

COPRA AND ITS PRODUCTS

by
KENNETH B. DAY AND LEO SCHNURMACHER



KENNETH B. DAY

Business in August was virtually stagnant. Although markets tended slightly downward, there were no significant price changes during the month.

COPRA—Copra receipts were excellent both in Manila and Cebu, registering an increase of over 13% as contrasted with July receipts, and of over 10% in comparison to those of August, 1937. Even so, it was reported at the end of the month that copra was being held back in quantity in the provinces in the hope of better prices later on. At the same time, copra prices were relatively unattractive and if prices



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continue at the same levels, production may be affected later on. In some provinces it is reported that the unusually dry weather of this season may have an unfavorable effect on next years crop, and in Bicol region the effects of last year's earthquake are beginning to be felt. Nevertheless, there should be plenty of copra available this year if prices are reasonable.

The month opened rather weak with buyers indicating P5.75 for Manila resecada and sellers holding for P6.00. Prices were virtually unchanged throughout the month with no business being done at over P6.00 or less than P5.50, and with most of the business done at P5.75 to P5.85. At the end of the month buyers were indicating P5.65 and sellers were holding for 10¢ higher. During the entire period selling resistance was strong, notably because prices in the provinces were above Manila equivalents, and there was no profit for the middleman in trading.

In Cebu prices were about the same as in Manila, with the Cebu emphasis, of course, on exports. The export market was irregular due to copra charters for Europe at 10/- under Conference freight rates, and a system of advantages given by steamers in the Pacific Coast trade, which caused Coast prices to vary in accordance with whether the sellers or buyers were to provide space.

The European market fluctuated between a high of £10/2/6 for sundried to a low of £9/8/9 for F.M. Toward the end of the month, with the French political crisis, demand for F.M. slacked up; but apart from that F.M. was in greater demand than sundried.

On the Pacific Coast prices fluctuated between a high of 1.90¢ and a low of 1.80¢. A fair amount of export business was done to all markets, with local mills buying their shares but not piling up their stocks as rapidly as they had anticipated.

Shipments for the month were heavy, totalling over 40,000 tons, of which approximately half went to Europe. It may be noted the European shipments of copra for

the first eight months totalled over 63,000 tons as contrasted with 1600 tons in 1937.

Statistics for the month follow:

| | |
|--------------|---------|
| Arrivals— | Sacks |
| Manila | 636,228 |
| Cebu | 562,758 |

| | |
|-----------------------|-------------|
| Shipments— | Metric Tons |
| Pacific Coast | 18,340 |
| Atlantic Coast | 3,299 |
| Europe | 18,949 |
| China and Japan | 248 |
| | 40,836 |

| | | |
|-----------------|--------------------|--------------|
| Stocks on hand— | Beginning of Month | End of Month |
| Manila | 35,631 | 41,811 |
| Cebu | 39,865 | 46,255 |

COCONUT OIL—The month opened with sellers of coconut oil offering at 3 cents f.o.b. Pacific Coast and 3¼ cents c.i.f. Atlantic Coast with buyers countering 1/8¢ lower. The market dropped to a point where there were sellers of oil at 2-3/4 cents f.o.b. Coast and 3 cents c.i.f. New York. Some little business in the meantime was done at 2-7/8 cents Coast and 3-1/16 cents New York, the Coast business being reasonably prompt and the New York business late, running into next year. Buyers' demands on the Coast were largely from small refiners and in New York from soapers who are willing to take a chance on filling next year's requirements. Demand for New York oil this year was negligible. Trading was limited with buyers backing away all the time in the expectation of lower prices, and with the month ending at a price level of 2-3/4 cents f.o.b. Coast and 3 cents c.i.f. New York.

Statistics for the month follow:

| | |
|-----------------------|-------------|
| Shipments— | Metric Tons |
| Pacific Coast | 2,026 |
| Atlantic Coast | 8,385 |
| Gulf Ports | 1,485 |
| China & Japan | 213 |
| Other Countries | 221 |
| | 12,330 |

| | | |
|------------------|--------------------|--------------|
| | Beginning of Month | End of Month |
| Stocks on hand— | Tons | Tons |
| Manila and Cebu. | 20,245 | 23,463 |

COPRA CAKE AND MEAL—Both the cake and meal markets weakened during August. The cake market dropped from a European c.i.f. equivalent of \$32 a ton to \$29.75. This, translated into f.o.b. values, meant a drop of P40.80 per metric ton to around P36. Copra meal at the same time dropped from \$27 to \$25 on the Coast with no buyers at over \$24 at the close of the month. A fair amount of business was done to Europe early in the month with trade slacking off toward the end. The demand for meal, however, was negligible throughout the month.

Prospects for good prices for meal and cake for the balance of the year were unfavorable, but local mills were reasonably well covered and were not worrying.

Statistics for the month follow:

| | |
|---------------------|-------------|
| Shipments— | Metric Tons |
| Pacific Coast | 2,586 |
| Europe | 9,246 |
| | 11,832 |

| | | |
|-------------------|--------------------|--------------|
| Stocks on hand— | Beginning of Month | End of Month |
| Manila and Cebu.. | 8,501 | 9,009 |

DESICCATED COCONUT—The August desiccated market showed a slight improvement over July. Average prices were a shade higher, although there were no changes in New York base quotations. Local production was about the same as July, possibly a shade better, some of the mills still running on a partial basis. Ordinarily, July and August are the slack months of the year, because in the summer season the desiccated trade for candy is poor, and conditions should improve in September and October.

Shipments for the month totalled 3,365 tons.

GENERAL—The European political situation was a significant factor in all markets at the end of August. Neither buyers nor sellers wished to take any particular position until political conditions should clear up, for should these conditions grow worse markets might turn suddenly with trends unpredictable at this time. For these reasons, both buyers and sellers operated on the whole very cautiously, and whatever business took place was handled on very close margins.

The freight situation continued to be a thorn in the flesh. The Conference refused to reduce freight rates on copra, oil, and meal to the Pacific Coast to conform with the recent reduction in oil rates to the East Coast, thus resulting in uneven Pacific

Coast rates through discounts and commissions, while at the same time the European situation was controlled by charters extending into October. F.O.B. equivalents, therefore, were varying and hard to standardize.

Prospects for September were doubtful with everything pointing to similar conditions as August unless political conditions in Europe should reach a climax.

FOREIGN EXCHANGE

BY LEON ANCHIETA

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The dollar, in the local exchange market, was quiet and showed slightly easier tone during the greater part of the month. Up to the end of the third week, it appeared that the demand could be met by supply available from commercial sources, particularly from proceeds of gold shipments to America. Also a fairly substantial amount of bills covering copra exportation was offered in the market. Consequently, inter-bank sales covering T.T. on New York eased from 9/16 to 1/2% pr. and offer of sellers at the latter rate was not readily absorbed. However, customers' rate ruled the same as in the previous month, viz. 5/8% pr. At the closing week of the month, the dollar again steadied, buyers (banks) being eager to bid at 1/2% pr. with sellers holding for a higher rate, viz. 9/16% pr. Customers' rate remained unaltered at 5/8% pr., both for T.T. and D.D. on New York.

Buying rate for 60 day and sight bills ruled at par and 1/4% premium, respectively, as in the previous month.

Tending to confirm reported arrangement of a lower level in the relation of the pound sterling and U. S. dollar, the former suffered the widest fluctuation and reached its lowest level since the beginning of the year. Opening at 491-3/8, it steadily moved downward reaching 487-7/8 during the first part of the second week, at which time the British Stabilization Fund entered the market to support the weakening sterling. The intervention of the British Control Fund appeared to have renewed conjuncture as to the level at which the dollar-sterling relation would be maintained and the foreign exchange market became actively erratic although the general demand for U. S. dollar continued to be the chief feature.

During the second fortnight the foreign exchange situation became more involved on account of the growing tension arising from the confused situation in Central Europe and as the month approached its close, heavy continental buying of U. S. dollars was in evidence, causing a sharp drop in the pound-sterling to 485-3/4.

No deliberate effort to counteract the sharp appreciation of the dollar appeared in Washington and U. S. Treasury Officials are reported to have stated that the American Stabilization Fund would be utilized in "the usual cooperative capacity with foreign governments", indicating that under the prevailing circumstances, the fluctuations of the sterling would be allowed to

continue.

Concurrent with the attack on the pound sterling, heavy selling brought down the rate on the Franc from an opening of 276 to 272-7/8 at the beginning of the second week. Frequent intervention by the British and French Exchange Controls prevented further serious sharp fall in this exchange which closed at 272-1/2.

No important development took place in the yen which fluctuated concurrently with the sterling-dollar exchange. Opening at 28-11/16, it moved downward, reaching a low of 28-5/16 at the close.

The Hongkong dollar also slumped heavily in sympathy with the pound sterling. Opening at 30.78 it moved down at a wide range, reaching a low of 30.4325 at the close.

After opening at 17-1/2, Shanghai Exchange slumped to 16-1/8. However, it recovered as the month advanced, reaching a high of 17-11/32 and closing at 17-1/4.

REAL ESTATE

BY P. D. CARMAN
BOULEVARD HEIGHTS



Following July real estate transfers which exceeded any July on record except in 1935, August business was very good although a little below that of the same month of 1937. While considerably lower than in August 1936 it greatly exceeds the transfers recorded in

any other similar month since 1929.

| | | |
|-----------------------|-----------|-----------|
| Sta. Cruz | P 141,529 | P 355,290 |
| Sampaloc | 1,633,840 | 246,943 |
| Tondo | 104,897 | 78,847 |
| Binondo | 538,011 | 103,500 |
| San Nicolas | 132,467 | 21,000 |
| Ermita | 12,538 | 111,000 |
| Malate | 268,835 | 141,993 |
| Paco | 85,807 | 41,300 |
| Sta. Ana | 27,284 | 42,516 |
| Quiapo | 39,690 | 11,511 |
| San Miguel | 236,987 | 203,607 |
| Intramuros | 61,656 | 1,150 |
| Sta. Mesa | 16,601 | 14,000 |
| Pandacan | 2,537 | 212 |

P3,302,679 P1,372,869

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FOREIGN EXCHANGE REVIEW COUNTER RATES

| | U.S. Dollars | | Sterling | | Francs | | Yen | | Shanghai | | Hongkong | |
|-----------------------|--------------|----------|------------|------------|--------|--------|-------|---------|----------|---------|----------|---------|
| | High | Low | High | Low | High | Low | High | Low | High | Low | High | Low |
| August 1938 | 201.50 | — 201.50 | 2/0-1/16 | — 2/0-7/16 | 5.80 | — 5.60 | 58.40 | — 57.70 | 37.50 | — 33.70 | 62.50 | — 61.90 |
| August 1937 | 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 |