

the "ultimate in misunderstanding of the contemporary situation in the Philippines." The Philippine Embassy in Washington has been instructed to refute the article.

The Australian Government has offered 4 fellowships and 1 scholarship to deserving Filipino students and technicians for study in Australia. Two Filipinos are now in Australia under fellowships granted last year, one studying animal husbandry and the other vegetable oils.

June 23—The Department of Foreign Affairs makes representations with the Chinese Legation for the return of 223 Chinese who were apprehended a few days ago in Quezon Province after their illegal landing.

June 24—The President appoints Anastacio de Castro as manager of the National Cooperatives and Small Business Corporation.

The President creates a committee headed by Ricardo Nepomuceno to plan a coordination of the functions of the Capital City Planning Commission, the National Urban Planning Commission, and the People's Homesite and Housing Corporation.

The Cabinet discusses the advisability of sending a diplomatic representative to the Vatican.

June 25—Announced that the Board of Textbooks, Dr. Gabriel R. Mañalac, Chairman, is prepared to consider the adoption of textbooks for Philippine public schools.

June 27—In ceremonies at Malacañan, 24 former alien properties of various categories, ranging from real and personal to stocks in former enemy corporations, to an aggregate value of ₱793,420.75, are turned over to the Philippine Government by the Philippine Alien Property Administration.

The National Economic Council approves a 5-year plan for the rehabilitation of the tobacco industry with the recommendation that the National Tobacco Corporation undertake it with starting funds of ₱3,000,000 obtained from the Rehabilitation Finance Corporation and the Philippine National Bank. The Council also decides to recommend the establishment of a national shipyard in the Mariveles-Sisiman area in Bataan, the project involving a total outlay of ₱16,000,000. The proposed shipyard would handle repairs, drydocking, and ship-construction, practically all the machinery needed being already available from repairation materials received from Japan.

June 28—The President issues Executive Order No. 231 amending the import control regulations "with a view to further conserving Philippine dollar reserves by an estimated ₱60,000,000 or more a year. (The order is reprinted elsewhere in this issue of the Journal.)

June 29—The President at the request of Secretary P. L. Mapa of Agriculture and Natural Resources releases another ₱100,000 for the purchase of seeds to be issued to small

June 29—The President reorganizes his Cabinet "to effect more efficiency and more speedy action," as follows: Sabino Padilla (Secretary of Justice) becomes Associate Justice on the Supreme Court; Ricardo Nepomuceno (Secretary of Public Works and Communications) becomes Secretary of Justice; Prospero Sanidad (Senator) becomes Secretary of Public Works and Communications; Marciano Roque (Under-Secretary of Interior) becomes Assistant Executive Secretary and Technical Assistant to the President; Nicenor A. Roxas becomes Under-Secretary of Interior.

## Banking and Finance

BY C. V. GRANT

Sub-Manager, National City Bank of New York

**T**HE first Regional Conference of the National Association of Bank Auditors and Comptrollers of the Philippines was held on June 3 and 4 in Manila. The Conference was attended by some 150 enthusiastic delegates from the banking communities throughout the country as well as by several bankers from abroad.

Among the bankers who addressed the Conference during the first day of the session were Secretary of Finance Pio Pedrosa, Governor Miguel Cuaderno of the Central Bank, Chairman Delfin Buencamino of the Rehabilitation Finance Corporation, and President Vicente Carmona of the Philippine National Bank.

During the session the following day the speakers included Mr. C. R. Leaber, Manager of the National City Bank of New York, and Mr. Albino SyCip, President and General Manager of the China Banking Corporation.

The speakers stressed the importance of the Central Bank in the future development of the nation as well as the need of utilizing the reserves of idle capital in the hands of the public in order to attain the Government's economic objectives.

The delegates elected the following officers for the next two-year term; Mr. L. L. Pan, Auditor of the China Banking Corporation, as President; Mr. Conrado Sevilla, Auditor of the Philippine National Bank, as Vice President; and Mr. J. V. Macuja, Assistant to the Chairman of the Rehabilitation Finance Corporation, as Secretary-Treasurer.

**O**N June 24 the Central Bank advised that until further notice it would sell dollars to the commercial banks at 200.81 for Telegraphic Transfer, and 200.76 Demand, against the previous rates of 201.00 and 200.95 respectively. No alteration was made in the rates at which the Central Bank will buy dollars from the commercial banks, i.e., 200.75 for Telegraphic Transfer, and 200.70 Demand.

The rates between which the banks are permitted to quote for dollar exchange remain as follows:

	Selling	Buying
U.S. Dollars, T. T. over \$500.00 .....	₱201.50	₱200.50
U.S. Dollars, Demand over \$500.00 .....	201.375	200.375
U.S. Dollars, T.T. and Demand under \$500.00 .....	202.00	200.00

At this writing the banks generally are quoting for prime business Telegraphic Transfer 201.25 selling and 200.625 buying.

Editor's note:—No figures on total circulation, bank resources and liabilities, deposits, loans, etc., later than those published in the June issue of this Journal, have been released by the Central Bank.

## Stock and Commodity Markets

BY A. C. HALL

A. C. Hall & Company

May 21 to June 21, 1949

**N**EW YORK STOCKS.—Automobile, Oil, and Steel shares weakened, causing softness in other sections of the general list. The market easily slid through the 171 area of the Dow Jones Industrial Averages, and proceeded to test the post-war major lows in the 160 area, established during October, 1946. However, no great selling-pressure developed at any time during the decline, and the market held fractionally above these important lows. Since then prices have recovered a portion of the lost ground quite readily, but the rally has failed to generate activity, thereby casting doubts as to the market's underlying strength. At the moment, the position would appear as follows: Any further advance on dwindling activity would very probably be followed by a renewed sell-off and test of the recent lows. If the latter holds again, a substantial recovery could follow this formation. However, penetration of the 160 area would probably result in important selling developing.

Market fluctuations during the period, as measured by the closing Dow Jones Averages, were as follows:

	May 20	High	Low	June 21
Industrials	173.49	173.49	161.60	165.71
Rails	46.96	47.10	41.03	43.27

There is evidence of a deepening of the recession, and general business policy at the moment seems to be to further reduce inventories in expectation of lower prices. The question uppermost in most businessmen's minds is how much worse does it have to get, before it gets better? This point is also troubling investors at the moment, so perhaps a brief examination of the general market background may be helpful.

In the past, bear-market declines in stock prices have shown considerable relation to the speculative excesses of the bull markets which have preceded them.

With this in mind, it is of interest to compare the effect of the great post-war period of industrial activity on security prices, as compared with the 1936-1937 boom.

In the following table, the shares of a number of outstanding companies, embracing most of the important industries, are used to illustrate the two periods. All prices are adjusted to the present capitalization of the companies involved. The first column shows the relationship of 1936-37 between peak earnings per share and highest share-prices on the basis of multiples of earnings per share which then prevailed. The next column shows the corresponding multiples of the post-war period. Subsequent columns contain: the hypothetical post-war highs if peak earnings had been capitalized on the basis of the 1936-1937 multiples, the actual post-war highs registered, and the June 21 closing levels.

Company	Earnings		Multiples		Post-War Highs		June 21
	1936-1937	Post-War	Hypothetical	Actual	Hypothetical	Actual	
Allied Chemical & Dye	23	15	\$330	\$212	\$166%		
American Can Co.	24	14	194	112	89%		
American Tobacco Co.	20	13	152	100	67%		
General Electric Co.	30	12	121	52	35%		
General Foods	16	13	68	56	41%		
General Motors	14	8	136	80	54%		
International Harvester	20	9	78	34	23%		
Kennecott Copper	15	7	130	60	43%		
Sears Roebuck	18	8	104	40	36%		
Standard Oil of New Jersey	13	7	158	90	63%		
U. S. Steel Corporation	16	8	64	32	21%		

It is clear from the table that, on the surface at least, speculation has been very much restrained during the period following the war, as compared with the last industrial boom period pre-war; also that stocks have declined substantially from post-war highs.

Of course, the foregoing comparison cannot be considered as all inclusive by any means. It can be contended that times have changed, consequently, for many reasons, the previous relationship prevailing between stock prices and earnings possibly does not apply nowadays. While admitting the logic of this contention, as a result of the vast changes in the national economy which have arisen out of the late war, it seems reasonable to infer, in accordance with fundamental economic law, that new factors which operate to limit upside extremes will also tend to moderate downside fluctuations.

**Commodities.**—The government policy of permitting wheat stored on the ground to participate in

the loan up to 75% of the full loan value has reversed the recent easier trend in prices; July Chicago wheat at \$2.00 compares with \$1.95 3/4 on May 20. The official crop report as of June 1 indicates a larger crop than 1948. Corn was steadier in sympathy with other grains, healthy demand, and slackening country offerings; July Chicago was quoted at \$1.32 1/8 against \$1.31 1/4 on May 20. As regards Cotton, the *Journal of Commerce* estimates this year's crop at 15,000,000 bales. Good spot demand sustains nearby prices with July New York at 33.12 compared to 32.60 a month ago. Domestic Sugar futures were very steady with September No. 5 Contract advancing to 5.46 from 5.44 over the month. Refiners appear covered until early July. Seasonal increase in consumption is apparent, but is possibly running somewhat less than estimated.

**Manila Market.**—The downward trend in mining-share prices continued during the past month. The market action reflects the continuing slow-down in local business activity, which in turn is in line with world trends.

Arising out of the war, there are unbalanced price relationships in our economy, and these require adjustment. The signs are that the process will not be unduly delayed.

The Commercial and Industrial section was quiet and easier in sympathy with the general trend.

#### MINING SHARES

1948-49 Range		Company	High	Low	Close	Change	Total Sales
High	Low						
122.48	60.81	M. S. E. Mining Average	68.48	61.47	60.81	Off	7.10
P .375	P .15	Acocie Mining Company	P .18	P .13	P .16	Off	.04
.028	.01	Antamok Goldfields Mining	—	—	.012	—	—
.91	.41	Atok-Big Wedge Mining Co.	.56	.48	.064	Off	.08
.071	.01	Baguio Gold Mining Co.	—	—	.065	Off	.005
3.40	2.00	Balato Mining Company	3.40	3.20	3.40	—	18,760
.0072	.0023	Batong Babay Gold Mines	.0004	.0032	.0032	Off	.0006
.011	.02	Cucco Grove, Inc.	—	—	.019b	—	1,170,000
.015	.01	Consolidated Mines, Inc.	.014	.013	.012a	Off	.001
.001	.038	Hogon Mining Company	.01	.01	.01	Off	.01
.0773	.021	K. X. L. Mining Company	.03	.021	.021	Off	.001
.84	.42	Lepanto Consolidated Mining	.48	.42	.42	Off	.045
1.26	.13	Mindanao Mother Lode Mines	.13	.43	.45	Off	.01
.273	.12	Misamis Chromite, Inc.	.123	.12	.12	Off	.02
.08	.06	Pargal Gamao Mines	—	—	.06b	—	—
.26	.101	San Mauricio Mining Co.	.115	.115	.112	Off	.015
.43	.21	Surigao Consolidated Mining	.215	.21	.21	Off	.005
.04	.018	Suyoc Consolidated Mining	—	—	.018a	—	—
.095	.04	United Pargal Mining Co.	.0173	.041	.051	Off	.005

#### COMMERCIAL SHARES

1948-49 Range		Company	High	Low	Close	Change	Total Sales
High	Low						
P70.00	P11.00	Bank of the Philippine Is.	P68.00	P67.00	P68.00	Off	P1.00
620.00	300.00	Central Azucarera de Bani	—	—	620.00a	—	—
115.00	81.00	Central Azucarera de la Carabota	115.00	141.00	145.00	Off	P10.00
107.00	70.00	Central Azucarera del Pilar	—	—	85.00b	—	—
60.00	40.00	Central Azucarera de Tarlac	—	—	60.00b	—	—
200.00	175.00	China Banking Corporation	—	—	185.00b	—	—
23.00	22.00	Filipinas Cia. de Seguros	23.00	23.00	23.00	Up	P 1.00
5.00	3.65	Manila Wine Merchants	3.70	3.65	3.65	Off	100
145.00	140.00	Metropolitan Insurance Co.	145.00	144.00	145.00	Off	P 1.00
1.36	.10	Pampanga Bus Company	.10	.10	.10	Off	.10
.101	.10	Philippine Oil Development Co.	.1421	.101	.101	Off	.021
1.42	1.14	Philippine Racino Club	—	—	1.00b	—	—
31.10	26.00	San Miguel Brewery, Inc.	30.00	26.00	27.00	Off	P 3.10
100.00	71.00	Williams Equipment Co. Pfd.	99.00	90.00	90.00	Up	P10.00
10.00	7.00	Williams Equipment Co. Com.	—	—	8.00b	—	72

Over-the-counter business during the period included 9,000 shares Benguet Consolidated, high 4.25, low 3.90, close 3.95; also 5,300 Philippine Iron Mines Common at P25; and 155,000 shares Taysan "A" from 10 to 13 centavos, closing at the latter price. Other business included 850 shares Jai Alai at P7; 3,900 shares Manila Jockey Club at P2 and P1.95; and 110 shares Victorias Milling Co. at P150 and P145.

**GROSS SALES (TEN LEADING BUSINESS FIRMS) 1937-1949**  
*Bureau of the Census and Statistics*  
 (1937 = 100)

	1937	1938	1939	1940	1941	1945	1946	1947	1948	1949
January . . . . .	95.1	75.5	88.8	106.7	104.8	—	49.6	160.9	225.2	213.5*
February . . . . .	102.5	71.6	80.3	99.8	95.9	—	34.6	228.9	228.3	241.3
March . . . . .	105.9	85.2	87.1	104.3	107.2	—	61.1	218.8	257.5	289.6
April . . . . .	107.5	81.4	79.8	100.3	105.6	—	75.1	155.3	254.0	231.2
May . . . . .	100.4	76.9	80.1	97.5	113.0	1.6	117.5	216.0	273.8	261.3
June . . . . .	100.3	76.6	107.7	103.5	117.0	5.4	86.3	249.4	308.7	—
July . . . . .	105.7	72.0	90.8	98.8	110.0	8.4	89.7	240.4	313.2	—
August . . . . .	97.4	76.2	80.8	98.3	109.8	10.4	118.9	202.8	272.2	—
September . . . . .	83.4	76.8	103.3	93.1	114.0	110.7	116.4	219.2	261.1	—
October . . . . .	97.0	80.1	103.4	85.8	100.1	10.8	147.0	222.9	252.5	—
November . . . . .	100.4	104.2	110.1	105.6	97.7	21.4	165.1	278.7	215.8	—
December . . . . .	104.3	88.6	119.4	119.1	64.8	27.9	184.4	291.8	253.4	—

\* Revised figures for January, February, and March.

## Credit

By W. J. NICHOLS  
*Treasurer, General Electric (P.I.) Inc.*

THE May 7 and May 14 issues of the *Saturday Evening Post* carried an interesting article on Dun and Bradstreet, Inc., the world's oldest and largest credit agency. An indication of the scope and importance of credit information lies in the fact that the firm employs some 8000 people in the United States, has an income of about \$45,000,000 a year, and supplies reports to around 76,000 subscribers to its services. It was Arthur D. Whiteside, President of Dun and Bradstreet, who coined what has become the semi-official definition of credit,—“Man's Confidence in Man.”

The next general luncheon meeting of the local Association of Credit Men will be held on Tuesday, July 19. It is planned to have a guest speaker give a short talk on some topic of special interest to the members, followed by a general discussion of the subject. We are hoping that this will be only the first of a series of regular quarterly meetings during which problems affecting credit executives can be brought into open forum.

Since its incorporation in 1932, the Association has grown into an organization consisting of some 69 of the leading business institutions in the Philippines and has assets in excess of P23,000. Formed to establish closer credit co-operation among members and to obtain greater security and certainty in business customs, the Association is constantly seeking ways to improve its services.

## Real Estate

By C. M. HOSKINS  
*C. M. Hoskins & Co., Inc.*

THE real estate market in Manila was relatively quiet during June, with 259 sales registered having a total value of P2,793,217. Total number of sales continued high, and land values continued firm. The transactions analyzed showed a somewhat lower price for buildings, in line with declining building costs. This is reflected in comparative peso totals of preceding years.

Comparative figures for the first six-months periods of 1946 to 1949 are as follows:

### January - June

1946 . . . . .	P18,513,538
1947 . . . . .	37,632,010
1948 . . . . .	27,938,224
1949 . . . . .	20,058,383

Mortgages registered in June were up to P7,558,958, as compared with P5,583,332 for May. Private mortgage funds are entering the local real estate market in growing volume.

THE new Revised Charter of Manila contains several new features of interest to real estate interests.

The Municipal Board is now authorized to require property owners to build sidewalks in front of their properties; if they fail to do so, the City may

### REAL ESTATE SALES IN MANILA, 1940-1949

*Prepared by the Bureau of the Census and Statistics*

*Note: A large percentage of 1945 sales and a diminishing percentage of 1496 sales, represent Japanese Occupation transactions not recorded until after liberation.*

	1940	1941	1945	1946	1947	1948	1949
January . . . . .	P 6,004,145	P 962,970	P 7,943,605	P 4,385,011	P 6,030,012	P 3,644,734	P 3,965,420
February . . . . .	918,873	779,783	1,337,830	2,267,151	7,217,317	3,879,633	2,701,668
March . . . . .	1,415,246	1,532,104	(?)	2,622,190	7,166,866	4,243,719	3,362,635
April . . . . .	883,207	988,380	213,262	1,916,293	8,611,076	5,021,093	3,677,630
May . . . . .	403,866	1,129,736	962,008	3,684,937	4,618,181	3,129,799	4,253,395
June . . . . .	542,187	598,431	1,212,780	3,637,956	3,988,560	8,019,246	2,793,217
July . . . . .	1,324,861	559,742	1,123,565	4,974,862	4,097,188	5,146,529	—
August . . . . .	1,905,828	1,239,414	699,740	4,438,510	5,627,572	6,192,576	—
September . . . . .	1,141,114	815,112	1,870,670	4,698,896	7,437,213	4,737,581	—
October . . . . .	993,103	1,182,678	2,096,893	5,545,800	6,083,486	5,350,376	—
November . . . . .	938,416	858,235	2,555,472	3,340,384	4,177,054	3,046,287	—
December . . . . .	1,504,004	(?)	2,874,408	4,025,926	3,205,584	5,386,248	—
TOTAL . . . . .	P17,974,844	P10,617,285	P22,890,133	P45,537,914	P68,260,104	P57,798,121	P20,753,965