Dec. 29 — The President assures Secretary of Labor P. Lovina that there is "nothing permanent" about the present controls and that it is his intention "to relax them as rapidly as we increase our production to bring our economy into balance". He pointed out that "investment capital can be attracted into the Philippines only if the country's monetary system is sound and conservative."

Dec. 30 — The President and Vice-President take their oaths of office in ceremonies staged on the Luneta.

Banking and Finance

By R. E. Russell
Sub-Manager, National City Bank of New York

COMPARATIVE Statement of the Central Bank of the Philippines:

ASSETS	*As of Jan. 31*	*As of June 30*	*As of Oct. 31*	*As of Nov. 30*
	(in thousands of Pesos)			
International Reserve	₱714,969	₱641,617*	₱527,652*	₱469,137*
Contribution to International Monetary Fund	30,000	30,000	30,000	30,000
Account to Secure Coinage	118,106	113,306	113,306	113,306
Loans and Advances	—	—	85,521	109,178
Domestic Securities	—	9,739	38,729	46,784
Due from Treasurer of Philippines	—	7,626	—	—
Other Assets	19,320	22,681	20,509	20,797
	₱877,395	₱824,969	₱815,737	₱789,202
LIABILITIES				
Currency: Notes	₱621,521	₱534,425	₱581,358	₱373,614
Coins	73,035	74,293	73,728	73,880
Demand Deposits— Pesos	169,351	135,438	115,357	96,591
Dollars	—	40,649*	225*	286*
Securities Stabilization Fund	2,000	2,000	2,000	2,000
Due to International Monetary Fund	—	22,499	22,499	22,499
Due to International Bank for Reconstruction and Development	—	—	2,392	2,392
Other Liabilities	1,488	2,128	2,635	1,777
Capital	10,000	10,000	10,000	10,000
Undivided Profits	—	3,537	5,543	6,163
	₱877,395	₱824,969	₱815,737	₱789,202

*NOTE: The Demand Deposit liabilities in U.S. Dollars are deposits of the Treasurer of the Philippines which temporarily are being kept in foreign currency. These amounts are included on the Asset side as part of the International Reserve.

In last month's *Journal*, it was pointed out that the Central Bank had imposed its Selective Credit Control in an attempt to funnel the use of credit into the importation of essential articles. On November 29, by Executive Order No. 295, a revised Import Control was announced to be effective December 1, 1949. This order was another endeavor to conserve even more dollars and added a number of items to the list of luxury and non-essential articles. It increased considerably the percentage cuts, using 1948 as the base year. Circular No. 297, issued December 24, 1949, further revised the list, decontrolling a few articles, and adding a few formerly uncontrolled.

The sudden and drastic revision of the import control regulations has already confronted businessmen with many complex problems of readjustment. From the broader viewpoint, however, statistical evidence of the extent to which the main currents of trade have been altered in response to the new situation, is as yet unavailable.

On December 9, 1949, the Central Bank of the Philippines introduced comprehensive exchange control regulations by Circular No. 20 which restricts sale of exchange by the Central Bank and subjects all transactions in gold and foreign exchange to licensing by the Central Bank. The control was imposed so suddenly that there has been great confusion in the business community. It will take days and perhaps weeks before we know the answers to the many questions being raised in respect to these regulations which can only be clarified by rulings from the Exchange Control Board on specific cases.

Stock and Commodity Markets

By A. C. Hall
A. C. Hall Company

November 26 to December 23, 1949

New York Stocks.—All averages moved forward into new high ground since the advance began in June with the hitherto slow moving Rails showing the largest percentage appreciation. Over the period of this review, the range of the Dow Jones daily closing averages was as follows:

	Nov. 25	*High*	*Low*	*Dec. 23*	*Change*
Industrials	192.78	198.88	191.55	198.88	Up 6.10
Rails	47.97	51.58	47.87	51.55	Up 3.58
Utilities	39.51	41.02	39.26	41.02	Up 1.51

The recent firmer tone in the Rails is a very constructive market development. It may not only be reflecting the recent flattening out in the rate of railroads' income-decline, as compared with 1948, but also improving prospects. The group, in general, is noted for volatile market action, which, in turn, springs from the fact that so large a percentage of income goes to defray expenses which are of the fixed variety. Earnings can be subject to wide swings. It is more than possible that, if overall business activity holds at a high level through 1950 as seems probable, rail earnings could stage a strong recovery in coming months. In fact rail-share prices, at present levels, may later on turn out to have been on the bargain counter.

Leadership in the industrials is still vested in the Automobiles, and during the past month it has overflowed into auto accessories and tires. Chemicals and electrical manufacturings also showed pronounced firmness, and steels have done well. As in recent months, quality issues have continued to move ahead, but there were more signs that bullishness is beginning to fan out into shares of lesser category.

The technical market action has been very satisfactory. It would be the conventional thing to anticipate a period of correction or consolidation to occur in view of the extent of the rise since June. However, the pace of the movement has been so leisurely that unless a period of rapid advance intervenes to cause the market to overreach itself temporarily, no serious reaction appears in the offing.

Commodities.—Grains have been steady and narrow. Chicago March Wheat was quoted at $2.18-1/2 and Chicago March Corn at $1.31-7/8, which compares respectively with $2.17 and $1.31-1/4 a month ago. In Cotton the strength of the loan, and favorable textile and export news are the main bull factors; New York March Cotton advanced to 30.66 cents from 29.97 cents last month. Sugar was steady to firm with New York March #6 Contract advancing from 5.15¢ last month to 5.25¢ yesterday, but the market was sharply lower today on the overnight news of next year's United States quota having been fixed at 7,500,000 tons, and #6 March lost nine points to close at 5.16¢ in active trading.

Manila Market.—The past month has witnessed momentous happenings in the country's economic and financial sphere. Following upon the restriction of the use of credit to finance imports, referred to in this column last month, came the announcement of a drastic reduction in import quotas. As is frequently the case in these matters,