

America and Africa have also cut down their prices, which were already too close to Philippine mahogany prices. Lumbermen feel they need some help from the Philippine Government in the form of reduction of taxes, which is a big item in their present costs, and an appeal is being made to that effect. Many mills have shut down, and unless the situation is improved in the very near future it is feared that many more mills will go out of production.

## Copra and Coconut Oil

BY MANUEL IGUAL

General Manager, El Dorado Trading Company, Inc.

AND KENNETH B. DAY

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February 16, 1949, to March 15, 1949

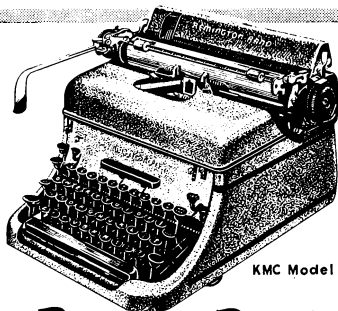
**C**OPRA and coconut oil markets improved moderately during the second half of February owing to generally better feeling in world markets resulting from the discontinuance of IEFCA allocations plus relatively small stocks of copra and coconut oil available in the United States. Beginning the first of March, however, the tremendous surpluses of cottonseed oil, soya, and tallow again made themselves felt and the market dropped faster than it had advanced. By mid-March it was at a low point.

As noted in our February report, copra production was light and unsold stocks were negligible as of mid-February. Sellers therefore were not inclined to trade except as copra came to market and at advancing prices. At that time buyers were indicating \$185 c.i.f. and \$180 f.o.b. without attracting sellers. The

market gradually worked up to a point where business was actually done at the very end of February at \$195 c.i.f., possibly \$200, but no trades at better than \$185 f.o.b. were reported for Europe. During this time the CCC stepped in occasionally for round lots on an f.o.b. basis, presumably for Bizonia Germany, and purchased perhaps 12,000 tons. The French were also buyers but their ideas were around \$180 f.o.b. landed weights, not attractive in February. Trading with United States Pacific Coast mills continued through February on a guarded basis. No large buying or selling interest was noted. When the market turned in March, buyers followed their usual tactics of running away from business offered and copra traded sparingly on the way down to a low of \$175 c.i.f. with limited sales also made at \$175 f.o.b. At the end of the period, markets were very depressed and seemed aimed for even lower levels. It was observed, however, that at current prices there was somewhat more buying interest, which indicated that the market might be nearing the bottom of the present sag.

**D**URING the first half of March cottonseed oil, soya oil, and tallow slipped off badly, and whereas they were in demand at 13½, 12½ and 8 cents respectively at the end of February, by mid-March they were selling 11¼, 10¾ and 7¼ cents, approaching pre-war prices. It has become evident that unless export demand for these commodities accelerates, prices must remain low until they are in greater domestic demand.

It must again be emphasized that coconut oil is still far out of line even at present comparatively low levels and that its demand is restricted to minimum



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requirements by soapers plus a lessened edible usage. The Netherlands East Indies were offering copra all month and finally sold one lot at \$187.50 c.i.f. This copra, however, is a dangerous buy because it is probable that the President of the United States will soon restore the 2 cents excise tax-differential in favor of Philippine copra, which will make other copra very expensive in America. In European markets, business has been done in sterling currency, with buyers immediately exchanging sterling for American dollars in the gray market of Hongkong at the rate of 3 to 1. A good deal of the selling during the period was done by speculators both in the Philippines and on the West Coast of the United States, which helped considerably to depress the market as a whole.

Because of shortage of supplies of coconut oil, there was some buying interest in the last half of February and sales were reported as high as 15½ cents f.o.b. Coast for scattered immediate tank cars and 16½ cents c.i.f. N.Y. for bulk. A fair amount of bulk business was done between 15 and 16 cents c.i.f. N.Y., mostly afloat or for prompt shipment. After the first of the month, however, buyers disappeared and preferred to wait the market down, which they were doing successfully at the close of the period, the indicated selling prices at which time were about 15 cents c.i.f. N.Y., with buyers on the sidelines. There was some interest in oil for Germany, where there is no 3 cent excise tax, and a fair amount of this business was done at approximately 15 cents c.i.f.

At the close of the period not too much oil was available, but buying interest was particularly light and there was enough babassu oil available to take the edge off spot demand.

LOCAL copra prices in Manila fluctuated up and down, rising from a low of 33 to as high as 41, only to drop back at the close to between 35 to 37. Supplies were very short in February, but were improving in March, particularly because of shipments received from southern parts.

Copra shipments for February totalled 38,655 tons, a substantial drop as against 63,148 tons in February, 1948. The breakdown follows:

U. S. Pacific Coast and Canada .....	8,537	
U. S. Atlantic Coast .....	5,710	
Total .....	14,247	
		U. S. Total .... 14,247
France .....	5,050	
Denmark .....	3,000	
Italy .....	3,994	
Norway .....	2,400	
Bizone .....	2,914	
Trieste .....	6,000	
Holland# .....	1,050	
Total .....	24,408	
		GRAND TOTAL . . . . . 38,655

It is expected that March shipments will be considerably heavier. Oil shipments were again negligible, totalling 2,598 long tons consigned as follows:

U. S. Atlantic Coast .....	2,107
Italy .....	491
Total .....	2,598

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Copra cake and meal markets weakened. There was no real buying interest from Europe, with the best price indication nominally \$42 per long ton f.o.b. at the close. Meal on the United States West Coast was down to approximately \$62 per short ton c.i.f., which was somewhat better than Europe. As the spring advances, green feeding supplies should improve, and prices consequently ease.

AS the period closed, there seemed to be no strength in either copra or coconut oil, nor were there any indications of support to prices in the United States. On the contrary, in Europe, where the excise tax is no factor, Philippine copra was still the cheapest copra in the world, and far more reasonably priced for European buyers than for Americans. Should American dollar allocations permit, wholesale European copra buying during the next quarter might help support the market, but it is predicted that most of these dollars will be largely restricted to the purchase of American domestic fats. Export demand for Europe in any form is, nonetheless, a very important factor at this time.

The market has dropped to such an extent that a turn sooner or later is inevitable. But when this turn will come nobody can estimate with assurance, and we may well see lower prices before then. It would be surprising, however, if the market should suffer any major collapse at this time, and the chances favor a series of dips and rises in ever-narrowing cycles. But, in view of their vulnerable position, coconut oil and copra are in a very delicate situation, and may easily be upset either way.

## Desiccated Coconut

By HOWARD R. HICK

*President and General Manager,  
Peter Paul Philippine Corporation*

THIS report covers the period from February 15 to March 15. During this period copra prices firmed up and continued to rise until early March when buyer resistance outside the Philippines proved stronger than local conditions. A shortage of copra locally was responsible for an increase in prices, but world conditions are such today that buyers are not affected by local conditions as they were six months ago.

This observation has been the healthiest sign in the copra and desiccated coconut industry since the war, pointing toward more equitable buyer-seller relations.

Raw coconut prices closely paralleled the copra prices throughout the period, and with the coming season of more plentiful harvests and easier procurement, nut prices may go under equivalent copra values.

Severally, factories have curtailed production during the first quarter of this year but will soon resume normal plant capacity. The Red V Coconut Products, Ltd. has had some labor difficulties and although shut down for a short period the differences have been compromised and it is now operating on schedule.

The shipping statistics for the month of February are as follows:

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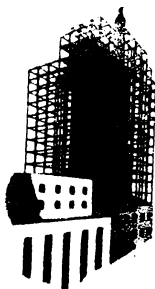
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