

# Banking and Finance

By C. R. LEADER

Manager, National City Bank of New York

**A**CTIVITY in the field of banking this month can best be described as "sidewise", and it follows that there are no significant developments reflecting on exchange and interest rates to report. If one may judge by the demand for foreign exchange for commercial transactions, imports, while perhaps under peak figures, are still substantial. Exports are looking better just recently, as commodities, especially copra and secondarily sugar, were in better demand at firmer prices in world markets. Business is feeling the effects of last year's typhoons in less buying-power in the provinces. Some merchants report a slowing down of collections and general trade in the centers outside Manila. Bank collections in Manila itself are still fairly prompt.

First-quarter balance sheets show an over-accumulation of inventories in a number of wholesale and retail lines. While the inventory position is not so large as to be called alarming, it is important enough to call for corrective measures. First-quarter earnings are running somewhat behind last year. Merchandise sales look slower, and the demand for bank credit is well sustained.

*Fortune's* latest survey of management-views of business prospects in the United States, conducted in November last year, shows that a large majority of American business men thought the boom was here to stay, at least for a while. According to this report, executives were pessimistic about business in general in May of 1947, but more optimistic about their own prospects. Six months later, they were bullish on both. Since *Fortune* made its survey, a number of new elements have been injected into the situation. It would be interesting to know what the thinking is now, after the February corrective in commodity prices, and all the war-talk one hears nowadays.

Turning our attention to the reports issued by the Bureau of Banking and the Bureau of the Treasury, we find that loans and advances made by Manila banks are on the increase. Bank deposits are rising also, while debits to individual accounts registered a fall, reflecting the slow-down in business activity previously noted. Money in circulation is likewise less than the month before.

Comparative figures are as follows:

Loans, Discounts, and Advances (monthly averages)  
(000 omitted)

| March 1948 | February 1948 | March 1947 |
|------------|---------------|------------|
| P358,457   | P350,152      | P293,846   |

Total Bank Resources (monthly averages)  
(000 omitted)

| March 1948 | February 1948 | March 1947 |
|------------|---------------|------------|
| P863,485   | P848,243      | P758,223   |

Bank Deposits (monthly averages) — (Public funds not included)  
(000 omitted)

| March 1948 | February 1948 | March 1947 |
|------------|---------------|------------|
| P423,548   | P400,945      | P381,935   |

Debits to Individual Accounts (monthly averages)  
(000 omitted)

| March 1948 | February 1948 | March 1947 |
|------------|---------------|------------|
| P110,201   | P115,527      | P120,959   |

Circulation  
(000 omitted)

| March 1948 | February 1948 | March 1947 |
|------------|---------------|------------|
| P783,967   | P798,462      | P688,276   |

# American Stock and Commodity Markets

April 1 to April 27, 1948

By ROY EWING

Swan, Culbertson & Fritz

**S**INCE our last review in this column, the New York Stock Market has continued a sustained and impressive advance. In the early part of the month the soft-coal strike had a dampening effect on some groups; but was more than offset by such favorable items as the swift passing of the Marshall Plan legislation, income tax cuts, rearmament plans, improved foreign news, and continued excellent earning and dividend reports. The oils were particularly strong, an average of 10 recording an all-time high since this index was started twenty-five years ago, on estimates of all-time record output. Other groups which led the advance included rails, chemicals, foods, motors, steels, rubbers, minings, and farm implements.

The Dow Jones Rail Average broke into new high ground since 1946 and, by breaking its previous high made in January of this year, has provided, according to the Dow Theory, its half of a bull-market signal. This half-signal is not necessarily better than no signal at all, but should the Industrial Average now break the previous high of 186.85, made on July 24 of last year, chartists' opinion is that this will confirm that the primary trend has been bullish since May of 1947. At present writing, with the Industrial Average at 181.32 and with the heaviest volume having been on the days of greatest advance recently, the odds favor this bull-market confirmation in coming days or weeks. Assuming this happens, the bear market thus ended will have been unique in many respects: (1) not for forty-five years has the market backed and filled in so narrow a range for so long a period of time, twenty-two months; (2) no bull market before has started with the Industrial Average above 160; (3) the bear market will have been abnormally short and retraced only a small proportion of the bull market which preceded it, 1942-1946. Nevertheless, it appears that the Averages have about completed their cautious appraisal of the multitude of factors which have influenced the market since the war, and are about to give their verdict that the future trend is bullish.

Commodities markets were irregular. May wheat opened the month at 2.44-1/2 and advanced to a high of 2.53 on April 21 on government buying and large exports. Favorable crop reports and large offerings resulted in heavy selling last week, however, and the price broke to 2.38-3/4 by April 26. May corn sold up to 2.33 on April 15, but closed at 2.15 on April 26, down 6 cents from April 1. New York spot cotton advanced steadily from 36.52 on April 1 to a high of 39.63 on the 21st, influenced by reports of the imminent approval of the \$60-million Japanese cotton credit and heavy exports. Later, profit-taking and selling in sympathy with the grain markets, erased part of the gain and sent the quote down to 38.24 on April 26.

## Manila Stock Market

March 16 to April 16, 1948

By A. C. HALL

A. C. Hall & Company

MINING SHARES

**T**HE sudden increase in international tension during the last half of March was responsible for a general price decline. Since the beginning of April, however,

the initial shock of the war-scare has subsided, and the market has been able to recover part of the lost ground.

With the exception of Atok-Big Wedge and Lepanto Consolidated, which have registered gains over the month, all listed issues have declined. Mindanao Mother Lode was particularly under pressure at times, with some of the selling emanating from abroad and based on fear of war. Atok-Big Wedge responded well to a 50% stock dividend, while the rise in Lepanto is in sympathy with the strength of copper and copper-mining issues in United States markets.

There is no change in the technical position of the market. The secondary correction has been extended during the period. At its April 3 closing of 96.99, as measured by the Manila Stock Exchange Mining Share Averages, the decline since January 3, 1948, has retraced 59% of the preceding advance. It is still too early to determine whether or not the 96.99 level marks the termination of the secondary correction. Further testing of this point is necessary before a more definite conclusion may be reached, but it might be mentioned that the price-curve during the past two weeks appears to be in the process of flattening out.

At this time of year, companies issue their yearly reports and hold annual meetings of stockholders. Reports from operating companies and those about to begin operations disclose greater than expected delays in rehabilitation due to material shortages and other difficulties. The industry is deserving of high praise for the manner in which it has solved its problems. Examination of such operating accounts as are available up to the present, discloses lesser than anticipated cost-increases as compared with pre-war. Generally speaking, annual reports are fully up to expectations, and the outlook for 1948 indicates a substantial increase in production. In the writer's opinion, gold production is likely to run close to P20,000,000 and other minerals are likely to account for some P8,000,000 during this year.

|                                | HIGH   | LOW   | CLOSE  | CHANGE    | TOTAL SALE |
|--------------------------------|--------|-------|--------|-----------|------------|
| M. S. E. AVERAGE               | 108.06 | 96.99 | 103.20 | off 5.02  |            |
| Acoje Mining Co.               | P 27   | P 24  | P 27   | off .03   | 96,500     |
| Antamok Goldfields             | .024   | .019  | .021b  | off .006  | 267,000    |
| Atok-Big Wedge Mining Company* | .88    | .72   | .83    | Up .06    | 280,590    |
| Baguio Gold Mining             | .0675  | .0625 | .0675  | Unchanged | 5,500      |
| Batong-Buhay Gold Mines        | .007   | .0058 | .0058  | Off .0012 | 1,550,000  |
| Coco Grove, Inc.               | .035   | .035  | .035   | Unchanged | 105,000    |
| Consolidated Mines             | .014   | .013  | .013   | Off .001  | 4,535,000  |
| I.X.L. Mining Co.              | .0625  | .05   | .06    | Off .0075 | 210,000    |
| Lepanto Consolidated           | .69    | .57   | .65    | Off .05   | 359,000    |
| Masbate Consolidated           | .048   | .043  | .043   | Off .005  | 370,000    |
| Mindanao Mother Lode           | 1.08   | .85   | .89    | Off .21   | 564,500    |
| Paracale Gumeaus Cons.         | —      | —     | .14a   | Off —     | —          |
| San Mauricio Mining            | .20    | .175  | .18    | Off .02   | 188,605    |
| Surigao Consolidated           | .33    | .28   | .28    | Off .065  | 334,197    |

\*Prices adjusted to present number of shares outstanding.

In addition to the foregoing, unlisted mining issues were traded as follows: Antipolo, 100,000 shares, 18 to 20 centavos; Balatoc, 5,000 shares at P3.75; Benguet Consolidated, 19,000 shares between P3.95 and P3.80; Gold River, 77,000 shares at 1 centavo; Itogons, 100,000 shares from 7-3/4 to 7 centavos; Suyoc, 100,000 from 3-1/4 to 3 centavos; and United Paracale 100,000 shares at 9-1/4 to 8-1/4 centavos.

#### COMMERCIAL AND INDUSTRIAL

Business in the commercial and industrial section was considerably more active than in recent months.

|                                 | HIGH   | LOW    | CLOSE  | CHANGE    | TOTAL SALES |
|---------------------------------|--------|--------|--------|-----------|-------------|
| Bank of the Philippine Islands  | P70.00 | P65.00 | P65.00 | Off P5.00 | 114         |
| Central Azucarera de la Carlota | 100.00 | 100.00 | 100.00 | Unchanged | 190         |
| Filipinas Cia de Seguros        | 20.00  | 20.00  | 20.00  | —         | 1,955       |
| Insular Life Assurance Co.      | 8.00   | 8.00   | 8.00   | —         | 164         |
| Marsman and Co. Pfd.            | .50    | 50     | 50     | Off .02   | 3,000       |
| Manila Wine Merchants           | 5.00   | 4.75   | 4.75   | Up .25    | 6,000       |
| Pampanga Bus Co.                | 1.06   | 1.00   | 1.06   | Off .14   | 5,660       |
| Philippine Guaranty Co.         | 22.00  | 22.00  | 22.00  | —         | 706         |
| Philippine Oil Development Co.  | .21    | .16    | .205   | Up .03    | 2,200,000   |
| Philippine Racing Club          | 1.32   | 1.20   | 1.24a  | Off .04   | 53,000      |
| San Miguel Brewery*             | 70.00  | 67.00  | 67.00  | Off 2.60  | 1,591       |
| Victorias Milling Co.           | 120.00 | 120.00 | 120.00 | Unchanged | 200         |
| Williams Equipment Co. Com.     | 10.00  | 10.00  | 10.00  | —         | 100         |
| Williams Equipment Co. Pfd.     | 100.00 | 95.00  | 95.00  | Off 5.00  | 25          |

\*Prices adjusted to present number of shares outstanding.

In addition to the foregoing, unlisted commercials were traded as follows: Central Danao, 250 shares at P140; Credit Corporation of the Philippines, 77 shares at P5; Jai Alai, 2800 shares from P20.50 to P23.00; Manila Jockey Club, 500 shares at P2.50; and Philippine Broadcasting, 2,000 shares at P3.

## Electric Power Production

(Manila Electric Company System)

By J. F. COTTON

Treasurer, Manila Electric Company

1941 Average — 15,316,000 KWH

|           | 1948         | 1947        |   |
|-----------|--------------|-------------|---|
| January   | 27,301,000   | 17,543,000  | K |
| February  | 26,021,000   | 17,503,000  | L |
| March     | 26,951,000*  | 20,140,000  | L |
| April     | 26,920,000** | 19,601,000  | O |
| May       |              | 19,241,000  | W |
| June      |              | 17,898,000  | A |
| July      |              | 22,593,000  | T |
| August    |              | 23,358,000  | T |
| September |              | 23,122,000  | S |
| October   |              | 24,755,000  | H |
| November  |              | 24,502,000  | O |
| December  |              | 25,725,000  | U |
| TOTAL     |              | 255,981,000 | S |

\* Revised

\*\* Partially estimated

The April output was almost the same as that for March although the month is one day shorter. The increase over April, 1947, was 7,319,000 KWH or 37.3%.

Largely due to seasonal influences, the rapid growth in output has been temporarily checked, but steady increases in connected load indicate a continued upswing after midyear when the days will be shorter.

## Real Estate

By C. M. HOSKINS

C. M. Hoskins & Co., Inc., Realtors

THE real estate market today is active, at sound investment prices. Except in a few strategic areas, land prices have increased since 1941 less than the prices of any other commodity.