Credit

BY W. J. NICHOLS
Treasurer, General Electric (P.I.) Inc.

WE have had several indications that the amount of capital tied up in inventories and receivables is steadily increasing. There are several factors which have contributed to this condition. Increased buying and selling during the recent holiday season resulted in stocks and accounts which have not yet been fully liquidated. In addition, buying against the effects of import control has tended to raise inventories above normal. The situation does not appear to be alarming and we look for a general leveling off during the next few months but in the meantime it may well be advisable to keep a close check on the credit of customers who are apt to overextend themselves.

From a management viewpoint the ideal condition for a firm doing business on standard credit terms of, say, 30 days, would be to maintain accounts-receivable totals equal to about the same number of days' billings. This indicates that funds invested in receivables are being turned over regularly. As a matter of practice, however, it seems that there are always enough delinquent accounts on the books to stretch the turnover to something less desirable. Certain government departments and agencies are not always, for example, overly prompt in paying bills within the specified period. Again, it is often good business to grant special concessions in some instances without altering regular credit terms. Although it is not an infallible yardstick, the rate of turnover of receivables is still a fairly accurate and useful measure of the efficiency with which capital is being employed.

Real Estate

BY C. M. HOSKINS
C. M. Hoskins & Co., Inc.

MANILA real-estate sales were quite active in the number of transactions but low in total peso value during the month of January. Registered sales for the month aggregated ₱1,889,924, represented by 208 transactions, which is typical of post-war activity, but only two of the transactions, one of ₱200,000 and the other of ₱145,000, represented a price of over ₱80,000.

The unusually high volume in high-priced properties changing hands during the past two years seems to have represented in large part an adjustment process which is drawing to a close.

There were abundant offerings of large properties by pre-war owners who were attracted by the high prices, and also by many who were unable to finance rehabilitation of their war-ravaged properties and were forced to sell. There were a fairly large number of large properties sold by those who were liquidating local fixed investments, or changing their investment portfolios, or settling estates of deceased persons. Most of the offerings in the foregoing categories have been readily absorbed, and sellers are now fewer.

On the other side, a large number of new fortunes have been made since liberation and the possessors of these new fortunes have been heavy buyers of large properties. How many of this type remain in the market is uncertain.

The heavy volume in lower-priced properties indicates a continued stability in real-estate values. There is no evidence of a decline in post-war price levels which have been established by repeated transactions.

REAL ESTATE SALES IN MANILA, 1940-1948

Prepared by the Bureau of the Census and Statistics

Note: A large percentage of 1945 sales and a diminishing percentage of 1946 sales, represent Japanese Occupation transactions not recorded until after liberation.

	1940	1941	1945	1946	1947	1948
January . .	₱ 6,004,145	₱ 962,970	₱ 7,943,605	₱ 4,385,011	₱ 6,030,012	₱ 3,644,734
February .	918,873	779,783	1,337,830	2,267,151	7,217,317	3,879,633
March . . .	1,415,246	1,532,104	(?)	2,622,190	7,166,866	4,243,719
April . . .	883,207	988,380	213,262	1,916,293	8,611,076	5,021,093
May . . .	403,866	1,129,736	962,008	3,684,937	4,618,181	3,129,799
June . . .	542,187	598,431	1,212,780	3,637,956	3,988,560	8,019,246
July . . .	1,324,861	559,742	1,123,565	4,974,862	4,097,183	5,146,529
August . .	1,905,828	1,239,414	699,740	4,438,510	5,627,572	6,192,876
September .	1,141,114	815,112	1,870,670	4,698,896	7,437,213	4,737,581
October . .	993,103	1,182,678	2,096,893	5,545,800	6,083,486	3,046,237
November .	938,416	858,235	2,555,472	3,340,384	4,177,054	5,386,248
December .	1,504,004	(?)	2,874,408	4,025,926	3,205,584	5,350,376
TOTAL . . .	₱17,974,844	₱10,647,285	₱22,890,133	₱45,537,914	₱68,260,104	₱57,798,121

Electric Power Production

Manila Electric Company System

BY J. F. COTTON
Treasurer, Manila Electric Company

1941 Average — 15,316,000 KWH

	1949	*1948*	KILOWATT HOURS
January	33,440,000 **	27,301,000	
February		26,021,000	
March		26,951,000	
April		26,871,000	
May		28,294,000	
June		29,216,000	
July		31,143,000	
August		31,993,000	
September		32,012,000	
October		33,943,000	
November		32,661,000	
December		35,104,000 *	
TOTAL		361,510,000 *	

* Revised
** Partially estimated

Output decreased in January because of a 10-day shutdown of the *Impedance* for repairs. It should be noted, however, that despite this loss of capacity the January output exceeded all prior months except October and December, 1948.

January, 1949, output was 6,139,000 KWH greater than January, 1948, or an increase of 22.5%. The decrease from December, 1948, was 1,664,000 KWH, or less than 5%.