Around the Markets

Rally Near Close

Thursday Morning

DALAL STREET last week was generally depressed with many shares reaching new low levels in the recent reactionary trend. The tempo of decline, however, slowed appreciably and the market became rather dull at lower levels. On Wednesday equities staged an all-round recovery which erased most of the earlier losses.

Sentiment early in the week was affected by the continued weakness in commodities caused maiinly by growing belief in Korean peace Prices on Wail Street crashed further with the Dow Jones Industrial and Railroad averages declining to the lowest levels since November when the Republicans came to power. has has focussed attention on the outlook for American business which has been sustained at a high level for years because of huge stock-piling and rearmament programmes.

Will the end of Korean war and the improvement in the international political situation bring about a business recession in the United States? What are the possibilities of the recession developing into a depression:' Economic experts are-now giving increasing attention to these problems, it need scarcely be emphasised that developments in the American economy are likely to have far-reaching effects on most countries, despite their national economic policies.

- Dalai Street seems to think that, the rising tempo of development expenditure and deficit financing under the Five-Year Plan will help to insulate the Indian economy against the effects of a recession in America. It is argued that any possible decline in export demand for Indian goods will be offset by a rise in internal demand with the progress of the Plan. These conclusions are based on the assumption that the Plan will be a success and that various production, targets will be achieved to schedule.

It would, be idle to deny that industries whose prosperity depends mainly on export outlook are bound to be affected adversely by a business recession abroad. The jute industry is already feeling the impact *of* a marked decline in foreign demand. The textile industry will have to make its goods competitive by reducing production costs.

To emphasise the possible changes in the world economic situation that may follow if political tension cases, is not to suggest that the primary up-trend on the Indian Stock Exchange will be soon reversed. The investor, however, cannot ignore these developments. He will have to be more careful in selecting his stock.

The all-round recovery on Wednesday which brought about a marked change in sentiment was due mainly to heavy short covering and lack of selling, although there were also indications of selective professional bull support. Sentiment was helped by improved advices from bullion and cotton markets. Technical considerations favour a further rise, the recent decline having been too steep. It is difficult to say, however, whether the week-end recovery marks the end of the intermediate corrective phase which began about three weeks ago. The present rally and the amplitude of the subsequent reaction will have to be watched carefully before any opinion can be formed.

Steel shares are under the influence of conjectures about the Tata Steel conversion ratio. Shri Setalvad's award is awaited with interest and is expected soon. Market expectations range between 6 and 6½ Ordinary shares for one Deferred. Tata Steel output figures for the year to March, 1953, are: finished steel 7.9 1,800 tons 7.99,000 tons), steel ingots 10,61,400 tons (10.57,000 tons) and pig iron it .58,000 tons (_ 1 1.29,000 tons). Figures in brackets show the previous year's output. The profit outlook is considered satisfactory although a good deal depends upon steel retention prices.

Although most Cotton Mill shares were down to new low levels, they attracted considerable bear covering and scattered speculative support; as a result prices rallied near the week-end. Operators generally prefer buying of Steels to Textiles because of the recent reduced off-take and uncertainty about export outlook caused by Korean peace prospects. Miscellaneous shares generally were dull with Scindia continuing to lack support. Except for 3 per cent Conversion Loan which lost nearly six annas on consider-

STOCK EXCHANGE TRENDS — BOMBAY

(In Rupees and Annas)

	Previous Closing 1-4-1953	High	Low	Closing on 8-4-1953	1953 High	1953 Low
STEELS:						
Tata Steel Defd.	1810- 0	1831- 4	1791- 4	1817- 8	1915- 0	1687- 8
Tata Steel Ordy.	315- 4	316-12	311- 4	312- 8	332- 0	299-12
Indian Iron	24- 6	24- 9	24- 0	24- 5	27- 1	22-12
TEXTILES:						
Bombay Dyeing	381- 4	395- 0	382- 8	393-12	413- 2	355-12
Central India	154- 0	156- 0	151- 0	153-12	170- 0	141- 0
Century	269- 4	273- 0	266- 4	269- 8	290- 0	243- 8
Kohinoor	291- 0	297- 8	289-12	293-12	317- 8	259- 0
Svadeshi	256- 0	258- 8	251- 8	255- 8	264- 0	228- 8
MISCELLANEOUS:						
ACC	170- 0	170- 4	166-12	168- 0	179-12	166- 4
Belapur	235- 0	237- 8	234- 0	237- 8	242- 8	209- 8
B'bay Burmah Old	385-10	395- 0	380- 0	393-12	407- 8	357- 8
Premier Constn.	85-12	87-12	85- 4	87- 4	98- 0	81- 8
Scindia	13-12½	13-13½	13- 5	13- 7½	15-12	13- 5

able speculative selling, the Gilt-edged market maintained a quietly steady tone, in view of the continued stringency in the short-term money market, institutional support was lacking.

The Finance Minister's statement in Parliament discounting .suggestions of nationalisation of banks has been welcomed. His observations on the use of investible funds of insurance companies seem to have escaped attention. The Government is considering" proposals to secure a more positive direction of these funds. If the Government decides in favour of a larger percentage of funds being invested in Government securities, the institutional demand for first class shares may increase.

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After early firmness bullion prices declined sharply, the fall being pronounced in silver. Near the week-end, however, prices staged a brisk recovery on heavy short coveting and renewed professional bull support induced both by technical considerations and increased off-take at lower levels. Early weakness was attributed to Korean peace hopes.

In view of the fairly satisfactory off-take and reduced supplies of gold the professional operators chose to sell silver. The '" Vaisakh " delivery which had risen from Rs 157-7 to Rs 159-10 on April 2, reacted sharply to Rs 151 8 by April 6 but it recovered to end at Rs 155-2 on April 8. With the closing price declining to below Rs 153-4 special clearing had to be enforced in both the metals on Monday.

After rising from Rs 85-9 to Rs 86-3 gold " Vaisakh " delivery declined gradually to Rs 84-3 in sympathy with silver and rallied to end at Rs 85-3 on Wednesday. The volume of business was generally small. Setiment was influenced by renewed speculation about a possible rise in its official prices.

Commodities

Bear Pressure on Cotton

COTTON futures suffered a further heavy decline on persistent bull liquidation and considerable bear pressure induced by improved peace prospects and continued unencouraging reports of cloth off-take. The May contract was marked down from Rs 692 to Rs 675, the lowest level for more than a month. On Wednesday, however, it recorded marked improvement on nervous short covering and renewed bull manipulation and rose to end at Rs 688-4 against Rs 687-8 a week ago.

Spot prices eased mainly in sympathy with the trend in futures. Interest continued selective with business chiefly in good quality Indian cottons. Although the turnover was not very poor, mills quoted lower prices. Foreign styles were generally neglected. Bengal Deshi was further down by about Rs 10 per candy due to increased arrivals. Cotton futures are likely to be " trading market " for some time. With cloth off-take not very encouraging, prospects of a further marked and sustained recovery are not bright. But the stock position is not quite comfortable to cause any heavy decline.

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Artificial silk yarn prices were marked down to new low levels for many weeks. Peace prospects, easier foreign advices and increased arrivals against previous commitments caused considerable bull liquidation and bear pressure, 150 I) Japan April delivery declined from Rs 814 to Rs 767, It recovered on Wednesday to end at Rs 704 against Rs 802 a week ago. Staple fibre yarn maintained a comparatively steady tone. Poor off-take was off-set by a scarcity of stocks.

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Oilseeds and oil prices recorded all-round improvement last week although Korean peace prospects caused occasional sinking spells. Prices recovered under' the lead of groundnuts and groundnut oil which were marked up following the extension of the oil export shipment period to the end of August. Vanaspati manufacturers who had been keeping off the market for some time made large purchases of both groundnuts and groundnut oil. Up-country was also a buyer, Bombay prices being lower.

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Castor futures fluctuated irregularly within a narrow range. The tone was steadier than in the previous week. After rising from Rs 147 to Rs 152-12 the May contract declined again to Rs 147 but recovered to end at Rs 151-12 per candy. Business in September eontract was started on April 6. After declining from Rs 157-8 to Rs 150-8 it improved to en port business in castor oil continued negligible, foreign prices being unremunerative.

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Linseeds and linseed oil moved in sympathy with the trend in other sections. Free licensing of export of oil up to the end of June can scarcely have any effect, because export business is not possible, foreign prices being lower. Against the Indian quotation of £113 Uruguay was reported a seller in Europe at around £91 per ton. Kardiseeds held steady despite persistently large arrivals, the season being in full swing. Europe was reported a buyer at £47 per ton. Export business was fairly satisfactory.

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' Emergency ' in Metals

Non-ferrous metals continued to show an easier tendency and the sharp decline in tin led to the suspension of trading. Fearing a payments crisis the Association declared a twenty-lour hour emergency on Wednesday. The governing body will meet on Thursday to discuss the situation after payments in respect of special clearing in tin have been received. The fall in tin is in line with the weakness in foreign markets. Tin prices in London have fallen by more than £100 per ton in about a fortnight under the influence of Korean peace hopes. Copper, zinc and lead have maintained a comparatively steady tone, although they have also been falling gradually in recent weeks.

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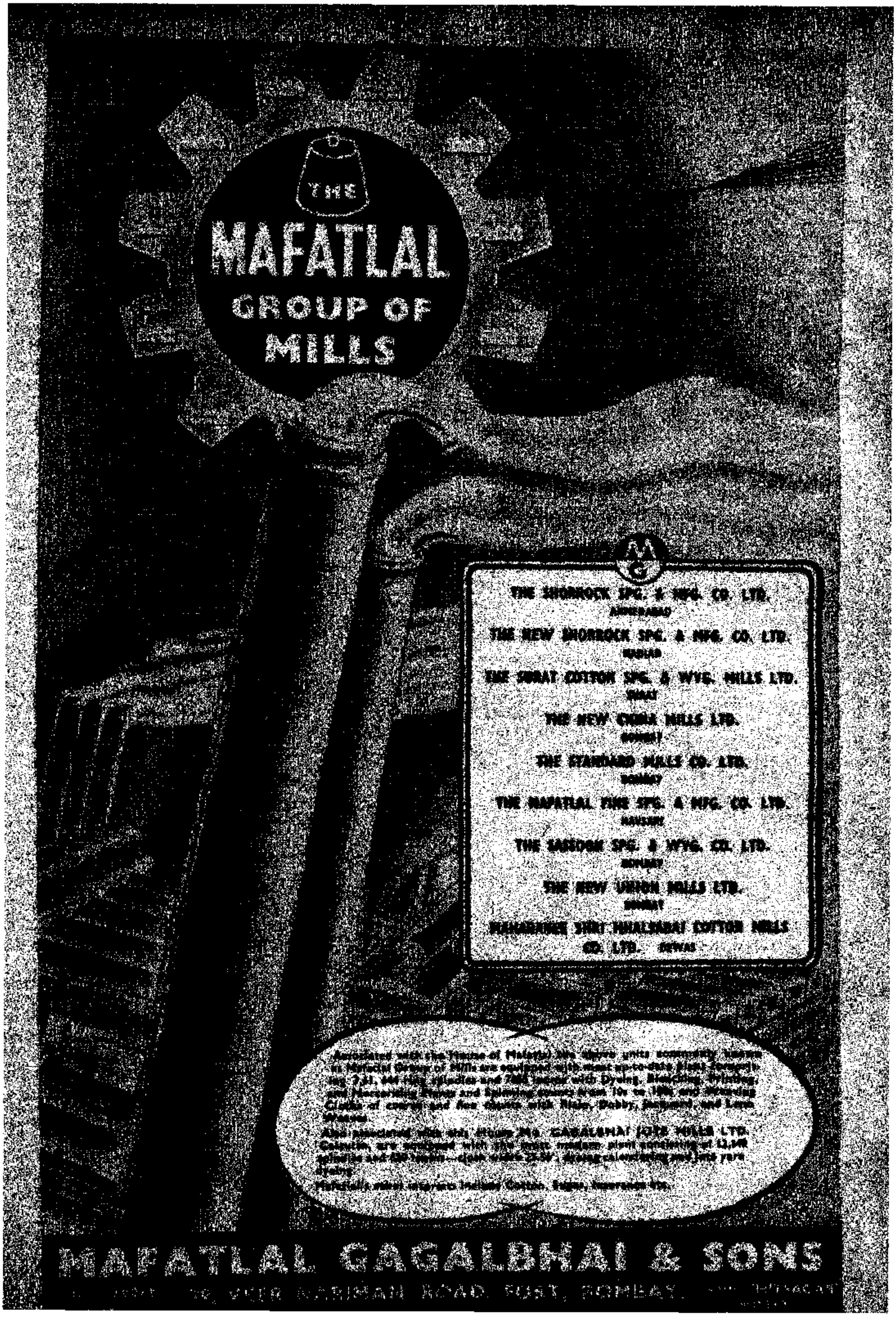
Jute Goods Depressed

Hessian and jute goods markets continued depressed with prices declining to the lowest levels for a long time. With foreign demand poor, stocks with the mills continue to rise. Hessian (45 x 11) April-June delivery was marked down from 86 pies to 83 pies a yard. DW 40/28 April-June was down by Rs 5 at Rs 78 per 100 bags.

After rising from Rs 2,818 to Rs 2,850 black pepper May delivery declined to Rs 2,750 and ended at Rs 2,770 per candy. The reaction was due to reduced American inquiry.

Mercury was steadier after hints of new export licences for the unshipped quota of about 4,000 flasks.



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