

one hand, and in all the territory of Spain, on the other hand, the right to acquire, possess, and dispose of movable and immovable property, to establish and maintain schools of learning, as well as the privilege to reside, travel, and engage in trade, industry, and other peaceful and lawful pursuits.

July 26 — The President inducts into office the members of the Capital Planning Commission, and also two new Governors of the Rehabilitation Finance Corporation, — Messrs. Eugenio Ealdama and Carlos Rivilla.

The Cabinet considers plans for the utilization of the \$22,500,000 granted the Philippines by the American Congress in the Rogers Act which provides for the construction of hospitals for Filipino veterans. Four hospitals may be built, one in Manila, another in Baguio, and the two others somewhere in the Visayas and in Mindanao. The Act also provides for grants for the operating expenses of these hospitals for a period of 5 years, not to exceed \$3,285,000 a year.

July 27 — Nicolai Aall, envoy extraordinary and minister plenipotentiary of Norway to the Republic of the Philippines, presents his credentials to President Quirino.

July 28 — The President issues Executive Order No. 158, creating a Labor-Management Advisory Board to assist him and the various labor agencies of the Government in connection with labor policies, problems, and disputes. The Order reads in part as follows:

"WHEREAS, the relations between labor and management are at times marred by industrial disputes arising from a misunderstanding of their mutual rights and obligations;

"WHEREAS, it would be to the interest of industrial peace, which is the only climate under which a speedy rehabilitation and development of our country is possible, that industrial disputes be at least minimized, if not altogether avoided, through an amicable adjustment of labor disputes; and for this purpose, there is need of an agency which will bring labor and management to the best understanding possible; and

"WHEREAS, the problems of labor should be approached from the broadest perspective compatible with the just exercise of the right of management to direct its enterprises:

"Now, therefore, I, Elpidio Quirino, President of the Philippines, by virtue of the powers vested in me by law, do hereby create a Labor-Management Advisory Board which shall be composed of a Chairman and such members as the President may appoint. One-half of the members shall be chosen from labor and the other half from management elements of the country. The members of the Board who are not government officials shall receive such per diems as may be fixed by the President.

"It shall be the duty of the Board to assist the President of the Philippines in the formulation of the labor policies of the Government; to advise the Secretary of Labor with respect to the administration of labor laws; to study ways and means of preventing or minimizing industrial and other labor disputes, and to assist the Secretary of Labor and the other agencies of the Government in endeavoring to reconcile the parties to an industrial strife and inducing them to settle the same amicably. . . ."

He also issues Proclamation No. 84 designating the period from August 19 to September 19, 1948, as "anti-Tuberculosis Month" and authorizing the Philippine Tuberculosis Society to conduct a national fund and educational drive during this period.

July 30 — Despite the fact that few Huks have as yet presented themselves under the terms of the Amnesty, President Quirino states at a press conference that the situation is "encouraging". He states that he is more concerned with his social amelioration program and the return of the dissidents to their farms than with the immediate surrender of their fire-arms. With respect to trading with Japan, he states that the geographic factors can not be ignored and that relations will some day have to be restored. The policy so far has been to deal with Japan not as a sovereign country but as a country being administered by SCAP, and that the trade so far carried on has been to Philippine advantage.

Asked to comment on the plank in the Wallace Platform for the repeal of the Bell Act, he states that the Act has not worked to the disadvantage of the Philippines and that if it ever did, there is always open the recourse of terminating it.

In answer to a statement made in a speech by Col. R. R. McCormick, publisher of the *Chicago Tribune*, before the American Club in Paris, as reported in the press. President Quirino issues the following:

"Our financial, trade, and military relations with the United States are all based on bilateral covenants. The Philippines was actuated to enter into these covenants by its desire to open its resources to American investments, which we consider of great help to our economic development and, what is more, to our immediate reconstruction and rehabilitation.

"The military agreement with the United States was entered into by the Philippine Republic on a mutually beneficial basis; namely, for the protection of Philippine and American interests in this country and for the maintenance of peace in the Orient.

"We never accepted, as we can not accept, American direction of our military and financial positions. Mutual assistance is the essence of such pacts. . . ."

Banking and Finance

By C. R. LEADER

Manager, National City Bank of New York

BUSINESS news is showing little change from month to month and the velocity of commercial transactions during July continued the slow pattern of the preceding several months.

The effect of war-damage payments is being felt in the economy, and money in circulation continues to increase month by month. Bank deposits are higher. Banks' loan portfolios are also up, but percentage-wise are not keeping pace with the growth in deposits. Merchants report that collections have improved somewhat, but inventories are still heavy in many lines of merchandise. There has been some decline in buying power, following lower prices for copra, abaca, and other export products. Importers are following conservative policies in placing orders. Markets are now well supplied with consumer goods, in the United States, as well as here, and merchants can keep commitments down without fear of being caught short, which has been one of their principal worries in recent years. Consumers' requirements are being satisfied and distributors' stocks are filling up. The opportunity for speculative run-ups and speculative profits has diminished, and the situation is healthier for these changes.

Foreign exchange quotations have not altered during the month, though dollar demand was somewhat easier.

The General Banking Act, companion legislation to the Central Bank Act, was passed by Congress during the Special Session, and with the approval of the President, has become law.

Even a cursory glance at the appended comparative figures indicates that the main trend of business is still inflationary. The cost of doing business is higher and more credit is being used now than a year ago. If pre-war records were available, the comparison would be even more striking.

Comparative Financial Summary of thirteen Manila banks compiled from reports issued weekly by the Bureau of Banking:

Loans, Discounts and Advances (monthly averages)			
(000 omitted)			
*June, 1948	**May, 1948	June, 1947	
₱383,841	₱381,008	₱293,073	
Total Bank Resources (monthly averages)			
(000 omitted)			
*June, 1948	**May, 1948	June, 1947	
₱931,207	₱895,019	₱755,913	
Bank Deposits (monthly averages) Public funds not included			
(000 omitted)			
*June, 1948	**May, 1948	June, 1947	
₱448,864	₱415,027	₱372,128	

Debits to Individual Accounts (monthly averages)

*June, 1948 P113,944	(000 omitted) **May, 1948 P117,993	June, 1947 P96,963
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Currency in Circulation (monthly averages)

June 30, 1948 P810,780,079	May 31, 1948 P798,775,645	June 30, 1947 P716,447,804
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*Compiled from reports to June 19 only, to be corrected in next issue.

**Corrected figures.

The September contract for New York Sugar closed the period at 5.21, as compared to 5.18 a month ago. Advances from New York dated July 16 reported production from Cuba at somewhat over 6,655,000 short tons, with one mill still grinding. Pressure on the Agriculture Department to increase the United States sugar quota, caused some trade members to adopt a waiting attitude pending further action in this direction.

American Stock and Commodity Markets

June 27 to July 27, 1948

By ROY EWING

Swan, Culbertson & Fritz

THE feature of the New York stock market during the past month was the sharp break between July 14 and 19 when the Industrial Average declined from 190.66 to 181.20. The crisis in Berlin and the resulting threat of war was undoubtedly the main influence. Previous to this break the market had acted well, especially the Rails, which Average went up to 64.95 on July 14, a new high since 1946. Since the 19th, moderate rallies have brought the Industrial Average back to 184.17 at present writing.

In addition to the international situation, there were other bearish market influences. The inflation spiral was boosted by Big Steel's wage increases, which followed similar previous hikes in the motor, railroad, coal mining, and other industries, with resulting rises in prices; there was nervousness over the special session of Congress, and the effect to some industries of the bumper crops (see below). On the bullish side were continued reports from numerous companies of record high earnings and dividends. The United States employment figure was at a record all-time high, as were several other business indices. Consumer spending was on the increase and acting as a cushion. As yet to have its effect, was the Marshall Plan and the defense spending, which is still in the allocation stage.

From the 1948 lows in February and March, to the highs in June and July, the Industrial Average rallied 27.77 points, the Rails 16.82. The recent break erased 43% and 32% of these respectively. According to the Dow Theory, a normal secondary reaction retraces from one-third to two-thirds of the previous move, so the recent break is well within these limits. As pointed out in this column last month, a break in the Average to between the 180 and 185 levels would, according to the Theory, be a buying spot, and we continue to hold to this opinion. As confirmed by the Averages in May, the primary trend is bullish.

Commodity prices were mixed but generally easy. New York spot Cotton is 33.90 today as compared to 37.26 on June 28, the gradual drifting toward loan level being a result of good to excellent crop news. Export prospects were reported a little brighter, but European Co-operative Administration business was slow in developing. July Wheat in Chicago declined from 232-1/4 on July 1 to 225-1/4 on July 16, but rallied sharply to 236-1/2 on July 23, the expiry date for July contracts. The Department of Agriculture's latest estimate predicted the second biggest harvest in history. Chief support was due to known export needs and indications that large amounts will be impounded under the loan. July Corn also declined from a high of 222-3/8 on July 1 to 199 on July 10; it rallied to 212 on July 23. The Government's estimate was for an all-time record crop, 2% above 1946. A strong livestock market with both cattle and hogs touching all-time highs at Chicago, was a favorable influence.

Manila Stock Market

June 18 to July 15, 1948

By A. C. HALL

A. C. Hall & Company

MINING SHARES

MINING shares have drifted steadily downwards during the past month under mild but persistent pressure.

The principal bearish factors were the Court of Industrial Relations decision in the Consolidated Mines case, issued around the middle of June, and, latterly, the worsening Berlin situation.

In regard to the former, there is apprehension that the decision may set a pattern for the entire mining industry. As some mines are already staggering under high costs and war losses, any additional burden at this time would be unfortunate.

The case in question was submitted to the Court in March, 1947, and remained pending for a period of about 15 months. The Union received a substantial wage increase which was made retroactive to May, 1947. In addition, the Company was ordered to pay a wage bonus of 50% on all work performed between sunset and sunrise. The estimated cost of this decision is approximately half a million pesos. The Company has filed a petition for reconsideration.

At today's closing level, the market average is once again in the area of the year's lows. In view of the worsening international situation, it appears that some further decline is likely.

	HIGH	LOW	CLOSE	CHANGE	TOTAL SALES
Manila Stock Exchange Average	102 87	93 51	94 41	Off 9 06	
Acoje Mining Company	P 355	P 34	P 32	Off 03	119,000
Antamok Goldfields	02	02	02	Off 005	149,778
Atok-Big Wedge Mining Co.	72	66	67	Off 05	217,500
Baguio Gold Mining Co.	044	044	044	Up 004	20,006
Batong Buhay Gold Mines	0058	0054	0054	Off 0004	1,070,000
Coco Grove, Inc.	023	023	023	Unchanged	20,000
Consolidated Mines, Inc.	013	0115	0115	Off 0015	6,720,000
Ictagon Mining Company	08	075	08	Off 01	200,000
I. X. L. Mining Company	0775	0775	0775	Up 0075	120,000
Lepanto Consolidated	79	75	76	Off 03	250,000
Masbate Consolidated	042	04	04	Unchanged	70,000
Mindanao Mother Lode Mines	80	65	67	Off 15	312,000
Misamis Chromite Co., Inc.	275	25	275	Off 005	210,000
Suyoc Consolidated San Mauricio Mining Co.	035	032	032	Up 002	155,000
Surigao Consolidated	25	195	21	Up 025	151,000
United Paracale Mining Co.	0825	0775	0775	Unchanged	85,000