TOBACCO REVIEW

By P. A. Meyer
Alhambra Cigar and Cigarette Manufacturing Co.

Raw Leaf: Except for an increased activity in the export market, no important transactions in leaf for local use have been reported. The larger export shipments were consigned exclusively to European and the Korean Monopolies. February exports were as follows:

	Leaf tobacco and scraps kilos
Australia	192
Ceylon	246
China	56,273
Czechoslovakia	1,095,536
Hongkong	39,789
Korea	223,999
North Africa	157,872
North Atlantic (Europe)	114,996
Spain	817,102
Straits Settlements	2,779
United States	142,124
Uruguay	9,614
	2,660,522

Cigars: A slight improvement in shipments to the United States is shown in the February figures. Pending the outcome of further negotiations, a decision about the new Chinese luxury taxes has been postponed.

Comparative figures for cigar shipments to the United States are as follows:

February 1928, 15,310,447; January 1928, 11,247,174; February 1927, 13,558,309; all figures for cigars, not boxes or thousands.

RAIL COMMODITY MOVEMENTS

By M. D. Royer
Traffic Manager, Manila Railroad Company

The following commodities were received in Manila Jan. 26, 1928, to Feb. 25, 1928, both inclusive, via Manila Railroad:

	1928 Feb.	1928 Jan.
Rice, cavans	332,875	246,688
Sugar, piculs	398,384	355,488
Tobacco, bales	3,840	2,560
Copra, piculs	49,100	49,250
Coconuts	2,048,200	1,449,000
Lumber, B. F.	118,800	220,050
Desiccated coconuts, cases	11,808	2,870

REVIEW OF THE EXCHANGE MARKET

By Stanley Williams
Manager International Banking Corporation.

Telegraphic transfers on New York were quoted at 1% premium on January 31st and the market was unchanged at this level throughout February. There were buyers at 3/4% premium ready throughout the month and 3/4% premium was general for February. In the early part of February a considerable amount of export bills were settled for March delivery on the basis of 3/4% premium and later in the month further substantial amounts were done for February-March on the same basis. Buying rates toward the close of the month were quoted 3/4% premium to Mrach 15th 5/8% premium last half March 5/8% to 3/4% premium April. With the exception of the forward export activity mentioned the general tone of the market was quiet during the month.

Purchases of telegraphic transfers from the Insular Treasurer, according to the report of the Insular Auditor since last report have been as follows:

Week ending January 28th	$200,000.00
Week ending February 4th	250,000.00
Week ending February 11th	850,000.00
Week ending February 18th	575,000.00

Sterling cable transfers were quoted at 2/0 5/16 sellers 2/0 1/2 buyers on January 31st and remained unchanged throughout February with, however, occasional premiums of 1/16th in favor of the public on both rates. Three months sight credit bills were quoted at 2/1 on January 31st and 3 m/s D/P bills at 2/1 1/16. On February 1st these rates were raised to 2/1 1/16th and 2/1 1/8 respectively, at which level they were unchanged until February 23rd when they were lowered to 2/1 and 2/1 1/16 and remained unchanged until the close of business on the 28th.

The New York London cross rate closed at 487 1/8 on January 31st, dropped to a low for the month of February of 487 1/32 on the 3rd, gradually rose to a high of 488 on the 23rd and closed at 487 15/16 on February 28th.

London Bar Silver closed at 26 1/4 spot 26 1/16 forward on January 31st, touched a low February of 26 1/16 spot 25 15/16 forward on the 1st, a high of 26 3/8, 26 5/16 on the 10th and closed at 26 3/16 spot and forward on the 29th.

New York Bar silver closed at 56 3/4 on January 31st, touched a low for February of 56 1/2 on the 5th and 6th, a high of 57 1/4 on the 14th, 17th, 20th, 21st, 23rd, 24th and 27th, and closed at 57 1/4 on February 28th.

Telegraphic transfers on other points were quoted nominally at the close as follows:

Paris	1240
Madrid	172 1/4
Singapore	116
Japan	95 3/8
Shanghai	77 3/4
Hongkong	101 1/2
India	135
Java	121 1/2

COPRA AND ITS PRODUCTS

By E. A. Seidenspinner
Vice-President and Manager, Copra Milling Corporation

Copra production during February was far from satisfactory and total arrivals at Manila for the month were only 108,122 bags. This is by far the lightest production we have had for any month during the past five years. With the exception of one mill, all of the local crushers have operated intermittently during the month and at this time only two mills are open. While it is not probable that March production will be as low as February at the same time several months will be required before local mills' reserve stocks can be re-established. Prices for February were far in excess of U. S. and Continental parities as much as ₱13.50 or better being paid for choice lots of bodega stock copra. There is no indication that foreign market prices will advance in the very near future. Latest quotations follows:

Cebu, £27 0 0; F. M. M., £27 0 0; Manila—resecada bodega, ₱13.00 to ₱13.50.

COCONUT OIL

Nearby offerings of this item still continue to depress the U. S. market and prices were further reduced from the 8-1/8 cent January level to 8-1/16 cents f.o.b. tank cars West Coast. All available statistics show an increase in the visible supply of coconut oil on December 31, 1928, as compared with December 31, 1927. Imports of copra and coconut oil into the United States during the month of January were very substantial, being more than sufficient to cover normal disappearance. With large consumers comfortably fixed and an ample supply of competing fats, there seems to be little prospect of higher prices for coconut oil during the coming month. Latest cables follow:

San Francisco, $.08-1/16 f.o.b. tank cars; New York, $.08-1/4 c.i.f. nominal; London, £39 10 0 nominal; Manila, ₱.36 to ₱.37 per kilo.

COPRA CAKE

Local stocks of Copra Cake are the lowest in years, and notwithstanding the apparent lack of interest on the Continent, very little business was put through during the month. During the past week inquiry from Hamburg has been somewhat more active. Reports advise that this is the result of intensely cold weather obtaining in Europe during the month. At this writing it is possible to do £8 12 6 for forward shipment. Latest advices follow:

San Francisco, no quotation; Hamburg, £8 12 6 any position; Manila, buyers, ₱60.00 to ₱61.00; sellers, ₱62.00 to ₱63.00.

Manila, March 3, 1928.

THE RICE INDUSTRY

By PERCY A. HILL

of Muñoz, Nueva Ecija, Director, Rice Producers' Association.

Prices have sagged since the last report, owing to the lack of accurate data concerning the actual supply. Buyers have been loath to buy more than their daily needs, sellers reluctant to sell until more normal prices obtain. Superior has dropped to ₱7.75 per sack; first and second grades are lower, while the poorest grades can scarcely find a market at all, being milled from hard, colored and subnormal varieties.

Offers for palay at terminal provincial markets vary from ₱3.05 to ₱3.15 per cavan, with ₱2.80 as the ruling local price.

As a comment on the general stagnation in agricultural industries, it is worth noting that this year the net gain on capital invested in the rice industry is but slightly over 12 per cent, with a yield averaging over 52 cavans per hectare. Producers representing some 55% of the men engaged in the industry, whose average yield is under 30 cavans per hectare, are consequently producing at a loss.

The latest statistics from the agricultural bureau give the 1925–1926 crop as 47,780,000 cavans from 1,755,920 hectares, or approximately 27 cavans to the hectare. It is readily seen that the industry is suffering from too many low-yield growers, and that profits, except under rare circumstances, are negligible. As the tariff protection is 87 centavos per cavan of palay, and the net gain under the best circumstances this year is 85.9 centavos per cavan, removal of the tariff protection would wipe out any gain whatever. The estimated loss of the low-yield growers this season, 1927–1928, is not less than ₱1.00 per cavan.

With such losses, and such small margins under the best circumstances, it may also be seen that the great majority of the five million rice growers will have little to spend. To a very large extent this affects the commercial markets dealing in their necessities.

There is also another item which affects supply and demand in the rice industry, the increasing use of flour. This signifies a change in living standards due partly to higher wages than formerly prevailed. The following data are pertinent: During the past five years the value of imported rice was ₱49,877,300, and the total imports of flour during the same period were valued at ₱44,872,100; that it to say, rice and flour imports were in a ratio of 10 to 9, or rice imports yearly were valued at nearly ₱10,000,000 and flour imports at nearly ₱9,000,000.

Owing to its bulk and weight, rice is by far the heaviest item of freight in the islands. The average cost of transporting a sack of rice (or its equivalent in palay) from the producing regions to Manila dealers at present writing is ₱0.97, 1/7 of its selling price, a figure much too high. Cabanatuan, the principal provincial shipping point, has but a single line of railway—inadequate, with its feeder lines, to handle the crop at the peak of the season. Shipments have risen from 55,000 sacks per month in 1923 to a much higher level. There are over 100 firms in Cabanatuan who handle rice and palay, some as feeders to the big mills. Several of the latter complain that they cannot get enough cars to ship their rice, some of them having to store in Cabanatuan 2/3 of their daily run, which causes a financial loss to them and delays the filling of orders. Others have no difficulty, they say, in obtaining all the cars they want. This should be looked into by traffic managers, expanding business calling for an expanding service. There is a movement underway to ship by truck and trailer. The railway freight rate from Cabanatuan to Manila is ₱0.34 per sack or ₱5.90 per ton, approximately. Trucks would of course have to compete with this price. More and more palay is being diverted northward, to be milled for the Ilokano region, perennially short of the cereal because of the lowering production in total and per hectare.