

COPRA AND ITS PRODUCTS

By KENNETH B. DAY
AND LEO SCHNURMACHER

KENNETH B. DAY

1936 started off with a fine flourish in the copra business. The market reacted violently up and then without an instant of hesitation down again. This was due almost entirely to active European buying and Europe has thus served notice that she is more likely to be a factor in the Philippine market in 1936 than she has been for more than a year.

COPRA: As stated above, January has shown us an advancing market for copra with all the forcing coming from Europe. Sales were made in quantity to Europe at prices ranging from a low of £13 10 0 to a high of £15 0 0 for sundried copra, and £13 2 6 to £14 0 0 for F. M. Q. Most of the demand was for sundried quality and for North European ports, but considerable

business was also done for F. M. Q. to Marseilles.

Crushers in the United States were reluctant to follow the European advance, but in order to obtain a reasonable quantity of copra they had to follow, being generally a day or two behind the European equivalents. During the month, American buyers bought the copra market up from a low of 2.55 cents per lb. to a high of 2.85 cents per lb.

The effect of the above unusual conditions upset the local copra market. At the beginning of the year buyers were quoting P9.25 for Manila reseeded and they held to that price until by force of European buying interest they had to advance. Most of this advance took place in the fourth week of the month, when the price reached a high of P10.75 for reseeded. During the last week in the month, the European market cracked and as a result in the absence of support by the American market, prices dropped vertically and by the end of the month the market was nominally P9.75 with buyers backing away from the market as fast as they could.

Arrivals for the month were very good, constituting an all time high for January and showing an increase both in Manila and Cebu of over 20% as contrasted with January 1935. The high prices available not only stimulated the making of copra in the provinces but attracted large provincial stocks which had been built up in previous months and stored.

The feature of shipments was the large volume of exports to Europe, the European demand stressing prompt shipment.

Statistics for the month follow:

Arrivals—	Sacks
Manila	365,373
Cebu	345,557
Shipments—	Tons
Pacific Coast	5,714
Atlantic Coast	3,556
Europe	8,854
Total	18,124

Stocks on hand in Manila—

Beginning of the month	40,690
End of Month	35,017

Stock on hand in Cebu—

Beginning of the Month	25,332
End of Month	25,192

COCONUT OIL: The coconut oil market in the



LEO SCHNURMACHER

United States refused to move with the European advance except to a very minor degree. Starting the month with sales at 4-3 8 cents f.o.b. Pacific Coast and 4-1 2 cents c.i.f. New York, the oil market advanced only to the extent of 1/4 cent per lb. to each destination. American oil buyers felt that prices were too high, that there were large stocks of copra in the Islands which should come on to the market shortly, and that a relapse in prices was to be expected. During the last week of the month with Europe weakening it began to look as though these buyers might be right. But meanwhile, the large volume of copra upon which mills in the Philippines were counting had either been sold or marked for Europe.

Several attempts were made to sell oil to Europe but in spite of the depressed cake market and the very strong copra market, European buyers preferred copra at higher equivalents, and no business was put through. The retail price of oil locally rose from P. 18 to P. 20 per kilo.

Most of the American interest was on the part of large inedible consumers with the small edible trade which had done so much to stimulate the American market during the past year showing very little inclination to buy. It was felt that this edible interest must revive in February.

Statistics for the month follow:

Shipments—	Tons
Pacific Coast	1,510
Atlantic Coast	4,760
Gulf Ports	2,667
China and Japan	27
Total	8,964

Stock on Hand in Manila and Cebu—

Beginning of the Month	13,976
End of Month	21,503

COPRA CAKE AND MEAL: Suddenly and unexpectedly the bottom dropped out of the European cake market, and prices slumped as much as 20%. Buyers showed very little interest and bought sparingly down the market, first to \$23.50 c.i.f. Hamburg and later as low as \$22.50. Local quotations declined from P30.00 f.o.b. to P25.00 f.o.b. Not very much business was done and most of the interest was either for immediate or late shipment, with position preferred by sellers at a discount. It is reported that Europe has recently been flooded with competing seeds, notably soya beans and

that all feed stuffs are consequently depressed. The American meal market show very little interest but some business was done at prices ranging from a high of \$21.00 at the beginning of the month to a low of \$19.00 at the end. It is felt that with the usual bad months for cake directly in front of us prospects are poor for other than very low prices. Meanwhile, the freight on copra cake to Europe is again practically 100% of the ex-warehouse value.

The following statistics cover these products:

Shipments—	Tons
Pacific Coast	3,390
Europe	5,815
China	50
Total	9,255

Stocks on Hand in Manila and Cebu—

Beginning of Month	8,096
End of Month	9,439

DESICCATED COCONUT: The market opened for the year without particular incident. The price of 7-3 4 cents c.i.f. New York continued with no particular reason to believe that it might change in the immediate future. Sales for the month were pretty fair and it looks as though general demand in the United States is increasing gradually. One or two new mills went into operation on a small basis, the indication being that sooner or later the field will become over-crowded and present high production quality threatened. Shipment for the month totalled 2419 tons.

GENERAL: The year 1936 opens with prospects for exciting markets with many ups and downs in prices, at least for the first half year.



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World conditions are so uncertain that long range business is unwarranted and orderly marketing schedules cannot be prepared with any assurance. It looks like a very promising year for speculators, and he who is able to hold his stocks from market bulges and to guess the right time to sell, stands a chance to profit. To do this well, however, is going to require second sight and presumably in the long run such speculations will prove dangerous.

Indications are that 1936 will be a normal copra year, with the crop estimated at from 5% to 10% in excess of that of 1935, which in turn was some 3% under 1934.

The effects of legislation in the United States, if any, will have much to do with prices of copra in the Philippines, with the excise tax looming up as it did last year as an increasing menace to our legitimate market. Meanwhile, the Philippine Government has not yet received the proceeds of the excise tax promised it by the American Government, and in view of a series of law suits in the United States protesting against its return, there is good reason to fear that none of this money may ever find its way back to the Philippine Treasury.

MANILA HEMP

By H. P. STRICKLER
Manila Cordage Company

During January the market opened firm in the New York market, and prices of the grades J1 and above advanced slightly, until the middle of the month. During the second half of the month the market remained steady to firm until the close.

In London and Japan the market remained for the most part quiet and steady at little or no change in prices. Demand was spotted, and mostly speculative. The grades G and below declined slightly from the previous month's level.

In the Philippines, and especially in Davao, the market remained very firm during the entire month under review. While the prices of the medium and coarse grades remained unchanged or declined slightly, those of the grades J1 and above improved moderately in response to demand from the American market.

Prices of Loose Fiber in Manila Per Picul
December 31st

CD	P23 50
E	20 50
F	19 25
I	18 50
J1	15 75
G	13 75
H	10 25
J2	12 00
K	9 75
L1	8 75
L2	7 50

January 31st

CD	P23 00
E	21 00
F	19 75
I	18 75 to P20 00
J1	16 25
G	13 50
H	9 75 to 10 00
J2	11 75 to 12 00
K	9 50
L1	8 50
L2	7 25

THE RICE INDUSTRY

By PERCY A. HILL
of Muñoz, Nueva Ecija
Director, Rice Producers' Association



About January 20 luxury rice sold P0.45 higher than at date of our last report, means P0.25 higher. Prices since then falling somewhat, luxury grades on February 5 were bringing P6.60 to P6.80 per sack of 57 kilos, macans P16.15 to P6.25. During the same period palay rose to P3 per cavan of 44 kilos, and have now dropped back to P2.85 to P2.90. These are the highest prices for palay at harvest time during the past 8 years.

The drought in central Luzon will result in slow deliveries to milling plants; mills and warehouses will pursue a hand-to-mouth policy and buy only for immediate commitments, partly on account of the limited supply and partly on account of fears of governmental intervention. The plant-industry bureau gave the newspapers a crop estimate of 42,282,260 cavans before threshing was well underway, and growers are interested in the source of the figures.

Fourteen threshing units in Nueva Ecija in the rice plain report production 30% below last year; the bureau's estimate would mean about 1,250,000 tons of clean rice allowing normal recovery, but others estimate less than 1 million tons. Effects of the short supply will be felt later even in the face of lesser demand because of substitute bread crops.

Whatever it means, there are several plans underway to stabilize the rice industry. Chinese have done this very well heretofore, buying and handling the domestic crop and importing as prices promised a profit—and such a moderate profit as none could compete with. It will be interesting to see how the experiments work out in the face of facts. Few will envy the government its self-imposed task.

President Quezon has made a first rate start

in trying to make bureaus and bureau heads effective, even scrapping precedent to do so. What he and the people want is success, not excuses.

Producers and consumers are of course opposed to each other. Retailers try to beat a middle course. There is no way of stabilizing supply, producers being dependent on the weather; and no way of stabilizing price, except by reducing the future supply. When a third party steps in between producers and consumers, always at war as they ever will be, however fine his theories he throws a monkey-wrench into the machinery. Whether such an agency is public or private, little difference; the plain fact is that there is not rice enough to cope with demand. Buying any of it for redistribution is merely painting the roses. When shortage raises prices prohibitively, they may be controlled—but only with an additional supply.

The American rice crop last year was 15,400,000 cavans of 57 kilos. Fancy grades sold in San Francisco for P9.44 per sack of 125 lbs., 57 kilos, 33-1, 3' up over 1934. This has stopped imports from the Philippines, even supposing we had a surplus. Saigon quotations are about the same as last reported, but Tonkin rice re-exported through Hongkong may be lower due to favorable exchange.

Skou Reviews Russia Again

(Continued from page 32)

crossing to Japan by boat, because the Chinese and the Russians were then fighting over the railroad in northern Manchuria. Ruins of station buildings were seen, and this part of the country is thimble settled.

Living is very cheap in Manchuria.

A great wave of development is sweeping Russia, riving prosperity to the people. Lots of gold is being mined, that should give the currency stability. When bolshevism has been tempered by time, the world may tolerate it, then approve of it; as has been the experience with France's democracy, that in the beginning was sordid and fanatical. My crossing from Copenhagen to Shanghai costed 17 days, but the 4 days from Copenhagen to Moscow might have been cut to 2 by flying. Why are we all curious about Russia? I think mainly for two reasons, the magnitude of the experiment and because the Russians are always preaching to us and telling us to mend our ways.

THE MANUFACTURERS

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