

Gilt-Edged Firm, Equities Hesitant

Thursday, Morning

DALAL STREET continued to have an uneasy time. The volume of business generally was small with outside interest almost negligible. Industrials rallied after an early setback but cased again for want of adequate support. Closing prices on Wednesday showed only slight variations from the previous week's levels. Short covering and selective bull support produced occasional rallies but they could not be sustained due to tired bull liquidation caused chiefly by the continued absence of follow-up support.

Sentiment in Steels continued to be affected by the delay in the announcement of retention prices and disturbing reports about the labour situation in the Works of the Indian Iron and Steel Company. On Wednesday evening Indian Iron were marked down to Rs 24-7 against the day's high of Rs 25 on reports that the "slow down" movement started by the sheet mill workers some time ago had spread to the entire works and production had come to a standstill. The decline in production was indicated by the report that workers were now getting 25 per cent as production bonus, against 100 per cent three months ago.

Any further deterioration in the labour situation at Burnpur is bound to affect the price trend in Indian Iron and unsettle sentiment elsewhere, particularly if the rise in retention, prices is not announced soon. Informed sources believe that the Government has already taken a decision on retention prices and the delay in the announcement is merely procedural. The rise for the year to March 1953, will be above Rs 30 per ton, inclusive of freight and siding charges and for the next two years the increase will be nearly double this amount in view of the raised return on gross block.

The higher return on gross block is intended to enable the company to obtain finance for its expansion programme. Production costs are reported to have been based on a total production of 7,60,000 tons of finished steel. With the company compensated for any rise in production cost, and future retention prices to include an element for meeting cost of expansion, the out-

look for the company's shares is encouraging. Fear of a reduction in dividends is baseless, and on the basis of last dividends the shares offer an attractive yield. The development of Indian Iron is being encouraged by loans from the Government of India and the World Bank. The Government of India has already decided to lend Rs 10 crores free of interest for five years. Announcement about the loan is expected any time.

Cotton Mill shares generally were subdued by continued reports of reduced cloth off-take, both domestic and overseas. The fall in domestic demand may be seasonal, but the decline in foreign demand seems to have come to stay due to rising competition and the changed pattern of world textile trade. There have been reports of progressive relaxation of restrictions on the import of Japanese textiles by various countries.

Miscellaneous issues were easier with little business. Balapur were particularly weak after the announcement of the new sugar policy to bring down prices. Bombay Burmah were generally depressed and fears of a reduction in dividend

have come true. The Company has reduced its interim dividend from Rs 7-8 to Rs 5 on old shares and from Rs 3 to Rs 2 on new shares. Scindia continued to lack support. Associated Cements were also neglected. Shivrajpur, however, held fairly steady after encouraging reports about foreign demand for manganese ore. BIC were affected by rumours about a change in management.

While the Industrial share market was rather depressed, Government securities showed a distinctly steadier tendency. Prices recorded all-round improvement, the gains being marked in short-dated loans. Recovery was due both to a scarcity of sellers and renewed investment inquiry. National Plan Bonds which had been done down to around Rs 98-2½ rose to Rs 98-6, against the issue price of Rs 98-4. The three per cent Conversion Loan 1986 was marked up from Rs 82 to Rs 82-14. With busy season almost ended the Gilt-edged market can be expected to maintain a steady-to-firm tone for some time. It is doubtful, however, whether the rise in prices will lead to any marked expansion in business.

STOCK EXCHANGE TRENDS — BOMBAY

(In Rupees and Annas)

	Previous Closing 17-6-1953	High	Low	Closing on 23-6-1953	1953	
					High	Low
STEELS:						
Tata Steel Defd.	1886- 4	1905- 0	1862- 8	1880- 0	1945- 0	1687- 8
Tata Steel Ord.	329- 0	332- 4	327- 0	329- 0	338- 0	299-12
Indian Iron	24-13	25- 2½	24- 9	24-14½	27- 1	22-12
TEXTILES:						
Bombay Dyeing	381- 4	383- 2	375-10	380- 0	413- 2	353-12
Central India	162- 0	162- 8	160- 8	161- 0	179- 0	141- 0
Century	275- 4	277- 8	272- 0	276- 0	290- 0	243- 8
Kohinoor	301-12	306- 8	299- 8	305- 0	323- 0	259- 0
Svadeshi	248- 8	249- 0	246- 4	248- 4	270- 0	228- 8
MISCELLANEOUS:						
ACC	170-12	171- 0	170- 0	170- 4	179-12	166- 4
Belapur	233- 8	233- 8	227- 0	227- 8	245- 0	209- 8
B'bay Burmah Old	371-14	375- 0	366- 4	370- 0	407- 8	357- 8
Premier Constn.	80- 4	81- 0	79- 8	80- 8	98- 0	79- 8
Scindia	12-15½	13- 0½	12-13½	13- 0	15-12	12-13½