## Bullion Easier

SHEIKH MEMON STREET lacked excitement. Continued absence of outside public interest underlines lack of confidence in the sanctity of contract. In the absence of outside support the professional operators find little inducement to trade in a big way. The recent uptrend appears to have been halted. With follow-up support lacking at higher levels the professional bulls preferred to liquidate their holdings. Both gold and silver eased after a small early rise and showed small losses from the previous week's levels.

After rising from Rs 160-4 to Rs 161 silver "Jeth" delivery moved irregularly lower to Rs 159-2 but recovered sharply to Rs 162-1 on bear covering induced presumably by the rise in backwardation charges. It declined again to Rs 158-4 on persistent bull liquidation and ended the week at Rs 158-9. The. spread between the "Jeth" and "Asharh" deliveries narrowed gradually from Rs 2-8 to Rs 1-8. Sentiment was affected by reduced off-take at higher levels. Gold "Jeth" was marked up from Rs 90-5 to Rs 91-7 but reacted to Rs 89-13½ *on* heavy bull selling following the decline in spot inquiry. Backwardation charges in gold declined gradually from Rs 1-7 to Rs 1-1 per tola, "Asharh" delivery being at a discount.

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## Cotton Futures Erratic

WIDE swings in cotton futures disappointed both the bulls and bears. Fluctuations were too erratic, due presumably to a large volume of option business. The bulls appeared anxious sellers on the rise because of continued anxiety about the prospect of taking delivery in the maturing contract and the delay in the announcement of "hedge" trading in the new crop. In view of the marked decline in cotton futures in recent weeks bears preferred, to cover on reactions, but they re-soId at bulges,

After being down to Rs 663-8 ICG August moved irregularly higher to Rs 683-8. The rise brought about a marked improvement in sentiment and for a time it appeared that the month-old downtrend had been ended. Traders began to re-emphasise the tight statistical position and the continued satisfactory consumption. But the recovery proved short-lived and within just one session the August delivery was down again to Rs 665-8 against Rs 668 a week ago.

While confidence in higher levels is lacking, spot houses are supporting the market at lower levels. Uneasiness in the market is attributed essentially to the absence of facilities for "hedge" trading in the new crop. Since the bulls cannot transfer their positions into another contract they have either to take delivery when the contract matures or to liquidate their holdings. They seem to prefer the second alternative. With cotton futures fluctuating well within the "floor" and "ceiling" prices it is doubtful whether the Government will be running much risk in allowing forward rading in new crop contracts.

Despite easier tendency in futures the spot cotton market held fairly steady, with a fairly good turnover at advancing premium. Vijay and superior Jarilla were in good demand. Moderate inquiry was also reported in Sudan, Karnak and Guizeh. American cottons were virtually neglected. Artificial silk yarn prices recorded a further fall due to improved prospects of supply. June delivery 150D Japan declined gradually from Rs 772 to Rs 750 and ended at Rs 758 per case of 1200 pounds. Staple fibre yarn was also subdued. Cotton yarn prices were subdued by the announcement of a quota of 60 per cent, against 20 per cent in the previous half year for 80 counts and above. This is intended to help the handloom weavers.

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## Oilseeds Steadier

OILSEEDS and oil prices continued to show a steadier tendency throughout the week. After rising from Rs 152-4 to Rs 154 castor September reacted to Rs 149-12 and later moved irregularly at between Rs 150-8 and Rs 154. The tight stock position induced short covering at lower levels but rallies attracted tired bull selling. The undertone, however, was steadier and the trading pattern indicated that a further rise was quite likely. Exporters reported renewed foreign inquiry in castor oil, both first pressure and commercial, at around £154 and £150 per ton respectively. Europe was the chief buyer.

Groundnuts held firm on persistent buying by vanaspati manufacturers in ready, particularly Bold variety. This induced considerable short covering in August-September delivery which rose frorn Rs 45-12 to Rs 46-12 and eased later to around Rs 46-8 per cwt. Groundnut oil improved from Rs 24-14 to Rs 25-4 due to a scarcity of sellers. Linseeds reacted after an early rise. The reaction was due to up-country selling of profit-taking nature. August-September delivery was done up to Rs 32 but eased to end at Rs 31-4 against Rs 31-10 per cwt a week ago. Linseed oil was slightly letter at Rs 16-12 but business was limited. Export inquiry continued absent, foreign prices being lower. Kardiseeds were steadier on persistent mill buying in ready, but higher levels induced profit-taking in delivery contracts. Up-country was reported a keen seller due to comfortable stock position.

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## Sugar Down

NON-FERROUS metals made a mixed showing. While zinc and lead held steadier copper was easier on expectation of increased arrivals. After rising from Rs 164-8 to Rs 167-4 copper "Jeth" delivery cased again to Rs 164-8 against Rs 166-8 a week ago. Tin was clone down to Rs 113-8 but recovered gradually to Rs 117, "Jeth" delivery. Business in metals continued small. After a renewed heavy setback from Rs 425 to Rs 405 mercury recovered gradually to Rs 426 per flask of 75 pounds. With the price declining to close below Rs 410 a special clearing had to be arranged on June 18. With export profitable mercury should get stabilised at around the prevailing levels.

Black pepper was easier due to reduced foreign inquiry and lower up-country advices. After rallying from Rs 2,520 to Rs 2,570 July delivery declined to end at Rs 2,490 per candy. Cinnamon was down by Rs- 1-4 to Rs 53-4 per Bengal maund, "Jeth" delivery. Cloves were subdued at around Rs 675 and with liberal import a further reaction is generally forecast. Sugar prices reacted sharply following the announcement of new policy allowing imports with a reduction in import duty from Rs 14-14 to Rs 7 per cwt. Imports and improved transport facilities should discourage speculative hoarding and keep prices down.