

# Foreign Exchange Review

October; 1937

The dollar which has been ruling continuously weak in the local exchange market since the beginning of the year reached its highest level during October. Bank's selling counter rate was at 1/8% premium although the bulk of spot sales transactions was done at 1/8% discount.

The fall of the dollar which began and became immediately noticeable in November, last year, may be attributed largely to the great excess of exports over imports. During 1935 when the total exports exceeded imports by only 10%, the dollar ruled fairly firm and was selling generally above par. During 1936, the excess of exports over imports reached about 35% and the value of exports to the United States alone exceeded imports from that country by about P80,000,000. Up to September 30th, this year, exports exceeded States are reported to have exceeded imports from that country by about P100,000,000.

By the end of September, 1937, the pressure on the dollar from export bills covering the 1937 sugar quota totally ceased. The bulk of dollar funds built up from the financing of sugar exports was also used up to pay for imports and other items due abroad. On account of change of method of financing, the seasonal inflow of funds

coming from proceeds of spot sales of dollar exchange substantially decreased. Despite these factors, however, the dollar hardly reached parity with the peso during October.

Buying rates for sight and 60 days bills were 3/4% discount and 1/2% discount respectively. Offerings, however, were scarce and banks were disposed to bid at slightly improved rates.

In the foreign exchange market, the sterling continued to rule above the level of the first six months of the year, quoting at \$4.96-19/32 per pound toward the close, although lower than the highest reached in August 1937, viz. \$4.99%. However, the tone was markedly stronger than that of September due to reported appreciable movement of funds from New York to Europe.

The strength of the sterling favored local exporters of coprax to Europe. In addition keen competition among buyers moved the rate for 60 days sterling bills as high as 2/0 3/8 (P9.85 1/2 per £) during October.

Ruling selling rates during the month were 2/0 1/16 high and 2/0 1/8 low, P9.97 and P9.95 per £ respectively.

As the French Control stepped out of the market during the beginning of Octo-

ber, the franc plunged to its lowest level in many years, quoting from \$3.43 7/16 to \$3.29 per 100 francs in the New York market. Compared with P9.45 per 100 francs during January in the local exchange market, this exchange reached its lowest at P6.70 during the month.

Efforts of the French authorities to halt the diminishing value of the franc appeared to have succeeded as from the low of \$3.20, this exchange moved up to \$3.38 3/4 during the latter part of the month.

The highest level of the yen up to October was reached in August at \$29.12 per 100 yens along with the rise of the sterling. During October it was quoted at a high of \$28.94 in the New York market compared with \$28.99 of September. On the other hand, in the Kobe market the highest reached was \$28.8125 for October and \$28.9375 for September. The lower rate prevailing in Japan tended to favor and accelerate movement of exports from that country although it also penalized itself by paying more for its imports which, however, suffered broad restrictions due to the requirements of war. Counter rates ruled at P58.30 high and P58.10 low.

The Sino-Japanese conflict continued to paralyze exchange operations with Shanghai. Funds intended for Amoy which formerly were routed through Shanghai are now handled through Hongkong. Thus the exchange business with Hongkong was active during the month. Counter rates ruled at P60.10 high and P59.60 low for Shanghai dollars and P62.65 high and P62.45 low for Hongkong.

	U. S. Dollars		Sterling		Frans		Yen		Shanghai		Hongkong	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
January	199.50	199.25	2/0-5/16	2/0-3/8	9.45	9.45	57.80	57.00	60.40	59.80	61.80	61.60
February	199.50	199.25	2/0-3/8	2/0-7/16	9.45	9.40	57.60	57.80	59.90	59.70	61.55	61.15
March	199.75	199.50	2/0-3/8	2/0-7/16	9.45	9.20	57.60	57.40	59.95	59.80	61.20	61.10
April	200.00	199.75	2/0-1/8	2/0-3/8	9.35	9.00	58.10	57.50	60.25	60.00	61.90	61.15
May	200.00	199.75	2/0-1/8	2/0-3/16	9.15	9.05	58.10	58.00	60.20	59.90	61.90	61.35
June	199.75	199.50	2/0-3/8	2/0-3/16	9.05	8.95	58.00	57.80	59.90	59.40	61.35	60.90
July	199.75	199.50	2/0-	2/0-1/8	7.90	7.55	58.40	57.90	59.65	59.25	61.75	60.90
August	200.00	199.75	1/11-15/16	2/0-1/16	7.65	7.60	58.70	58.40	60.55	59.25	62.80	61.90
September	200.75	199.75	2/0-1/16	2/0-1/8	7.60	6.85	58.40	58.10	60.40	59.90	62.65	62.25
October	200.25	199.75	2/0-1/16	2/0-1/8	7.00	6.70	58.30	58.10	60.10	59.60	62.65	62.45

**NICANOR M. BAUTISTA**

ARCHITECT

428 Rizal Ave.

Tel. 2-94-13

Manila

Building in...

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local contractors and builders will be unable to bid on this project, due to the very stringent contractors' bond requirements.

Mr. Oscar F. Campbell, former Manila contractor and now resident of Palo Alto, California, is here on a visit. It is Mr. Campbell's habit to come here for visit, erect an important building, and then go back to Palo Alto. About his ability as a builder there can be no question; he built the National City Bank Building and the Army and Navy Club, among others.

