

Banking and Finance

By C. R. LEADER

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ACTIVITY in the field of banking this month can best be described as "sidewise", and it follows that there are no significant developments reflecting on exchange and interest rates to report. If one may judge by the demand for foreign exchange for commercial transactions, imports, while perhaps under peak figures, are still substantial. Exports are looking better just recently, as commodities, especially copra and secondarily sugar, were in better demand at firmer prices in world markets. Business is feeling the effects of last year's typhoons in less buying-power in the provinces. Some merchants report a slowing down of collections and general trade in the centers outside Manila. Bank collections in Manila itself are still fairly prompt.

First-quarter balance sheets show an over-accumulation of inventories in a number of wholesale and retail lines. While the inventory position is not so large as to be called alarming, it is important enough to call for corrective measures. First-quarter earnings are running somewhat behind last year. Merchandise sales look slower, and the demand for bank credit is well sustained.

Fortune's latest survey of management-views of business prospects in the United States, conducted in November last year, shows that a large majority of American business men thought the boom was here to stay, at least for a while. According to this report, executives were pessimistic about business in general in May of 1947, but more optimistic about their own prospects. Six months later, they were bullish on both. Since *Fortune* made its survey, a number of new elements have been injected into the situation. It would be interesting to know what the thinking is now, after the February corrective in commodity prices, and all the war-talk one hears nowadays.

Turning our attention to the reports issued by the Bureau of Banking and the Bureau of the Treasury, we find that loans and advances made by Manila banks are on the increase. Bank deposits are rising also, while debits to individual accounts registered a fall, reflecting the slow-down in business activity previously noted. Money in circulation is likewise less than the month before.

Comparative figures are as follows:

Loans, Discounts, and Advances (monthly averages)
(000 omitted)

| March 1948 | February 1948 | March 1947 |
|------------|---------------|------------|
| P358,457 | P350,152 | P293,846 |

Total Bank Resources (monthly averages)
(000 omitted)

| March 1948 | February 1948 | March 1947 |
|------------|---------------|------------|
| P863,485 | P848,243 | P758,223 |

Bank Deposits (monthly averages) — (Public funds not included)
(000 omitted)

| March 1948 | February 1948 | March 1947 |
|------------|---------------|------------|
| P423,548 | P400,945 | P381,935 |

Debits to Individual Accounts (monthly averages)
(000 omitted)

| March 1948 | February 1948 | March 1947 |
|------------|---------------|------------|
| P110,201 | P115,527 | P120,959 |

Circulation
(000 omitted)

| March 1948 | February 1948 | March 1947 |
|------------|---------------|------------|
| P783,967 | P798,462 | P688,276 |

American Stock and Commodity Markets

April 1 to April 27, 1948

By ROY EWING

Swan, Culbertson & Fritz

SINCE our last review in this column, the New York Stock Market has continued a sustained and impressive advance. In the early part of the month the soft-coal strike had a dampening effect on some groups; but was more than offset by such favorable items as the swift passing of the Marshall Plan legislation, income tax cuts, rearmament plans, improved foreign news, and continued excellent earning and dividend reports. The oils were particularly strong, an average of 10 recording an all-time high since this index was started twenty-five years ago, on estimates of all-time record output. Other groups which led the advance included rails, chemicals, foods, motors, steels, rubbers, minings, and farm implements.

The Dow Jones Rail Average broke into new high ground since 1946 and, by breaking its previous high made in January of this year, has provided, according to the Dow Theory, its half of a bull-market signal. This half-signal is not necessarily better than no signal at all, but should the Industrial Average now break the previous high of 186.85, made on July 24 of last year, chartists' opinion is that this will confirm that the primary trend has been bullish since May of 1947. At present writing, with the Industrial Average at 181.32 and with the heaviest volume having been on the days of greatest advance recently, the odds favor this bull-market confirmation in coming days or weeks. Assuming this happens, the bear market thus ended will have been unique in many respects: (1) not for forty-five years has the market backed and filled in so narrow a range for so long a period of time, twenty-two months; (2) no bull market before has started with the Industrial Average above 160; (3) the bear market will have been abnormally short and retraced only a small proportion of the bull market which preceded it, 1942-1946. Nevertheless, it appears that the Averages have about completed their cautious appraisal of the multitude of factors which have influenced the market since the war, and are about to give their verdict that the future trend is bullish.

Commodities markets were irregular. May wheat opened the month at 2.44-1/2 and advanced to a high of 2.53 on April 21 on government buying and large exports. Favorable crop reports and large offerings resulted in heavy selling last week, however, and the price broke to 2.38-3/4 by April 26. May corn sold up to 2.33 on April 15, but closed at 2.15 on April 26, down 6 cents from April 1. New York spot cotton advanced steadily from 36.52 on April 1 to a high of 39.63 on the 21st, influenced by reports of the imminent approval of the \$60-million Japanese cotton credit and heavy exports. Later, profit-taking and selling in sympathy with the grain markets, erased part of the gain and sent the quote down to 38.24 on April 26.

Manila Stock Market

March 16 to April 16, 1948

By A. C. HALL

A. C. Hall & Company

MINING SHARES

THE sudden increase in international tension during the last half of March was responsible for a general price decline. Since the beginning of April, however,