

## 1938 Brought Bullish Trend To Stock Market

Reacting to favorable local news, especially to the good progress attained by the mining industry, the Manila stock market in 1938 moved generally upward, reaching the highest level in more than a year toward the closing of trading in December. Although failing to attain the highest level of 1937, the market during the year just passed did not sag to the low point of the previous year in spite of the seasonal lag in business at about the end of the second half and of the nervousness created by several unfavorable outside factors which briefly halted the impressive rally during the second-half of the year.

Prices started picking up early in 1938 as traders took a bullish attitude. After reaching the peak in February, however, a downward trend set in, slashing appreciably the early gains until March. Since then narrow fluctuations developed as dullness prevailed in the market. The market reached its low point in May when the gold share average at the Manila Stock Exchange slumped to 169.04, as buying interest waned owing to the seasonal lag in business.

The start of the second half saw prices improving slightly as buying interest returned. By August a decidedly upward trend began, the rapid strides attained by the mining industry imparting a cheerful tone to the market and attracting a lot of investment buying. A general realization among the buying public that prices had been selling at comparatively low levels also helped in boosting further prices of mining shares.

The only wild fluctuations registered were in September when the European war scare halted briefly the impressive rally. However, the period of weakness was short-lived, the temporary appeasement of the European crisis at the peace of Munich having given a sort of "breathing spell" for business. Locally, the news was reassuring, and the market staged what was perhaps the most spectacular recovery since the boom in 1938.

With the crisis passed, the market resumed the recovery, prices searing to higher ground during October until November. The advance in prices brought with it a wave of buying, partly for investment purposes and partly for speculation. At the end of October, the average passed the 100-level and the value of transactions on the two exchanges exceeded the two-million-peso mark, the value at the Manila Stock Exchange alone nearly reaching that mark. On November 11, the market reached the high level of 111.43 as the value of shares sold again passed the two-million-peso mark for the second time in the year and establishing a new high in business volume for the year.

As is the natural course for a market to follow after rapidly scoring considerable gains, prices passed through a period of technical correction during the second half of November until early in December. As expected, however, the market resumed the advance before the close of the year and reached the best level on December 27, the gold share average at the Manila exchange as reported by Swan, Culbertson and Fritz passing the 114-level in heavy turnover.

Although the highest level the market had attained for more than a year, the December high is still below the 1937 high of 228.73 on January 18. However, the low is above that for 1937 when the average at the Manila exchange on September 10 slumped to 62.50 and forced the board of directors of the exchange to peg prices in order to prevent further wild fluctuations.

The further rise of the market toward the close of trading in December was brought about by the end of the selling for income tax purposes early in the month and by the encouraging prospects for a better business outlook for 1939.

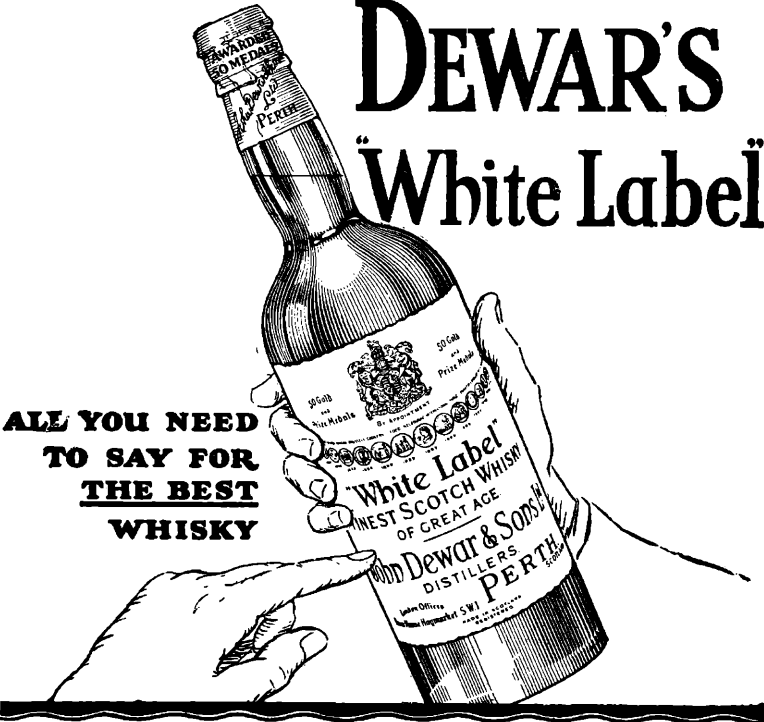
Most of the factors affecting favorably the mining share market had been local, the rapid strides made by the mines in particular, and the pickup in the business situation in general, buoying up sentiment. The recovery in the

United States as reflected in the rise of the New York stock market also exerted a considerable influence on the course of the local market. Although the recovery of New York stock prices imparted only a psychological effect on the trend of mining shares here, the outside influence is considered to be substantially due to the business recovery in the United States. Whatever the trend of business in the United States is bound to be reflected here, it is pointed out. The New York market had

derived its encouragement from the upswing in several lines of business.

The upswing has only begun and bids fair to continue at least until the rest of this year. This recovery which has already been felt here, together with the anticipated further expansion in the mining industry, will have a substantial influence on the course of the mining share market this year.

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