

## FOREIGN EXCHANGE

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Anticipating the seasonal influx of dollars funds to finance local purchases of sugar and sugar shipments, the dollar moved down from 5/8% pr. to 1/2% pr. for T. T. on New York for customers. The rate

interbank sales was ruling at 3/8% pr. T.T. New York up to the end of the first fortnight, with small sales effected as low as 5/16% pr. However, during the second fortnight it became evident that the expected pressure on the dollar was not forthcoming. Sellers held back and the rate for interbank sales rose immediately to 7/16% for T.T. New York and reached 1/2% pr. at the close. Despite the rise in the rate for interbank sales, banks were selling to customers at 1/2% pr. for T.T. dollars up to the close.

Buying rates correspondingly eased from 1/4% pr. to 1/8% pr. for sight bills and from par to 1/8% discount for 60-day bills of which substantial business was done.

As borne out by the trade figures, a complete reversal took place in the Islands' exchange position this year as compared with that of last year. Supporting the pesos was a comfortable excess in exports over imports of over P80,000,000 up to the end of October, 1937 and the dollar was ruling at 1/8% discount T.T. New York during the last two months of that year. Exports up to the end of October, 1937 amounted to P263,345,000 compared with P200,155,000 for the same period in 1938. This year the Islands' exports position is on the other side, imports exceeding exports by P30,708,000 up to the end of October. Total imports amounted to P230,863,000 compared with P183,121,000 for the same period last year. Principally, offsetting the heavy purchases of foreign commodities is the funds that accrued to the Government on account of the oil excise tax.

In the foreign exchange market, the sterling suffered the most severe set back in many years. Closing at 475 3/8 during the previous month, it moved erratically, holding comfortably the same position until the middle of the second week when it

began to weaken sharply, continuing its downward course up to the close. The fall of the sterling is ascribed to unfavorable British trade, nervousness and confusion arising from the European political situation and conjectures as to the level at which the dollar-sterling rate is to be maintained as a result of the Anglo-American trade pact. Vigorous action by the British equalization fund succeeded in halting the continued decline of this exchange after reaching a record low of 462 3/4 and at the close it was quoting in New York at 468 7/16.

Due to the present low level of the sterling, Philippine coprax was not quoted in the London market.

Another developing crisis in the French Franc appeared averted by the French authorities. A change in the cabinet took place by the resignation of Finance Minister Marchandeu whose proposal for a prohibition in the hoarding of gold and flight of capital was rejected by the Daladier Government for fear that these measures might lead to a further devaluation of the Franc and the institution of foreign exchange control. The rates for franc in terms of sterling in the London market appeared steadier than in the previous month. Opening at 178.71, it reached a low of 178.87 and closed at 178.31. The new Finance Minister, Paul Reynaud reported large scale repatriation of French capital during the month.

Quoting at 27 3/4 during the first days

of the month, the Yen, in sympathy with the sterling, moved successively downward, reaching a low of 27 1/8 toward the close.

Opening at 29 11/16, Hongkong was fairly steady up to the end of the second week when, in sympathy with the sterling, it moved successively downward reaching a low of 29 toward the close.

Shanghai showed fairly steadier tone than in the previous month. Opening at 16, it reached 16 1/16 and a low of 15 21/32, closing at 15 11/16.

### Dr. Landman's Nine-Point . . .

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both labor and capital in America incline to heed what serves their mutual interests, and one thing that does this is a substantial and growing overseas market.

9. Filipinos should seek a protectorate from congress, such as Cuba enjoys. (On this point, please read Dr. Landman closely). Nomenclature in diplomacy is hampering and often embarrassing. The Philippines have started out better than Cuba, with the term *Commonwealth of the Philippines*; and they are protected by the United States, even more sovereignly than Cuba is or ever was, and much more to their economic advantage. Should America retain any interest here whatever, after 1946, such as a garrison or two and some naval and air bases, this actual protection will continue over the Islands as well without formal baptism as with it.

—W. R.

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### FOREIGN EXCHANGE REVIEW COUNTER RATES

	U.S. Dollars		Sterling		Francs		Yen		Shanghai		Hongkong	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
November 1938 . . .	201.50	—201.50	2/0-7/8	—2/1-9/16	5.50	— 5.35	56.20	—54.70	33.10	—32.40	60.70	—59.30
November 1937 . . .	200.00	—199.75	1/11-3/4	—2/0	6.95	— 6.85	58.90	—58.20	59.80	—59.60	63.30	—62.50