THE RICE INDUSTRY

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Prices for both rice and palay have taken an advance in view of the dwindling supply. Prices for rice range from ₱8 to ₱9.20 per sack (ex-car) according to class, with palay at terminals at from ₱3.25 to ₱3.60 according to grade. These prices are substantially higher than those of the same period last year, and point to a healthy change in values.

As previously pointed out, the present rice crop was never in any danger during the first period of growth. While the amount of rain was approximately 150 millimeters lower than normal, its distribution was too even to allow of excellent planting conditions. As a result, about 22,000 hectares in the Luzon plain either remain unplanted or were planted too late. The dwindling supply of stocks, visible and invisible, bears out the estimate made of the last crop. With carryover exhausted, and a new crop still unmade, prices have taken the upward trend they should have taken some months ago.

There has recently been made a number of proposals as to the rice industry by legislators, with a view primarily of enhancing the price. The advocation of exports, the prohibition of imports, and the raising of the present tariff were examples of proposed aid by those unfamiliar with the status of the industry. As a corollary to the importations, it may be noted that prices did not rise until the first imports of the year of any magnitude arrived. And the price, instead of falling, will have a tendency to rise until the estimates of the next crop are in.

Cargoes of rice from Indo-Asia have come in, principally to the southern islands, while the plague in French Indochina necessitates the fumigation of the cargoes, according to quarantine regulations, which can only be affected in Manila or Cebu. It is not known if this will affect the rice in cargo. Stocks in Indo-Asia, while lowered, allow of an ample surplus available at present writing.

The spread of the prices of rice in the Philippines is still very remarkable, considering the growth of transportation lines. Interisland freights are high, due to the high wages paid. The shipping business, as regards freights and monopoly, has drifted back to that obtaining in the old galleon trade, but there appears to be some renaissance in expediting shipments. The railroad, while lowering passenger rates to meet competition, has not done so with freight rates. They will have to face competition in this line also if the plans of the truck companies work out. To show the differences in prices of palay (rough rice) as quoted for last year the following may be pertinent as regards freights, which affect them in the main.

The Nueva Ecija and Tarlac prices averaged ₱3.23 per cavan. In Ilocos Norte it was ₱6.74; in Tayabas, ₱6.23; in Union, ₱5.76; Iloilo, ₱4.60; Negros, ₱4.42; Cagayan, ₱4.94; and in the Batanes, ₱7.89—all per cavan of 44 kilos. There is need of coordination in handling to equalize prices. This does not imply that the difference means inordinate gains, but that the present system of distribution is wasteful and inefficient. It must not be forgotten that the ultimate distributor pays the 1½% merchants tax, which is passed on to the consumer, falling heavier on him than on any other entity, being a tax on a vital necessity.

In any amelioration of the industry, the above should be the first things looked after if producers' and consumers' interests are taken as a whole, as they should be in the last analysis. In reference to the attempts unnaturally to enhance prices by unwise legislation, we may add that the status of the industry is improving, as regards price, under the good old laws of supply and demand, which often runs in cycles.

REVIEW OF THE HEMP MARKET

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This report covers Manila hemp markets for the month of September with statistics for the same period.

U. S. Grades: The buyers in the United States and Canada continue to buy only moderate quantities, and neglect the higher grades almost entirely. Of late they have purchased a considerable quantity of J2 and L1, together with some of the other U. K. grades. Shipments to date are a little more than 20,000 bales less than a year ago. The early part of the month shippers were offering at the following prices: (Cents per pound) E, 13-1/4; F, 10-3/8; G, 8-3/8; H, 7-1/8; I, 9-7/8; J1, 9-1/8; S1, 10-1/4; S2, 9-3/4; S3, 9-1/8. By the 15th prices had declined to E, 13; F, 10-1/8; G, 8; H, 6-1/2; I, 9-3/4; J1, 8-1/2, S1, 10; S2, 9-1/2; S3, 8-1/2. At the end of the month shippers were asking E, 13; F, 10; G, 7-7/8; H, 6-3/8; I, 9-1/2; J1, 8; S1, 9-3/4; S2, 9-1/4; S3, 8-1/4, and undoubtedly prices could be shaded from an eighth to a quarter of a cent on some of the grades. The net loss for the month was a quarter of a cent on better grades and almost a cent a pound on the lower grades. The decrease in the production of the better grades undoubtedly accounts for the fact that prices have not declined to the same extent as on the other grades of fibre.

The market in Manila has followed the trend of the consuming markets. Throughout the month prices paid here remained considerably higher than the selling equivalent. The market opened with buyers paying: (Pesos per picul) E, 30.00; F, 23.25; G, 18.25; H, 15.25; I, 21.75; J1, 20.50; S1, 22.50; S2, 21.25; S3, 20.00. By the middle of the month prices had dropped to E, 29.50; F, 22.00; G, 17.00; H, 14.00; I, 21.00; J1, 19.00; S1, 21.50; S2, 20.50; S3, 19.00; and at the close exporters were quoting E, 29.00; F, 21.50; G, 16.75; H, 13.75; I, 20.50; J1, 17.00; S1, 21.00; S2, 20.50; S3, 17.50. Dealers and brokers have resisted the decline, and a fair quantity of hemp is still unsold, and a fair percentage has gone into store awaiting better prices.

U. K. Grades: The London market has remained quiet throughout the month with prices still declining. Spinners in the U. K. and on the Continent continue to buy steadily but at only reduced prices. The London dealers are apparently well supplied for shipments up to the end of the year, and seem to be interested only in distant hemp. The first of the month shippers were selling at the following prices: (Pounds Sterling per ton) J2, 36-5; K, 31-0; L1, 30-15; L2, 25-5; M1, 26-10; M2, 25-0; D1, 24-10; DM, 23-10. By the 15th the market had declined to J2, 35-10; K, 30-10; L1, 30-0; L2, 25-0; M1, 26-5; M2, 24-10; D1, 23-15; DM, 23-00; and by the end of the month sales were being made at the following prices: J2, 32-10; K, 29-10; L1, 29-0; L2, 24-0; M1, 25-0; M2, 23-0; DL, 22-10; DM, 22-0. The net decline for the month averaged a little more than two pounds a ton, the heaviest decline being on the grade J2.

In this market the lower grades have declined steadily, but selling prices have remained above the equivalent in the consuming markets. The range of prices paid during the month are as follows: (Pesos per picul) J2, 17.00; K, 13.50; L1, 13.50; L2, 11.50; M1, 11.50; M2, 11.00; DL, 10.50; DM, 10.00; by the 15th J2, 16.25; K, 13.25; L1, 13.00; L2, 10.50; M1, 10.50; M2, 10.00; DL, 9.50; DM, 9.00; and at the close J2, 15.00; K, 13.00; L1, 12.75; L2, 10.25; M1, 10.50; M2, 10.00; DL, 9.00; DM, 8.50. It looks as if prices will decline further as sales are being made in London at from fifty cents to a peso per picul below quotations.

Japan: Exchange has improved but the market continues dull and inactive. It is reported there are considerable stocks of unsold hemp remaining at several of the ports. Shipments to Japan are more than 41,000 bales in excess of last year, and it is thought the spinners and paper makers have not been able to take care of this additional quantity.

Freight Rates: There was no change during the month. The local cordage manufacturers are asking the Associated Freight Lines to change the basis on rope from measurements to weight. This seems to be a very reasonable request, and should be to the advantage of both the cordage manufacturers and the steamship lines as it would save an enormous amount of time in calculating freight charges.

Statistics: We give below figures for the period ending September 30th, 1928:

Manila Hemp	*1928*	*1927*
On hand January 1st	139,624	112,382
Receipts to date	1,035,093	974,026
Supply to date	1,174,717	1,086,408
Shipment to U. K.	259,441	246,038
Shipments to Continent	154,272	105,430
Shipments to U. S.	282,967	303,133
Shipments to Japan	235,889	194,494
Shipments to all others	37,720	38,860
Local consumption	44,000	40,000
Total shipments	1,014,289	927,955

Supplies for the year are 88,309 bales over 1927, while shipments are 86,334 bales more than a year ago. This leaves stocks in the Philippines practically the same as 1927.

Some very effective legislation is in prospect, though practically none has passed both houses as yet. With a treasury balance of ₱15,000,000 (officially reported as eight), and the necessity to develop Mindanao, what will be done for public works is likely to be very surprising. A bridge fund is contemplated, reimbursable from tolls, to take care of the big-river-bridge projects indefinitely: and a goodly sum is probably to be voted for the Burnham capitol project in Manila.