

COPRA AND ITS PRODUCTS

By **KENNETH B. DAY**
AND **LEO SCHNURMACHER**



KENNETH B. DAY

At the beginning of October markets were quite firm and with the copra season drawing toward a close, both buyers and sellers were looking forward to fair prices for the balance of the year. Before the month was one-third over, however, the unexpectedly large cotton crop estimate in the United States, together with the collapse of all commodity markets, put a different phase on things and from then on the market eased off gradually for the balance of the month, although the net loss for the entire month was not great.



LEO SCHNURMACHER

COPRA—Copra arrivals for October were exceptionally good in Cebu and far better than average in Manila. Again Manila arrivals topped 500,000 bags, which was

slightly less than September but nearly 24% above those of the previous October and over 17% more than the last eleven years average. In Cebu, with a delivery of over 400,000 bags, October arrivals exceeded those of September by 10%, those of the previous October by 46%, and those of the last eight years average for October by about 45%. Such large arrivals in Cebu were very surprising and all go to prove that 1937 is going to be Cebu's biggest year.

The month opened with buyers willing to pay P9.00 for resacada copra in Manila and about the equivalent in Cebu, but with sellers, who were comparatively oversold, holding off particularly because of signs of strength in the oil market. A bulge developed within the first week of the month and copra rapidly went up to a point where on October 6th a considerable volume of business was done at as high as P10.00. Within a day after the cotton crop estimate of 17,543,000 bales was announced, the tension eased and the market dropped successively to P9.75, P9.25, and later to P9.00. Along toward the middle of the month the market stiffened up a little and a good deal of business was done at as high as P9.25. About the 25th of the month, however, the market dipped again and grew weaker until the close of the month when buyers' ideas were down to P8.50 to P8.75 with sellers not particularly interested. Throughout this period there was a great deal of selling resistance and sellers were of the opinion that markets were unreasonably low and were sure to advance sooner

or later. For that reason the selling was far less than might have been expected, although by the end of the month most sellers were fully covered for all commitments and in fact held reasonable unsold stocks in the provinces.

As has been the case recently, provincial prices throughout the month were well in excess of base equivalents and there was no time when legitimate buying and selling could have been done at the same date. This was especially true in the Manila district where dealers with contracts and mills with agencies were consistently bidding higher than Manila prices warranted.

The European market was firm and active for the first part of the month with prices advancing from £14/10/0 to £15/2/6 for sundried with F.M.Q. 5/- under. By the end of the month, however, these prices had declined and the best bids obtainable were £14.2/6 for Cebu sundried, a loss of a full Pound during the month. As a matter of fact, this loss was accentuated by an additional increase in freight rates to Europe of 5/-, making the base rate to-day 75 shillings. Before this increase went into effect, however, dealers optioned a certain amount of space at lower rates, some of which has not been taken up even at this writing and will afford the means of more profitable sales than those made on to-day's market and to-day's freight rate.

The Pacific Coast market for copra advanced from \$2.65 to \$2.80 during the month but at the end of the month declined to \$2.60 with very few bids at that figure.

Considerable copra was sold both to Europe and to the States during the month.

Shipments during October were particularly heavy, probably due in part to several October loadings of vessels which had been previously scheduled for September shipment, together with at least one large charter for Europe. The space situation was still a difficult one at the end of the month with very little space offering for the balance of the year either for the Pacific Coast or for Europe.

Statistics for the month follow:

Arrivals:		Sacks
Manila		508,638
(Includes 2,400 sacks shipped from Cebu)		
Cebu		481,792
Shipments:		Metric Tons
Pacific Coast		22,683
Atlantic Coast		1,524
Europe		11,252
		35,459
Stocks on hand:		Beginning of Month Metric Tons
Manila	33,349	End of Month Metric Tons
Cebu	32,027	30,181

		Beginning of Month Metric Tons	End of Month Metric Tons
Manila	33,349		36,104
Cebu	32,027		30,181

COCONUT OIL—The month opened with buyers for oil willing to pay 4½ cents c.i.f. New York for December/January shipment and 4¼ cents for spot tank cars on the Pacific Coast. During the first week in the month a squeeze developed on the Pacific Coast which shot the price up to a high of 4-11/16 cents for a few spot tank cars, and at one time it was possible to sell small forward quantities of oil in New York at 4½ cents. As soon as the cotton estimate came out, however, prices immediately sagged and thereafter the New York market, after a few days of quiet, went down to a base price of 4¼ cents for next year's shipment, declining toward the end of the month to 4 cents and finally ending the month with buyers entirely out of the market.

The Pacific Coast market was dull after the first week of the month with cars occasionally sold at around 4 cents and not much interest one way or the other.

While a fair amount of oil was sold at 4¼ cents in New York during the month, there was no great selling pressure because Philippine mills were finding difficulty in covering their requirements profitably with copra. Most of the spot business on the Coast was valueless to Philippine sellers because they either had no spot oil available on the Coast or were unable to get prompt space to take advantage of the few days of favorable prices.

Shipments for the month totalled over 20,000 tons of oil—a very fair average for October.

Statistics for the month follow:		Metric Tons
Shipments:		
Pacific Coast		1,475
Atlantic Coast		15,307
Gulf Ports		2,957
Europe		682
Other Countries		13
		20,434
Stocks on hand in Manila and Cebu	Beginning of Month Metric Tons	End of Month Metric Tons
	12,120	9,038

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COPRA CAKE AND MEAL—Cake space to Europe was very hard to obtain either for the balance of 1937 or early 1938. Consequently, although there were buyers in Europe at favorable prices for cake, not a great deal was sold throughout the month. To fill the limited space available, some little cake was sold at prices ranging from P43.75 down to P43.00 f.o.b. for Hydraulic Cake with Expeller Cake approximately P3.00 under. At the end of October there was a slight revival of demand for copra meal on the Pacific Coast and some business was done for shipment through the first quarter of next year at prices ranging up to \$27.00 per short ton c.i.f. Practically all mills were well sold out for 1937 at the end of October.

Statistics for the month follow:

Shipments:	Metric Tons
Pacific Coast	2,787
(Includes 46 tons to Honolulu)	
Europe	5,892
China	51
	8,730

	Beginning of Month Metric Tons	End of Month Metric Tons
Stocks on hand in Manila and Cebu	9,255	10,903

DESICCATED COCONUT—The desiccated coconut market was quiet throughout October with prices unchanged on the basis of 8½ cents c.i.f. New York and sales very slow. Indications are that prices may be reduced in November. This has not been a very good year for desiccated consumption in the United States. It has been a very wet year and as a result candies made from coconut have tended to become moldy. For this reason, consumption is down approximately 30%. Mills here found no difficulty in obtaining all the nuts they wanted at reasonable prices, but with demand light mills were not working at full capacity.

Shipments for the month totalled 3,186 tons.

GENERAL—At the end of October market prospects were not bright. It was very evident that there is a great overage of production of all commodities, and particularly of cotton. While coconut oil stocks were not excessive, so many competing oils and fats were in plentiful supply that there seemed to be little hope of other than a downward tendency throughout November. Ordinarily, at this time of year we

expect prices to remain steady because of declining production in the Philippines. It appears, however, that in 1937 the situation in November will be less favorable than that for several months previously.

Throughout the month the Joint Preparatory Committee on Philippine Affairs was considering the data submitted to it by the Copra, Coconut Oil and Desiccated Coconut entities in September. Although no conclusions were drawn, it was felt that the coconut industries received a very fair hearing and could expect whatever assistance was in the power of the members of the Joint Preparatory Committee, both American and Filipino.

THE RICE INDUSTRY

By

DR. V. BUENCAMINO

Manager, National Rice & Corn Corporation



Contrary to general expectation, the market ruled weak and prices moved to lower levels. A selling wave hit the market about the middle of the month, consequently a good number of fair-sized lots changed hands at prices

below the parity of palay prices in the provinces. Some traders who have learned of the NARIC's entry into the market became alarmed and rushed to sell what little holdings they had at sacrifice prices. Buyers had the situation in their hands except towards the close of the period when a reaction set in, precipitated by reports of extensive crop damage resulting from drought and plant pests. On the closing day of the month, there were strong indications of further favorable developments. Arrivals were comparatively meager reflecting the depleted stocks in the primary markets. Only 130,631 sacks have been received in Manila, both by rail and water, compared with 131,048 sacks for September. The month opened with Macan No. 2 selling at P5.70 slumped down to P5.50 about the middle of the month and recovered slightly to P5.55 at the close, with a strong undertone.

PALAY

The price of palay was maintained over the parity of rice in Manila. This was mainly attributed to the presence of good-sized distressed narcelos whose owners have been frightened by the presence of NARIC rice in the market. Stocks were reported very low, most mills operating on a strictly hand-to-mouth basis. Liquidation prices at Cabanatuan ranged from P2.60 to P2.65 at the opening compared with P2.50-P2.55 at the close. Free parcels fetched a price P0.10 to P0.20 more.

Extensive damage to the standing crop has been reported in all the non-irrigated areas of Central Luzon and other places. It is now conceded that even if rain should fall, considerable damage has already been suffered and the probability is that the coming harvest will be materially decreased.

Three Musketeers...

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lived in, and so would have risen to the top. Where competition might have been keener, and the rewards of unusual merit correspondingly greater, they would have won equal success: their fortunes would have been larger, and their good names more renowned.

To this rule that the pioneer really loses, though he may seem to succeed, there is hardly an exception. Men of Captain Heath's stamp never met their superiors, they aren't born. In Oregon, the thirty-five years he spent in the Philippines would have carried him far indeed: if devoted to culture, to some great university work and at last a college presidency; if devoted to publishing, at least a chain of thriving newspapers; or if devoted to public life, a career in Congress, surely in the Senate; for the men who do all these things are few indeed who, say in running discussion, would even boast themselves the peers of Captain Heath: most of them are palpably his inferiors. But to say no more, all he touched here he bettered; and he did not let the country get him down. This is enough.

Biographical notes on the late Percy A. Hill and the late Captain Thomas Leonard will appear in later issues of the Journal.—Ed.

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