

COPRA AND ITS PRODUCTS

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The decline in copra and oil markets initiated in April continued throughout May but in a more gradual manner. This decline resulted partially from a decrease in consumer demand and from a continuance of European offerings of competitive oils and fats in the American market, and partially from the universal feeling that with the season of heavy copra arrivals nearby, all indications pointed to a lower price structure in the near future.

COPRA—Copra receipts in Manila were about 5% above those of the previous month but were some 6% short of May arrivals in 1936. In Cebu arrivals continued to be excellent, being approximately 9% higher than those of April and 16% higher than those of the previous May.



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It will be noted that Cebu arrivals have been averaging some 15% greater than those in Manila. In the case of Manila, however, it must be remembered that the consumption of nuts for desiccated coconut in the copra provinces adjacent to Manila have now increased to the point where they represent perhaps 3,000 to 4,000 sack of copra daily, a very significant proportion of Manila's total receipts.

At the beginning of May copra in Manila was scarce and business was done at as high a price as ₱15.25 rescada. Prices gradually declined throughout the month until at the last day of the month buyers were bidding but ₱13.00 with the possibility that selected parcels for prompt delivery might command a premium of 25 centavos. Local mills, which this year have been having a hard time to keep up their stocks, were placing the emphasis on June deliveries and were little, if any, interested in buying for July-August. There was no large wave of selling interest during the month and purchases were made gradually and in comparatively small quantities. Cebu prices paralleled those of Manila but were more affected by future buying from the United States for shipment between July and September.

Coast quotations fluctuated from a high of 4 cents c.i.f. Pacific Coast to a low of 3.50 cents, depending on quantity and position. A good deal of copra was sold to the Pacific Coast in May, which was made possible by the fact that shipping space, particularly for June-July shipment, became more available as the month progressed, thus permitting dealers to sell with an assurance of making shipment. It is felt that while Cebu dealers have sold a good deal of copra for delivery during the next quarter, they have not in any way oversold themselves and are in a comfortable position.

The European market for the month fluctuated from a high of £17/5/- for sundried to a low of £15/10/-, the general tendency being downward. These prices were well below the range of local and Coast equivalents.

Provincial copra prices throughout the month were higher than Manila equivalents, chiefly due to large dealers covering up against contracts made earlier at higher prices.

At the end of the month the general sentiment was bearish with every prospect that copra prices would decline further in June and forward.

Export shipments of copra for the month totalled 18,500 tons—an increase of 3,500 tons

as contrasted with the previous month.

Statistics for the month follow:

Arrivals—	Sacks
Manila	244,035
Cebu	314,743
Shipments—	Metric Tons
Pacific Coast	10,513
Atlantic Coast	3,048
Gulf Ports	4,571
Port Said	372
	<u>18,504</u>

Stocks on hand—	Tons
Beginning of Month	14,933
Manila	19,033
Cebu	21,540
End of Month	
Manila	17,121
Cebu	23,987

COCONUT OIL—At the beginning of May coconut oil was selling with some freedom at 6-1/2 cents c.i.f. New York and 6-1/4 cents f.o.b. Pacific Coast. Within a week, however, buying interest pretty well dried up and buyers were unwilling to pay over 6 cents c.i.f. New York and 5-3/4 cents on the Coast. These prices held until the beginning of the last week of the month when New York buyers reduced their ideas again to 5-3/4 cents, and, finally, at the very end of the month to 5-1/2 cents. Pacific Coast buyers followed suit, although the decline on the Coast was somewhat slower than in New York. Most of the buying done was for future shipment by soapers, but toward the end of the month a little edible demand crept in for prompt shipment and in some cases it was possible to obtain a modest premium for early deliveries.

In general the decline in coconut oil prices was somewhat faster than the decline in copra prices in Philippine markets, thus making any but purely speculative transactions, unprofitable.

Locally, oil space for shipment during the second half year, particularly to the East Coast of the United States, became very scarce indeed, chiefly due to the fact that one large mill, which had previously relied on its own tankers for carrying oil, released these tankers for other work and became dependent on the ordinary supply of Liner tonnage.

Shipments for the month were very heavy, totalling 18,650 tons.

Statistics for the month follow:

Shipments—	Metric tons
Pacific Coast	2,996
Atlantic Coast	8,706
Gulf Ports	6,941
China and Japan	8
Other countries	8
	<u>18,659</u>

Stocks on hand	Metric Tons
Beginning of Month	
Manila and Cebu	17,296
End of Month	
Manila and Cebu	9,369

COPRA CAKE AND MEAL—After a lull in the market at the beginning of the month, European consumers of copra cake began showing interest and prices, which had declined to around ₱46.00, improved and at the end of the month business was done at the equivalent of ₱48.75 for July forward with additional demand unfilled.

The copra meal market showed some weakness toward the middle of the month, but steadied up again toward the close to around \$30.00 per short ton c.i.f.

Meal business was confined to June-July August shipments because of a 40% increase in freight rates which goes into effect September 1st, 1937. Cake, however, was sold up to the end of the year.

Statistics for the month follow:

Shipments—	Metric Tons
Pacific Coast	7,652
Europe	2,743
China and Japan	51
	<u>10,446</u>

Stocks on hand	Tons
Beginning of Month	
Manila and Cebu	7,809
End of Month	
Manila and Cebu	5,110

DESICCATED COCONUT—Local desiccated factories were running full blast during May. Nuts were more plentiful than heretofore and factories were able not only to cover their daily requirements but to build up their reserve stocks. May shipments totalled 3,996 tons. It is thought that accumulated stocks in the United States are in excess of consumer demand at the moment, and it is fully expected that a cut in price is imminent. It is reported that imports from Ceylon up to early May had totalled some 80 tons. With declining copra prices, it will doubtless be possible for price cuts to be put into effect and still yield reasonable profits to local desiccators.

GENERAL—Early in the month the Supreme Court of the United States declared the excise taxes on coconut oil and their refund to the Philippine Government, constitutional. This did not surprise local business which had discounted this decision previously, but was undeniably responsible for a certain slackening of interest in the market. The question of the payment of the sum due the Philippine Islands, now over One Hundred Million Pesos, was still in abeyance at the end of the month.

Going into June, everything pointed to lower copra and oil prices, not only for the coming month but for the balance of 1937, with sufficient copra in sight for July forward to turn what has been a sellers' market for the last nine months, into a buyers' market.