Department of Agriculture estimates the US cotton crop for the current year at 15,159,000 bales. This forecast is 554,000 bales more than the August 1 estimate and compares with last year's crop of 15,136,000 bales.

More cotton is being grown on an acre of land. Last year the 25,664,000 acres harvested yielded a smaller crop than is expected to be raised on 23,737,000 acres this year.

Production control on the 1954 cotton crop now appears certain as the Secretary of Agriculture had announced previously that acreage allotments and marketing quotas will be imposed next year if production surpasses consumption. The Department of Agriculture estimate; consumption at 11.5 million bales. Meanwhile the possibility of expanding US cotton exports to Asia and other countries continues to be studied. A marketing specialist of the Department will visit India, Pakistan and Japan, among other countries. He will pay particular attention to problems of import financing and restrictions.

