

Copra and Coconut Oil

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December 16, 1948, to January 15, 1949

THIS period covers the last two weeks in 1948 and the first two weeks in 1949, and also represents a period of sustained strength and one of acute weakness.

During the last two weeks of December, the copra market held steady to firm, with buyers willing to pay up to \$255 c.i.f. or f.o.b. and sellers reluctant to accept these prices because they felt copra might be scarce in January, and because estimated stocks on hand were light. Consequently, sellers did not generally take advantage of what now appears to have been an excellent opportunity, and the year ended with sellers holding for \$260, and with buyers showing less interest, even at \$255.

At the beginning of 1949, the picture suddenly changed. Preliminary estimates of oils and fats available for Europe indicated that there will be plenty of copra available for all the ECA dollars allotted, largely because of increased availability of fats in soft currencies. Edible oils, notably cottonseed, soya, and peanut, began to decline sharply on the American market, due to surplus crops, and tallow was particularly weak. American oil-buyers immediately withdrew from the market entirely and refused to quote, and this made it impossible for Coast crushers to buy copra unless they happened to be in a short position, which but few of them appeared to be. Consequently, Philippine copra declined in ten days from \$250 to \$180, a sensational drop of over 25%. This tendency was reinforced by the French buying policy, where the market was brought down from \$240 f.o.b., shipped weights, to \$197.50 f.o.b., delivered weights, equivalent to little more than \$185 f.o.b., shipped weights. After making these purchases, France dropped out, and the subsequent interest from Europe was negligible.

Buyers pessimistically predicted that copra would soon drop to at least \$175, and maybe \$150, which would be reasonable if coconut oil were to fall into line with other domestic oils. But with the sharp drop, production immediately dried up, and it became evident that there should be a fair amount of short covering to be done on a market which appeared to be reasonably well sold up for January/February shipment. Therefore, the market steadied at \$180 to \$185, and, at the close of the period, sellers were holding back, it being felt that any copra required for prompt shipment could command fully \$190.

As mentioned previously, large oil buyers were practically out of the market for the whole period, though a little spot oil was sold in the last half of December at around 21½¢ a lb. The next transaction reported was a speculative purchase of 3000 tons by the United States Government, but by January 15, there was no interest at any price, except for scattered spot cars at 14¢, f.o.b. Pacific Coast, with no indication of when buyers might change their views.

At the close of the period, there was no strength in outside markets whatever, and there was nothing to indicate that copra or oil would be in demand at other than prices considerably lower than we have recently seen. While it was not anticipated that supplies would be heavy in January and February, and

while this is the short period of the year, it was difficult to see how these factors could hold prices up against the world trend, except for occasional small coverings by shorts. After a rapid drop, a reaction is to be anticipated, but in this case it is difficult to believe that the reaction could be prolonged or sharp. Consequently, the outlook for Philippine copra and Philippine oil during the first part of 1949, while unpredictable, certainly does not give hope of other than a gradual leveling down of prices to more nearly the equivalent of other oils and fats, with an unusually weak tallow market exerting strong additional pressure.

LOCAL copra markets naturally reflected the outside trends, and even in Manila, prices dropped to a new low since 1947. Copra required for local production, however, commanded somewhat better prices than world equivalents, particularly because of the interest of desiccators who maintained their price for nuts at well over copra values. At the close of the period, desiccators were reported dropping their prices.

Exports for the month of December were about as expected, totalling 53,808 tons, with destinations as follows:

United States			
Pacific Coast	10,231		
Atlantic Coast	6,498		
Gulf	8,220	24,949
Canada			2,000
South America			4,510
Europe			22,349

Copra exports for the year 1948, while still unofficial, indicate the following:

United States			
Pacific Coast	228,675		
Atlantic Coast	61,143		
Gulf	69,320	359,138
Europe			199,376
Canada			17,799
South America			14,541
Japan			24,340
Total			<u>615,194</u>

During December, shipments of oil, all of which went to the East Coast of the United States, totalled 5,670 tons, and shipments for the entire year totalled 43,013 tons, equivalent roughly to 71,000 tons of copra. Total 1948 exports of copra and oil in terms of copra were therefore slightly under 700,000 tons. Whether 1949 will be a better oil year or not will depend entirely on whether prices for oil in the United States will be in line with copra values here, which has proved to be rarely the case in 1948 and which is an impossibility at this particular time.

The copra-cake market was dull, but there were but few offerings. There was some interest from Europe at about \$47.50 per long ton f.o.b. Meal on the Coast, however, sold from \$70 down to \$67 per short ton c.i.f., still slightly better than European equivalents. Prospects were that meal would drop further as the Spring advances.

1949 gives promise of being a normal copra year in the Philippines, perhaps 10% to 15% better than 1948. Price-wise, however, prospects for 1949 are far less favorable than for last year, and it would not be surprising if the average price in 1949 should be well under \$200 per ton, gradually declining as the year progresses. This will surely be hard on producers, and on the national economy, but is in line with world

values of oils and fats as they are today, and as they are expected to be during the year. The picture is not bright, and the uncertainty is not conducive to what used to be considered legitimate trading.

Desiccated Coconut

BY HOWARD R. HICK
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THIS report covers the period from December 15 to January 15. In the last half of December, copra remained firm and sellers were even thinking in terms of a rise in the market in January and were reluctant to sell. As workers on the plantations stopped work for the Christmas season, even a delivery premium failed to induce sellers to sell. As the first half of January opened there was a sudden drop in copra from P47 per 100 kilos of reseca to a low of P31, which is almost unprecedented in the history of the business.

This sudden collapse of the copra market was followed by a similar collapse of the raw nut market and although this was seriously damaging to sellers, it was a healthy thing for the business. For a long time coconut oil was far out of line with other oils and many times in the past year copra value was in excess of oil value. These factors presented a very unreal copra and nut market and could not sustain healthy business conditions.

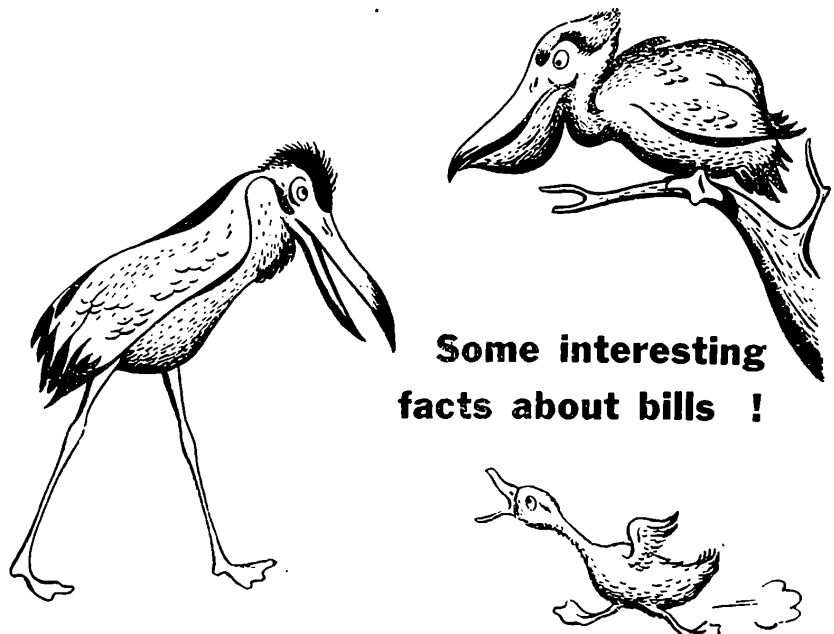
Today's prices are in keeping with influencing factors and it may be presumed that copra has come back to earth, let us hope, to stay. Any rise or fall in the market will likely reflect a more accurate world and domestic picture than we have had for the last 18 months.

The nut supply during January has been abundant and promises to continue that way until February.

Labor problems remain unchanged, but the Huk-balahap trouble has subsided, practically all of the areas now being open, and procurement of nuts has eased up considerably because of this factor.

The following are the shipping statistics for the month of December and the year 1948:

	December	Total for 1948
Franklin Baker Co. of the Philippines	4,134,800	42,976,816
Blue Bar Coconut Co.	1,842,450	17,379,490
Peter Paul Philippine Corp.	3,313,900	27,009,000
Red V Coconut Products, Ltd.	2,050,100	15,575,100
Sun-Ripe Coconut Products, Inc.	451,000	7,266,100
Standard Coconut Corp.	236,000	2,096,800
Isabelo S. Hilario Cooperative Coconut Products, Inc.	—	1,273,500
Tabacalera	493,960	2,082,640
Luzon Desiccated Coconut Corp.	376,860	3,344,230
	<u>12,899,070</u>	<u>120,557,266</u>



Some interesting facts about bills !

The bills of these birds never change. The peculiar bird's bill at the left is long and thin. The duck's bill is always sort of flat. The pelican's bill always has a pouch attached. Each species retains the same distinctive bill — year after year.

It's a far different story with consumers' electric bills. It is only by constant care and turning off all lights and appliances when not required that you can keep your electric bill at a minimum.

In these days of power shortage we ask you to be very careful.

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