

Around Bombay Markets**Up-Trend Accelerated**

Thursday, Morning

**O**PTIMISM feeds optimism. The rise in prices has revived confidence and investment brokers report increasing demand for the hitherto neglected shares. Interest has broadened considerably. Indeed near-boom conditions prevailed in Dalai Street last week, with equity prices recording further all-round handsome gains. Of the 23 representative shares included in weekly price table, 14 counters established new peaks in the primary upward trend. The rise is by no means confined to the speculative counters. Investment scrips in Calcutta and Madras, particularly small price shares, have also recorded spectacular gains.

The recent improvement in equity values has often been attributed mainly to growing belief in the cut in the Indian Bank Rate in line with the monetary policy in many countries. But with the gradual broadening of interest and the expansion in the volume of business, there is a better appreciation of the basic factors responsible for the major upswing in the Indian stock markets. It bears repetition that stock exchange operators are not risking their fortunes on the unpredictable Bank Rate. They are marking up equities because of their growing belief in rising demand for industry's products which will inflate industrial profits.

The bulls are no longer upset by improved prospects of peace in Indo-China. Instead they have been emboldened by improved prospects of trade with China after the meeting of Mr Chou En-lai with Mr Nehru. Moreover, there is a growing realisation that the stock market need no longer to look to war and scarcity for industrial prosperity. National Plans can be executed only in an atmosphere of peace. National income is steadily increasing. Fear of a decline in farm incomes due to the fall in agricultural prices are exaggerated because of the marked increase in agricultural output.

The strength in Steel, Chemical, Construction and Cement shares underlines optimism about the outlook for basic industries in an expanding economy. Textile shares continue to show remarkable buoyancy. With the change in sentiment emphasis has shifted from slack

seasonal off-take to record cloth output, encouraging exports and poor stocks with the mills. Continued belief in the abolition of export duty on coarse cloth has also been a helpful influence.

The performance of Miscellaneous' issues was even more impressive than that of Steels and Textiles. Nearly all the active counters were pushed to record high levels for many years. Alcock Ashdown which had been recently depressed by the dividend cut also staged an impressive recovery. Sugar and Automobile shares were also firm. Tata Locomotives were in keen demand, particularly near the week-end.

While Insurances were steady with moderate business and Electric issues were marked up substantially on

active investment support, Bank shares were generally subdued. Imperial Bank attracted scattered selling. Central and United Commercial were in modest demand. The Gilt-edged market continued firm on selective investment and speculative support. Sellers were reserved due to the easiness in the short-term money market and persistent rumours about a reduction in the Bank Rate. Dalal Street's behaviour continues encouraging. Technical considerations may produce small profit-taking reactions. Despite the impressive rise in equity prices it will be advisable to make selective purchases on small reactions. There is no indication that the bull phase is nearing end for an intermediate correction.

**MARKET LEADERS DURING THE WEEK**

(In Rupees and Annas)

	Closing	Week's		Closing	1954	
	June 23	High	Low	June 29	High	Low
<b>STEELS:</b>						
Tata Steel	208-0	216-8	208-12	216-8	216-8	336-0*
Indian Iron	32-6	33-7½	32-8½	33-7½	33-7½	24-15½
<b>TEXTILES:</b>						
Bombay Dyeing	453-2	478-2	456-4	475-0	478-2	386-14
Central India	178-8	183-8	180-0	182-8	196-8	169-8
Century	341-0	351-4	342-0	349-4	351-4	275-0
Kohinoor	316-4	328-0	318-0	328-0	332-0	291-4
Simplex	157-8	163-8	158-0	161-12	164-8	148-0
Svadeshi	288-8	294-0	288-8	293-8	309-8	264-8
<b>BANKS, INSURANCE:</b>						
Central Bank	55-12	56-8	55-12	56-8	64-8	54-4
Imperial FP	1765-0	1770-0	1765-0	1765-0	1847-8	1765-0
Bank of India	146-0	147-0	146-0	147-0	157-0	145-0
New India	47-8	48-12	47-12	48-4	50-0	39-8
<b>ELECTRICS:</b>						
Ahmedabad Elec.	108-2	108-12	108-2	108-7	119-6	107-8
Andhra Valley	1340-0	1368-12	1357-8	1368-12	1368-12	1217-8
Tata Hydro	146-0	148-8	147-8	148-8	148-8	135-8
Tata Power	1450-0	1475-0	1447-8	1462-8	1475-0	1330-0
<b>MISCELLANEOUS:</b>						
ACC	160-12	165-0	161-0	165-0	165-0	147-12
Belapur	272-8	283-0	274-0	280-0	283-0	242-8
B'bay Burmah old	415-10	440-10	417-8	438-12	440-10	358-12
National Rayon	186-8	194-0	185-8	186-8	194-0	133-0
Premier Constn.	140-0	147-0	140-4	145-8	147-0	111-0
Scindia	18-9	19-12	18-10	19-11	19-12	15-4½
Tata Chemicals	16-7½	17-7½	16-12	17-3	17-7½	11-0

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## Commodities

**Groundnuts Steadier**

Friday, .-Morning

CASTOR futures last week fluctuated erratically due to alternate spells of up-country selling and export buying. True to type futures prices receded after the release of the long awaited oil export quota. The professional operators who had bought in anticipation of the quota preferred to take profit when the news became public. Favourable rain reports encouraged considerable up-country selling. After receding from Rs 113-8 to Rs 311-14 castor September recovered quickly to Rs 114-6 but were down again to Rs 110-12 on the following day. Later the rate rallied to end the week at Rs 112 per candy.

Export demand for Indian castor oil is not unencouraging. America is showing fairly good interest. The announcement of the export quota has not been followed by the withdrawal of the overseas buyer or any noticeable fall in foreign prices. America is said to have bought nearly 2,500 tons of oil from the new quota at prices varying between 12.7 cents and 12.5 cents a pound. This leaves nearly Rs 75 per ton margin for the exporter. This should have a steadying effect on castor futures,

Groundnuts were steadier on renewed buying by vanaspati manufacturers. Up-country selling encouraged mainly by satisfactory rains checked the rise, but lower levels attracted short covering and speculative buying. The Government's decision to continue "free" export of vegetable oil products had a tonic effect on the market. Vanaspati manufacturers were reported keen buyers of seeds as well as oil. Groundnuts August-September delivery which had been fluctuating between Rs 29-12 and Rs 30-4 improved to Rs 30-8. Oil was comparatively quiet due to comfortable supply position.

Linseeds merely followed the trend in groundnuts and castor futures. After easing from Rs 24 to Rs 23-10 the quotation for August-September delivery steadied again to Rs 24. Linseed oil was depressed by poor consumer inquiry. Kardiseeds and nigerseeds were virtually neglected.

\* \* \*

**Marked Rise in Silver**

INTEREST in the bullion market centred mainly in silver which recorded a marked re-

covery due to renewed bull support and considerable short covering. The pattern of price movements indicated revival of confidence in the market. Uneasiness following the end of unsuccessful bull manipulation has ended. There has been a marked decline in the arrivals of kutcha metal from up-country centres at the present prices, although the off-take is still small.

After easing from Rs 150-13 to Rs 140-12 silver forward moved irregularly higher to Rs 153-5 and ended at Rs 152-14 on Tuesday. It was bid up to Rs 154 in kerb dealings on Thursday but eased later to around Rs 153. Gold forward moved erratically in a narrow range. After easing from Rs S4 4 to Rs S3-11 it improved to Rs 84-15 and ended at Rs 84-9 on Tuesday. It was bid up to Rs 84 13 on Thursday but receded to around Rs 84-3 following the decline in spot premium. With outside interest small, business in the bullion market has become mainly of a jobbing nature. The present levels are considered fairly low, but seasonal influences are not conducive to the revival of outside follow up support.

**Cotton Futures Firm**

TRADING in cotton futures was resumed after a week's break caused by the payments deadlock. There were only two sessions last week. The trading pattern indicated a distinctly steadier tendency. The August contract which had officially closed at Rs 640-4 on June 22, opened at Rs 643-8 on June 29 and rose to Rs 653 on July 1. Later it eased on profit-taking to Rs 649 but was up again in kerb dealings at around Rs 652.

Apart from technical considerations which favoured a recovery, sentiment was helped by reports that the Government would soon allow an additional quota to the mills which might be around ten per cent of their consumption in 1953-54. This quota would be adjustable against new crop quotas. There were also vague talks about export of Bengal Deshi cotton. The spot market was fairly active last week, but activity was almost confined to Indian cottons. Prices generally maintained a quietly steady tone. Stocks both of cloth and cotton with the mills are small. This has a steadying influence on the market.

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