

Copra and Coconut Oil

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THE decline in the copra market which featured the first half of December was checked by the 15th at a low of \$172.50 c.i.f., at which figure some business was done to the Coast. With the prospect of diminishing supplies after Christmas, sellers began to hold back and the market gradually hardened. Shortly before Christmas, rumors of early devaluation of the peso caused some apprehension. The tendency in some quarters thereafter was to stock copra until after the year-end, thus giving dealers a chance to profit by devaluation should it occur. This state of affairs was not, however, as widespread as reported and dealers as a whole, although certainly not oversold, were carrying very modest stocks at year-end.

After the Christmas holidays, the actual shortage of copra coupled with bad weather in the south continued to stimulate prices in early January, and buyers, who had staunchly resisted advancing prices, were forced to buy some copra to cover previous commitments and to meet spot demands. On this basis, copra changed hands up to as high as \$190 c.i.f. before mid-January, at which time, while the situation was easier, buyers were still bidding \$185 to \$187.50 and sellers were holding for \$5 more, with little business passing.

To make the picture a little more complicated, Japanese buyers were preparing to bid for some 5000 tons, and several parcels were sold to Europe and South America, on an equivalent f.o.b. basis. This business, however, was largely sporadic.

Coconut oil buyers contended right along that coconut oil was overpriced—as it was—and dropped their ideas to 13 cents f.o.b. Pacific Coast and less, and under 14 cents c.i.f. for bulk oil to New York. Legitimate sellers could not meet these prices and the result was a stalemate. There was some small speculative business, but Pacific mills as a whole held for 13-1/2 to 14 cents f.o.b. West Coast, and Philippine mills for 14-1/2 to 15 cents c.i.f. East Coast. Oil consumers held their requirements to a minimum, and as the period closed were buying from hand to mouth, and hoping for better days.

LOCAL markets followed the export trend, and copra in Manila advanced from P33-P35 to P37-P39 for rescada, chiefly on requirements for home consumption. Cebu was but little better off, but prices in all ports of entry were high, with little copra pressing on the market.

Copra meal was strong and advancing on the Coast, as it usually is in winter time. No funds were available in Europe to buy Philippine cake or meal and no business was done, Philippine mills selling their production easily on the Coast.

Copra exports for December amounted to 43,160 tons as against 50,991 tons in November and 53,808 tons in December, 1948. These shipments were distributed as follows:

United States	
Pacific Coast	28,395 tons
Atlantic Coast	1,000 "
Gulf Ports	2,465 "
Europe	8,300 "
Africa	2,500 "
Pacific Coast, Canada	500 "
Total	43,160 tons

Coconut oil shipments totalled 6,279 tons, as against 4,643 tons in November, and 5,670 tons in December, 1948. These shipments were distributed as follows:

U.S. Pacific Coast	259 tons
U.S. Atlantic Coast	6,020 "
Total	6,279 tons

PRELIMINARY figures indicate that copra exports for 1949 totalled 553,423 tons, as contrasted with 614,094 tons in 1948, and 925,614 tons in 1947. Coconut oil exports improved, however, and totalled 64,147 tons as against 43,015 in 1948, and 24,272 in 1947. It is estimated that desiccated requirements for nuts in 1949 exceeded those for 1948. Also, consumption of oil for local usage increased. Although accurate figures are impossible to achieve, we estimate that the total 1949 coconut crop, if reduced to terms of copra, was slightly higher than that of 1948, both years exceeding the equivalent of 800,000 tons of copra. While not bumper crops, these two years, considered on this basis, are not as abnormally low as copra exports would seem to indicate.

Owing to light rainfall in mid-1949, copra supplies in many parts of the Islands look very light for the first quarter of 1950 and perhaps for the first half-year. The groves are in good condition, however, and barring the unexpected, the copra crop for the second half-year should be very good indeed, and the total crop for 1950 may very conceivably exceed that of 1949.

What may happen to prices is another story. Copra and coconut oil are heavily overpriced, and consequently in very minimum usage in the United States. ECA funds for purchase of copra by Europe are likely to be very restricted. With adequate supplies, one would look for lower prices. But so many things can happen. We would not wish to predict anything with assurance except that, as in the past two years, the gyrations of the copra market are likely to be largely unpredictable. It should be an interesting year.

Desiccated Coconut

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THIS report covers the month ending January 15, 1949. During this period the copra market became more active and prices soared. Raw coconuts followed, and as the seasonal crop was small most desiccated coconut factories were operating below capacity.

Also because of the holiday season workers didn't want to work. But because of the import control and exchange control there was a fear among copra merchants that prompted them to buy copra in preference to maintaining large cash balances. Consequently many buyers in the province paid premium prices for copra, and this prevented desiccated coconut factories from securing all of the seasonal crop they normally would have had.

The labor front was quite active with Franklin Baker Co. and Peter Paul Philippine Corp. discussing contracts or demands; these discussions have not been completed at this writing.