

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:

	As of Jan. 31	As of June 30	As of Oct. 31	As of Nov. 30
(in thousands of Pesos)				
ASSETS				
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,

the restrictions had a reverse effect. Instead of acting to conserve the country's dwindling dollar reserves, the new regulations caused a flight of capital which developed to such an extent that foreign exchange control had to be imposed on December 9. Since then, the Central Bank has issued a circular requiring all transactions in gold, including domestic trading, to be subject to license. The practical effect of this has been that premium buyers of gold have disappeared for the time being, and great uncertainty has prevailed in gold-mining circles.

Since exchange control became effective, gold-mining share prices have fluctuated widely from day to day, but inflationary fears have manifested themselves by sharp advances in base-metal and industrial securities.

Over-the-counter business in mining shares reported during the month included about 16,000 shares Benguet Consolidated between P4.00 and P3.55, closing at the latter figure. There were also small sales of Demonstration and East Mindanao at 1 centavo, and Nielson and Company at 1-1/2 centavos.

Unlisted Commercial and Industrial business reported during the period included 375 shares Bogo Medellin at P9; 588 shares Compañia Maritima at P52; 40 shares Philippine American Drug Company at P140; 990 shares Philippine Education common at P100; 110 shares San Miguel 8% preferred at P102; and 288 shares Victorias Milling Company from P180 to P210.

MINING SHARES

1948-49 Range		M.S.E. Mining Share Average	High	Low	Close	Change	Total Sales
High	Low						
122.48	60.32	80.87	71.51	80.87	Up 10.76		
P.375	P.12	P.17	P.125	.17	Up .04		377,952
.028	.016						
.95	.42		.02	.016	Up .004		285,000
.075	.035		.58	.48	.53		1,126,584
3.75	2.00		.05	.05	.05		10,000
.0072	.0025		2.80	2.80	Off .20		1,650
.05	.016		.0041	.004	Off .0001		1,450,000
.015	.008		.034	.032	Off .006		105,000
.115	.038		.012	.008	Off .003		4,270,833
.0775	.025		.085	.07	.085		155,000
.91	.42		.06	.037	Up .01		138,875
1.26	.33		.91	.65	Up .28		1,152,546
.0575	.01		.63	.54	Up .01		1,171,800
.275	.10		.02	.02	Off .02		20,000
.08	.03		.185	.10	Up .075		196,400
.26	.105		.08	.08	Off .05		20,000
.43	.18		.18	.14	Off .05		56,000
.043	.015		.235	.18	Off .03		127,000
.11	.04		.02	.02	Off .016		20,000
			.07	.07	Off .015		105,000

COMMERCIAL SHARES

1948-49 Range		Bank of the Phil. Islands	High	Low	Close	Change	Total Sales
High	Low						
P78.00	P55.00	P78.00	P76.00	P76.00	—		528
200.00	173.00	185.00	185.00	185.00	—		50
620.00	500.00	605.00	580.00	625.00	Up P35.00		51
182.00	81.00						
120.00	70.00		182.00	145.00	Up 27.00		350
83.00	30.00		120.00	120.00	Up 5.00		25
61.00	40.00		83.00	80.00	Up 3.00		101
25.00	22.00		55.00	55.00	Off 5.00		45
8.00	7.00		25.00	25.00	Up 1.00		88
1.30	.92		—	—	5.50b		—
5.00	2.50		.92	.92	Off .12		1,000
115.00	93.00		—	—	1.50b		—
1.36	.40		.40	.40	—		2,500
.305	.065		.115	.075	Off .0075		1,313,000
1.42	1.00		1.20	1.20	1.20		7,100
35.50	24.50		32.50	32.50	Up 6.50		62,218
100.00	75.00		—	—	90.00a		—
10.00	7.00		9.00	8.00	Up 2.00		580

* Ex-dividend.

Credit

By W. J. NICHOLS

Treasurer, General Electric (P.I.) Inc.

IMPORT control and exchange restrictions are already having a very definite effect upon the credit situation in the Philippines. In general, the effect is a tightening in the extension of credit by both wholesale and retail establishments, particularly those dealing in merchandise which comes under the provisions of the import control regulations. A great many houses formerly extending credit of 30 days to their customers, now operate on a cash or weekly credit basis.

Limiting of credit on restricted items is indirectly resulting also in a gradual reduction of credit terms on materials not controlled by the Government. It is believed that in the next few months there will be noticed a definite reduction in the number of installment accounts.

Some firms have discontinued the practice of selling merchandise on a consignment basis and now sell only for cash. The present time is a period when credit managers are carefully watching the condition of their accounts receivable and closely following collection matters.

There are relatively few importers who do business with foreign suppliers on open or consignment account, and since the imposition of exchange control, these companies have, in general, found it advisable to operate through banks on letters of credit. The matter of settling obligations for merchandise received prior to exchange control has not yet been fully decided upon by the Central Bank but it is expected that a routine to permit payment of such debts will be established in the near future.

BUILDING CONSTRUCTION IN MANILA: 1936 TO 1949

Compiled by the Bureau of the Census and Statistics from data supplied by the City Engineer's Office.

MONTH	1936 (Value)	1937 (Value)	1938 (Value)	1939 (Value)	1940 (Value)	1941 (Value)	1945 (Value)	1946 (Value)	1947 (Value)	1948 (Value)	1949 (Value)
January	P 540,030	P 426,230	P 694,180	P 463,430	P 1,124,550	P 891,140	—	P 1,662,245	P 3,645,970	P 6,571,660	P 4,807,320
February	720,110	479,810	434,930	1,063,950	1,025,920	467,790	—	2,509,170	3,270,150	6,827,005	7,286,630
March	411,680	396,890	1,300,650	662,840	671,120	641,040	—	3,040,010	3,398,910	7,498,560	8,100,700
April	735,220	659,680	770,130	1,029,310	962,420	408,640	462,020	3,125,180	8,295,640	7,370,292	5,558,245
May	400,220	670,350	1,063,570	1,139,560	740,510	335,210	1,496,700	3,964,480	5,504,870	8,570,410	5,070,380
June	827,130	459,360	754,180	809,670	542,730	418,700	2,444,070	3,904,450	5,898,580	10,217,840	4,809,250
July	302,340	691,190	756,810	495,910	357,680	609,920	1,741,320	3,062,640	9,875,435	7,771,847	4,601,450
August	368,260	827,660	627,790	622,050	661,860	306,680	1,418,360	4,889,640	7,428,260	7,568,950	4,150,280
September	393,100	777,690	684,590	554,570	590,380	530,830	1,015,250	7,326,570	7,770,310	7,095,660	4,952,660
October	663,120	971,780	718,190	645,310	738,700	699,040	639,030	4,630,550	6,747,240	5,368,000	5,046,635
November	460,720	320,890	972,310	461,580	485,100	315,930	1,364,310	4,373,390	7,088,283	3,424,125	3,338,685
December	648,820	849,160	503,230	1,105,910	333,490	67,553	1,605,090	5,034,600	4,924,320	4,507,580	2,721,225
Annual											
TOTAL	P 6,170,750	P 7,530,690	P 9,280,560	P 9,053,250	P 8,234,460	P 5,692,273	P 12,186,150	P 47,526,905	P 73,907,248	P 82,792,569	P 60,443,460
Average	P 514,229	P 627,557	P 773,380	P 754,438	P 686,205	P 474,356	P 1,015,513	P 3,960,575	P 6,158,937	P 6,899,361	P 5,036,955