

capitalise its reserve and issue bonus shares in the proportion of one for every six shares held. The company's idea may be to return to the shareholders the premium they paid when these shares were originally issued. Bombay Burrnah which had been depressed by persistent speculative selling in anticipation of a lower dividend have spurred *due*-to heavy short covering and renewed professional buying on account of the improvement in the prospects for tea, and a better outlook for the company's timber business. Premier Construction, Scindia and BIG were

the other bright spots.

Bank, Insurance and Electric shares held steady with business continuing small. The Gilt-edged market was generally subdued due to lack of new inquiry, perhaps due to the tightness in the short-term money market. The Conversion Loan eased from Rs 82-1 to Rs 81-14½ and the National Plan Bonds were quiet at around Rs 98-12. With the busy season near, and money rates showing a hardening tendency, Government securities are not likely to record any noticeable improvement. Business continues nominal.

'tween' Rs 698 and Rs 712 but rallied to end at Rs 719, against Rs 695 per case of 200 pounds a week ago.

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Castor at Record Low—Payment Difficulties

THE oilseeds market is said to be faced with certain payments difficulties. It is common knowledge that a prominent export firm had effected a "bear squeeze" in the September contract by insisting on deliveries and had virtually "cornered" almost the entire floating stock of castor seeds in the country. It is reported that the firm has neither taken delivery of all the goods tendered against tin-September contract nor made lull payments to die parties who had already delivered their goods. The board of the Oilseeds Exchange has had a few meetings to discuss the situation, but no decision has yet been taken.

Indian castor oil has been priced out horn overseas market cue to rising Brazilian competition and reduced foreign buying. Russia is reported to have offered to sell Britain castor oil at £114 per ton oil duty paid. There have also been reports that America may soon start selling castor oil from its stock-pile. With crop reports good and castor oil export outlook bleak, castor futures in Bombay have continued to seek new low levels. The May contract last week was pushed down to Rs 105-8, a record low level for nearly a decade. The downward trend in castor seeds has caused heavy losses to the export firm which had "cornered" the floating stocks. It is really unfortunate that an important firm should refuse to honour its commitments. After a small early rise to Rs 112-6 castor May declined to Rs 105-8 and rallied to end at Rs 107-10, against Rs 111-10 per randy a week ago.

Groundnuts recorded a small recovery due to short covering induced chiefly by technical considerations. The bears preferred to take profit, the recent fall having been quite marked. Sentiment was helped by reports about the possible delay in the new crop movement due to rains in Madras. The quotation for Bold December-January improved gradually from Rs 27-8 to Rs 28-6 per cwt. The quotation

Cotton Market Buoyant

Friday, Morning

THE cotton market showed remarkable buoyancy last week, with prices rising to the highest levels for some months. Spot dealers reported a scramble for new crop Berar and Khandesh prompt delivery. The mills which had been restricting their purchases to bare requirements were anxious buyers due to encouraging reports of cloth oil-take. The firmness in the spot market enlivened sentiment in futures.

ICC February rose from Rs 617-8 to Rs 632-12 without any noticeable reaction and ended at Rs 626-8" per candy. The May contract was pushed to a record high level of Rs 638-8 and ended at Rs 632-8 against Rs 623-8 a week ago. The rise was due both to short covering and sustained professional bull support. Persistent speculative selling induced by ideas of a bumper crop and huge accumulation of stocks of cloth with the mills had made the market technically oversold. The bulls have been emboldened. India marked improvement in domestic and overseas demand for cloth.

The Cotton Buyers' Association's statement on Wednesday evening asking the trade not to be misguided by "deliberate false reports" regarding the shortfall in the present crop has aroused considerable comment. The Association asserts that "according to the latest reports at hand and also the expert advice available there has been no deterioration in the crop position and the anticipated crop of 42 lakh bales is still likely to materialise". The Association is not known to have any organised department for estimating yield and output of cotton crop. It is therefore considered

surprising that it should have been so emphatic about its crop estimate and should have thought it necessary to remove tears about a decline in output.

Official estimates about crops in India have been known to be seldom near the actuals. Changes in the monthly cotton crop estimates in America, by the Department of Agriculture suggest that it is foolish to be dogmatic about crop forecasts. Forward markets thrive on rumours, and it scarcely becomes an important organisation like the Cotton Buyers' Association to take notice of them. It is no secret that members of the Cotton Buyers' Association are important traders in both the spot and forward markets. Some of them are reported to be heavily "short" in the market, and it is generally thought that Wednesday's statement was intended to influence the market.

Staple, fibre yarn prices recorded a sharp rise with the quotation for (40x2) November delivery improving from Rs 695 to Rs 772 per bale of 400 pounds. With stocks of tencrable yarn scarce, up-country off-take good and absence of any facility to carry forward sales, trading in December' delivery being not allowed, sellers were compelled to cover their sales lest they should be "squeezed" at the end of the month. The bulls tightened their grip. Spot prices rose by about seven annas per pound in sympathy with the firmness in futures. Artificial silk yarn prices also recorded further gains due to satisfactory reports about the off-lake of rayon cloth. The quotation for November delivery moved erratically be-

November 21, 1953

for new crop Quality ready was marked up to Rs 31-4 but reacted to Rs 29-12 and rallied again to around Rs 30-8 per cwt. Groundnut oil was also slightly steadier with business continuing mainly speculative.

Linseeds showed a further small improvement due to persistent bear covering. The quotation for February-March delivery improved from Rs 21-4 to Rs 22 and eased a little to Rs 21-1:2 per cwt. With export of linseed oil continuing *nil* new support for linseeds was lacking, but the bears were inclined to take profit. Linseed oil held quietly steady on modest retail consumer buying. Kardiseeds and nigerseeds maintained a quietly steady tone with a limited turnover. Australia was said to have bought a small quantity of kardiseeds at £42 per ton, which leaves only a small margin for the exporter.

The trade is critical of the delay in the announcement of groundnut oil export policy when business is profitable. The Government seems anxious to avoid the previous year's mistake of creating acute scarcity at home by allowing large exports. It wants to have a better idea of the present crop before taking a decision on oil export policy.

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Marked Rise in Gold

TRADING in bullion was notable for the marked rise in gold. The quotation for "Kartik" delivery improved gradually from Rs 80-14 to Rs 03-4 by Wednesday, spurted to Rs 84-7 on Thursday and ended a little lower at Rs 84-2J. The rise was due to nervous short covering and renewed bull support following reports of seizure of large quantity of smuggled gold. Spot dealers who had been persistent sellers in the forward market in anticipation of the continued flow of smuggled gold were said to be the chief buyers. Stricter vigilance by the authorities has unnerved the bears. The trend in gold in recent weeks has been influenced chiefly by the fluctuations in the quantity of smuggled gold finding its way to Sheikh Memon Street.

After a further early improvement silver developed a reactionary trend, and lost most of the earlier gains. "Kartik" delivery was marked up from Rs 152-3 to Rs 154-3 but reacted sharply to Rs 152-4.

Later it rallied to Rs 153-5 in sympathy with gold and ended at Rs 152-13. The reaction near the end was due both to corrective profit-taking and renewed bear selling encouraged by reports of large arrivals of "kutch" metal with-

in up-country demand. With the off-take likely to improve in coming months no important decline in silver is considered probable. This does not preclude occasional technical reactions.

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