Markets, Markets—Who Has them?

● *There is wide field of novelty markets in America, but selling much elsewhere must be based in a mercantile marine service.*

Because Commonwealth sales in the American market run five times as high as Commonwealth exports to all other points in the world, a recent comparison being $122,000,000 and $22,000,000, economists study the situation and believe it ought to be corrected. Recently we had occasion ourselves to submit data on the subject, and to try to suggest means of broadening the Commonwealth's outlet for its enormous surplus commodities and a trickle of domestic manufactures. Our conclusion was that exports of manufactures might be increased, to the United States! From the viewpoint of broadening markets, this was discouraging.

But Americans are like the ancient Greeks, the Athenians at least, in St. Paul's time, always ready to try something new. Since new things will be precisely the things the Commonwealth will have to sell, naturally they should find the keenest demand in America.

For example, what can you make from abacá, our old friend Manila hemp, aside from cordage? From the finer grades, novelties, of course. You can make cloth, some of it readily convertible into women's hats or hat foundations; some of it much more pliable, even quite soft, for novel costume uses and for cottage and trailer utility. You can make doilies and runners and dish-jackets of it. All these things, and as many more as designers may think of, you can dye radiantly, and the colors will be fast. Also, all such novelties can be popularly priced, for chain and department stores to want them; and so when things click just right, one of these days, you can have an abacá-novelty market overseas . . . in the United States.

Reasons for this are not far to seek. First, America is an insatiable market for low-priced novelties such as tough tropical fibers and manual skill produce. Second, there is no peasantry in the United States: there is a very limited supply of domestic knick-knacks, yet Americans are avid buyers of these triviata of commerce. Third, other countries have their own, because they have peasants, and besides having their own, have very little to spend for such gratifications. Would you sell them in Japan, or China or India? Would you sell them in Italy, or Dalmatia or Albania? Would you venture with them much even in London? Certainly not in Germany, where they call lard butter—a long step down from America's popular margarines—for you would come a tragic cropper if you did.

You could not sell them in Mexico or the central American states, or in the West Indies or the southern Americas; they all have peasants galore and peasants all make such things. So you would be stepping on no toes in making them for the American market, and if you ever do make them so as to bill them out in thousands-gross lots, that will be your market.

The experience of the reed furniture industry is in point, the Commonwealth having the premier reeds, that is to say, rattans, the hardwoods to go with them, and peerless craftsmen for an incomparably fine product. Who wants it? Americans, some in Hawaii and others mainly at the mainland beach resorts and *climate* cities. *They can buy it*, and it's beyond the reach of a very large public elsewhere. Since it is in a class by itself, it is all right to supply America all she wants of it. She has no peasants to make it, out of anything, at home.

If you turn to larger items, you can't do much in Europe with them, nor in the Far East. Take cigars. Europe wants your tobacco, when it is very cheap and very good, not your cigars; she makes cigars government monopolies behind massive duty barriers. Can you sell her rope then? Just now you might sell Europe some rope, because she is hurrying her navy building and outfitting, but ordinarily the best you can do is to sell her the Manila fiber itself, to blend with lesser fibers from her own colonies, for her own cordage factories and ropewalks to make into the completed product, rope and twines.

And you can do no better in Japan, where you are more than lucky if the tables are not turned—if the Japanese manufacturer does not buy your raw fiber and ship it back to Manila, finished rope, to pay the duty and compete with you in your own market. It is the same way with lumber; ordinarily Japan buys your logs, works them up in her mills, and sends the lumber to your own lumber markets: wherever you are selling outside the Commonwealth itself, and of course America, Japan is likely to be selling even cheaper.

You may have a limited market for lumber outside America, mainly in China and South Africa at coast cities where it is cheaper to import by water than to cart overland from domestic forests. But more and more Japan will hang on your flank, at last outstrip you by utilizing commercially even the sawdust from the mills and by squeezing labor. Lumber is a fair chance, nothing more.

It is the same with the edible products of coconut oil, of which the Commonwealth has large resourceful manufactories at Manila. The principal market is the Commonwealth itself, the fifteenth largest country in the world on the basis of population—on a basis of per capita wealth somewhat above that. Some other business develops, and can be held by the skin of the teeth, but little can be added. For when Commonwealth products of this sort, well made and attractively packed, go into other eastern markets they compete there with the domestic products of the various countries and they buck protective duties.

It is a hard game at best.

The reason it is a particularly hard game is that Commonwealth exporters are entirely at the mercy of the freight-rate conferences. We know of nothing equal to adverse freight rates in deflating commercial enterprise—not even taxes. (However, taxes standing in the way of exports should be quashed). You never know, here, when the freight rates will change or what the change will be; as we said last month, no government on earth has any say about it, but the powers that change them are more interested in countries competing with the Com-

(Please turn to page 42)

REVIEW OF THE NEW YORK SUGAR MARKET

By DONALD A. COOK
Member, New York Coffee & Sugar Exchange Managing Partner, S. E. Levy & Company, Manila

No. 3 CONTRACT

Following a fairly steady market in New York at the end of January when business in both Philippine and Cuban raws was reported done at 3.18, the market turned easier with the turn of the calendar on Cuban selling, with the trade only fair buyers. On February 1, 6,000 tons of Philippines were sold to Gulf refiners at 3.18 for early March arrival.

The market for futures steadied a trifle the next few days in active trading. However, in the raw market the pressure of Philippines afloat and sales from Cuba resulted in considerable trading with buyers cautious. On February 2 the following transactions were reported: 2,000 tons of Cubas sold at 3.18 and 3,000 tons at 3.17; 3,000 tons of Philippines due early February were done at 3.16, while a trifle later 26,000 bags of Cubas were sold to Gulf refiners for prompt delivery at 3.15. There was further interest at 3.15 with most sellers holding for 3.18.

The futures market remained steady until February 7 when easiness was caused by reports that Puerto Rican strike leaders were favoring the Governor's peace proposals. There was active trading on the Exchange at 2.26 for May and 2,292.28 for September. The trade turned rather bearish in anticipation of an early settlement of the stevedores' strike, which was expected to release fair amounts of Puerto Rican raws.

On February 8, futures again dropped a point for all positions on heavy trading. Spot eased two points to 3.15 and 6,000 tons of Philippines due February 15 were sold to refiners at 3.15.

On February 9, and February 10, the market continued to show an easy undertone for futures with continued heavy trading. May futures were done as low as 2.22, while September dipped to 2.25. There was consideralbe demand for contracts at these levels but the actual market continued under pressure due to unsold afloats. Cuban raws were sold at 3.15 again and 4,000 tons of Philippines due March-April were sold on February 10 at the same price. A smaller parcel for early arrival was reported done at 3.13.

At the close of the first ten days of the month, refiners' ideas were 3.13 with offerings at 3.16. With the settlement of the Puerto Rican strike it was believed that generous short covering would be seen in the futures market, while the market for actuals remained dependent on the amount of unsold actuals still to arrive.

The next few days the market was quiet and a bit steadier with futures advancing one to two points and raws changing hands at 3.12 and 3.13.

On February 16 considerable activity developed on short covering and buying of actuals by operators. September futures advanced to 2.32 and considerable actuals were done at 3.17 and 3.18.

Further buying set in the following day at the opening, causing transaction in September futures at 2.34 and Philippine raws at 3.20 for March-April arrival. However, on this date President Roosevelt at a press conference released a statement that inflation or further dollar devaluation was not contempleted by the Administration. This caused a recession in all security and commodity markets and was reflected on the sugar exchange by considerable selling.

Early quotations on February 18 proved to be the highest for the month. Cuban operators were aggressive sellers on February 19, and on the 20th and 21st both Philippine and Porto Rican raws were done at 3.15.

The next few days up until February 25 the market eased off gradually in quiet trading, with September futures done at 2.24 and with raw sugar easing to 3.13 for nearby deliveries and later arrivals at 3.15. Refined demand continued fair but consuming interests showed no inclination to build up inventories.

The last two days of the month showed a steadier trend on the exchange for futures, with September moving up to 2.27. The market for actuals was quiet with most business at 3.13.

Raw Sugar Futures, No. 3 Contract, Sept. delivery.

Last sale, January 31	2.29
High Sale during February	2.34
Low Sale during February	2.24
Closing bid, February 28	2.27
Net change	.02

The Second...

(*Continued from page 13*)

game, which was one-sidedly in favor of Roosevelt up to the last inning, suddenly turned into a rout, and ended in a tie in the darkness of the Recession.

Who will win the second game? Roosevelt's attitude will no longer be that of an amiable contestant but of a ferociously determined battler who still thinks he has the stuff to win.

Markets, Markets...

(*Continued from page 33*)

monwealth than they are here.

In our memorandum, therefore, our conclusions were: first, developing a knick-knacks market in the United States is not objectionable, and should be practicable; and second, pull for an adequate or partially adequate American and Commonwealth merchant marine on the Pacific—get the ships, then think of getting markets with their consistent help.

Further about novelties. Their sale lags because they are not made in great quantities of standard types. A friend submitted abacá slippers to a business correspondent in New York, an order came back for 10,000 pairs and could not of course be filled. Naturally the order was large, the beaches of America need a million pairs of such slippers. Another experience of our friend was in competitive bids, Japanese underbid him with abacá slippers, of course of our own abacá, with rubber soles: a bet-

(*Please turn to page 48*)

RAIL COMMODITY MOVEMENTS

By LEON M. LAZAGA
Traffic Manager, Manila Railroad Company

The volume of commodities received in Manila during the month of February, 1938, via the Manila Railroad Company are as follows:

Rice, cavanes	199,446
Sugar, piculs	731,440
Copra, piculs	106,331
Desiccated Coconuts, cases	26,276
Tobacco, bales	2,307
Lumber, board feet ...	596,592
Timber, kilos	414,000

The freight revenue car loading statistics for four weeks ending February 19, 1938, as compared with the same period of 1937 are given below:

FREIGHT REVENUE CAR LOADING

COMMODITIES	Number of Freight Cars		Freight Tonnage		Increase or Decrease	
	1938	1937	1938	1937	Cars	Tonnage
Rice	687	694	10,083	8,606	(7)	1,477
Palay	382	263	4,976	3,015	119	1,961
Sugar	1,436	1,688	45,005	50,942	(252)	(5,937)
Sugar Cane	10,037	10,733	184,255	201,161	(696)	(16,906)
Copra	570	134	4,592	968	436	3,624
Coconuts	111	59	1,113	581	52	532
Molasses	98	93	2,932	2,817	5	115
Hemp	8	—	46	—	8	46
Tobacco	15	4	118	20	11	98
Livestock	15	7	76	26	8	50
Mineral Products	490	303	4,786	3,803	187	983
Lumber and Timber	111	105	2,489	2,723	6	(234)
Other Forest Products	—	2	—	12	(2)	(12)
Manufactures	240	200	2,880	2,979	40	(99)
All Others including L.C.L. ..	2,518	2,695	15,984	14,712	(177)	1,272
TOTAL	16,718	16,980	279,335	292,365	(262)	(13,080)

SUMMARY

Week ending Jan. 29	4,245	4,139	70,884	69,938	106	946
Week ending Feb. 5	3,899	4,000	63,639	68,995	(101)	(5,356)
Week ending Feb. 12	4,178	4,267	69,295	72,682	(89)	(3,387)
Week ending Feb. 19	4,396	4,574	75,517	80,750	(178	5,233)
TOTAL	16,718	16,980	279,335	292,365	(262)	(13,080)

NOTE—Figures in parenthesis indicate decrease.

Markets, Markets...

(Continued from page 42)

ter product, paying duty, yet at a lower price. This shows the unorganized state of the abacá novelty industry here. Time was when hand embroidery was equally unorganized, yet this was overcome long ago. When the right man comes along, the abacá novelty industry will be thoroughly organized and the trade will soar to a value of millions of pesos a year.

Trick of it is piecework, to get one village to make uppers, others to make soles, others to dye fiber, others to prepare fiber; and to have a general grading and assembling plant either at Naga, Legaspi, or Manila as conditions advise. The same capital, successful with abacá, would probably branch to coir and shell. This is not recommended to the government, but to private enterprise.

That is about all there is to the picture, as we see it. No great flights, but some potentially worthwhile low-soaring; and first ships, then ambitious industry, until which time mainly the factories of other oriental capital may be expected to rise here, with ships at their call, and the Commonwealth may be expected to remain dominantly agricultural.