

Around Bombay Markets**Dalal Street Buoyant**

Thursday, Morning

DALAL STREET spent most of its time last week in "digesting" its recent gains. The renewed buoyancy near the week-end suggested that after necessary technical adjustments the market had resumed the primary upward trend. That the minor reaction should have been over in less than a week only underlines market's inherent strength. Fluctuations during the major part of the week were erratic. The "bulls" virtually controlled the market. Profit-taking produced occasional setbacks, but prices rallied quickly on replacement buying. With tin¹ "bull" grip tight, the "bears" were in no mood to be aggressive.

Dalai Street's buoyancy and the vigorous upward trend in equity prices suggest that Big Business is now convinced of Government's helpful attitude towards private enterprise, of which there have been numerous indications in recent months. Budgetary trends may not be very encouraging. The small anticipated surplus threatens to turn into a sizable deficit. But in view of the Government's determination to help private enterprise, prospects of any additional tax load are ruled out.

Sentiment last week was influenced by the quarter per cent reduction in the discount rate to 1¾ per cent by the leading Federal Reserve Banks in America. France has also reduced its Bank Rate from 3½ per cent to 3¼ per cent. This is interpreted as a further indication of the world trend towards cheaper money. There has been speculation about a further cut in Britain's Bank Rate, and stock exchange speculators have not given up hopes of a similar reduction in India.

Very largely, however, last week's quick recovery in equity prices was attributable to the announcement of bonus issues by certain textile companies and reports of excellent profits and hints of higher dividends. Kohinoor has maintained its dividend but has given extra two rupees as bonus. Bombay Dyeing and Century are also likely to be more generous to their shareholders. The issue of bonus shares seems to have become a common feature, induced presumably by ris-

ing labour demand for a share in company's profits and reserves. The Svadeshi Mills have decided to issue one bonus share for every three shares already held. Central India have also announced a similar issue with a proposal to increase capital by giving one share at par for every two shares after the issue of bonus shares in the ratio of 1:3. Bombay Dyeing, Century and Gokak are also likely to follow the* lead given by the above named two companies.

Cotton Mill shares led the rise, but Steel shares did not lag behind. Slight dissatisfaction with the fall in Indian lion's output in January was off-set by continued optimism about the impending rise in retention prices which is expected to be

around Rs 65 per ton. The Tariff Commission had sent its report to the Government, but the Government is said to have asked the Commission's clarification on certain points. The Government decision is not likely to be delayed for long. The HSCO-SCOB merger is beginning to show its results and the outlook for Indian Iron shares is generally viewed with optimism, notwithstanding their poor yield when compared with Tata Steel shares. Tata Steels continue in good demand, and it appears that the Deferred shares, which have been a market leader for a long time, will be pushed up to the highest level for many years before they go off the list with the completion of the conversion scheme—

MARKET LEADERS DURING THE WEEK

(In Rupees and Annas)

| | Closing | | Week's | | 1954 | |
|--------------------------|---------|---------|---------|---------|---------|---------|
| | Feb 3 | High | Low | Feb 10 | High | Low |
| STEELS: | | | | | | |
| Tata Steel Defd | 2120- 0 | 2131- 4 | 2086- 4 | 2127- 8 | 2136- 4 | 1973-12 |
| Tata Steel Ord | 359- 8 | 362- 4 | 354- 8 | 361- 0 | 364- 4 | 334- 0 |
| Indian Iron | 28- 6 | 28-10½ | 27-14½ | 28- 7 | 28-12 | 24-15½ |
| TEXTILES: | | | | | | |
| B'bay Dyeing | 428-12 | 435- 0 | 420- 0 | 435- 0 | 436- 4 | 386-14 |
| Central India | 187- 0 | 196- 8 | 183- 0 | 191- 0 | 196- 8 | 175- 0 |
| Century | 302- 8 | 311- 0 | 296- 8 | 310- 8 | 308- 8 | 275- 0 |
| Kohinoor | 318- 0 | 321- 8 | 315- 0 | 321- 4 | 326- 8 | 291- 4 |
| Simplex | 155- 8 | 156- 8 | 152- 0 | 154- 0 | 159- 0 | 148- 0 |
| Svadeshi | 285- 0 | 295- 4 | 280- 8 | 294- 0 | 295- 4 | 264- 8 |
| BANKS, INSURANCE: | | | | | | |
| Central Bank | 58- 8 | 59- 4 | 58- 4 | 59- 0 | 64- 8 | 57- 0 |
| Imperial FP | 1810- 0 | 1805- 0 | 1800- 0 | 1800- 0 | 1847- 8 | 1790- 0 |
| Bank of India | 154-12 | 154-12 | 154- 0 | 154- 4 | 157- 0 | 153- 8 |
| New India | 40- 4 | 40- 4 | 39-12 | 40- 4 | 40-12 | 39- 8 |
| ELECTRICS: | | | | | | |
| Ahmedabad Elec | 114-12 | 115- 0 | 114- 1 | 115- 0 | 115- 0 | 111-14 |
| Andhra Valley | 1267- 8 | 1267- 8 | 1255- 0 | 1256- 4 | 1277- 8 | 1217- 8 |
| Tata Hydro | 138- 0 | 138- 8 | 138- 8 | 138- 8 | 138- 0 | 135- 8 |
| Tata Power | 1382- 8 | 1386- 4 | 1375- 0 | 1386- 4 | 1390- 0 | 1330- 0 |
| MISCELLANEOUS: | | | | | | |
| ACC | 177- 4 | 178- 0 | 175- 8 | 177- 0 | 187- 0 | 173- 8 |
| Belapur | 257- 8 | 259- 8 | 255- 0 | 259- 0 | 260- 0 | 242- 8 |
| B'bay Burma Old | 388-12 | 391- 4 | 382- 8 | 386-14 | 395- 0 | 358-12 |
| National Rayon | 148- 8 | 154- 0 | 146- 8 | 154- 0 | 154- 0 | 133- 0 |
| Premier Constn | 117- 0 | 117-12 | 113- 0 | 117-12 | 120-12 | 111- 0 |
| Scindia | 17- 4½ | 17- 8 | 16-15 | 17- 5 | 17-10 | 15- 4½ |
| Tata Chemicals | 11-11 | 11-12 | 11- 5½ | 11- 8 | 12- 0 | 11- 2 |

a worthy and exciting end for the speculators' favourite.

Miscellaneous issues followed the general trend and recovered after early irregularities. Alcock Ash-down, National Rayon and Scindia were the "bright spots". The rise in Alcock reflects general optimism about engineering and construction companies in a developing economy. National Rayon were pushed to record high levels on growing belief in a ten-rupee dividend. Scindia attracted keen inquiry, particularly near the week-end. following reports

Commodities

Cotton Rises Again

Friday, Morning

KALBADEVI last week was generally in a vacillating mood. The previous week's steep fall had unsettled sentiment. The "bears" were emboldened by prospects of improved supply following "free" licensing of import of American cotton. But with textile news continuing encouraging, the "bulls", who had virtually controlled the market for a few months, could not be easily routed. Tenders issued on the four notice days totalled only 2,300 bales, of which a few lots of Jayadhar were rejected in the survey. This was an important "bull" point, but the "bears" argued it differently. They said that poor tenders against February contract would mean increased pressure in the May delivery. Fluctuations during the major part of the week were erratic on alternate spells of "bear" selling and "bull" support and call fixing. The trading pattern near the week-end suggested that the odds preponderantly favoured a rise in cotton futures.

After rising from Rs 693-8 to Rs 701 the May contract moved irregularly lower to Rs 691, but recovered on Thursday to end at the week's highest level of Rs 704, per candy. The February contract improved from Rs 701 to Rs 713, but eased again to Rs 699 before rising to end at Rs 718. The spread between the two deliveries increased with the rise in prices.

While cotton futures moved erratically, the spot market continued generally firm. With cloth production and off-lake at a high level, and the statistical position of cotton by no means very comfortable, the strength in the spot market was scarcely surprising. Demand for good quality cottons was well

about a huge Government loan for development.

Bank, Insurance and Electric shares maintained a quietly steady tone with limited business, which shows that despite spectacular recovery in Industrial shares, activity continues predominantly speculative. But demand for investment shares is bound to revive gradually. The Gilt-edged market held steady, despite continued tightness in the short-term money market. The turnover was small. Sellers were scarce.

maintained throughout the week. In view of the marked rise in the prices of Indian cottons, the mills have been showing increasing interest in foreign styles, particularly American cottons, which are the cheapest among foreign growths. Egyptian and East African cottons also attracted fair inquiry. To enable the mills continue their cloth production at the present level the Government has assured them adequate supply by allowing import of two lakh bales of American cotton and live lakh bales from non-dollar areas.

Forward trading in staple fibre yarn (40 x 2) and artificial silk yarn (150 I) Japan was resumed on February 8 under the auspices of the new Bombay Yarn Merchants Association and Exchange Limited. "Ceiling" and "floor" prices have been fixed for art silk yarn at Rs 850 and Rs 700 respectively, per case of 200 pounds. Staple fibre yarn produced by 15 mills has been made tenderable against delivery contracts. This may make possible the smooth functioning of the futures market where trading had often to be suspended due to a scarcity of tenderable yarn. After opening at Rs 760 the quotation for 150 D Japan March delivery improved gradually to Rs 787. Staple fibre yarn was irregular. After declining from Rs 710 to Rs 688 the quotation for March delivery steadied to around Rs 705 per bale of 400 pounds.

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Bullion Firm

AFTE R small early irregularities bullion prices developed a distinctly firm tendency due to sustained "bull" support and

"short" covering. The rise was particularly marked in gold which was pushed to the highest level for some months. After easing from Rs 85-10 to Rs 84-12½ the quotation for "Maha" delivery improved gradually to end the week at Rs 86-10. Spot dealers who had been persistent sellers in the forward market, presumably to "hedge" smuggled gold, seemed anxious buyers. While the off-take showed moderate improvement, arrivals of smuggled gold were reported to have declined considerably. This unnerved spot dealers and encouraged professional "bull" support. With demand considerably in excess of supply the premium of spot gold on the forward rate rose to around eight annas per tola.

Silver was comparatively subdued, but there were no indications of the weakness in the "bull" grip. After easing from Rs 160-4 to Rs 159-10 the quotation for silver "Maha" delivery moved irregularly higher to Rs 162-2 and ended at Rs 161-11. A few professional "bulls" continue to control the market. They sold on rallies and replaced their positions on reactions, thereby strengthening their position to pay margin when silver "Maha" rises to close above Rs 163-1. The trading pattern of both gold and silver continues encouraging, and a further rise can be confidently forecast. Seasonal influences favour a rising trend. The market is also seized with inflationary psychology.

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Oilseeds Subdued

UNCERTAINTY kills activity. The delay in the announcement of Government's castor oil export policy has made trading in castor futures an extremely dull affair. Traders preferred accepting daily double options to making large open commitments. This restricted fluctuations to a narrow range. In slow dealings castor futures drifted irregularly in a narrow range, but rallied near the week-end in sympathy with the firmness in outside markets. After easing from Rs 114-8 to Rs 112-8 castor May recovered to end at Rs 114-10 against Rs 113-4 per candy a week ago. The outlook for castor futures depends on oil export policy. It is generally thought that with only a few weeks left for the Central Budget, an earlier change in export duty on castor oil is unlikely.

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