

# Stock and Commodity Markets

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August 20 to September 23, 1949

**New York Stocks.**—Important events of the past month have had little effect marketwise. In chronological order, the first big news was the report of the Steel Fact Finders which was more favorable than anticipated. This caused a couple of days' advance, with emphasis on the steel issues, before profit-taking halted the forward movement. Over last week-end came the news of sterling devaluation, which resulted in only fractional losses to the list. The following day, however, there was a sharp break on the overnight threat of a steel strike together with a coal strike against the southern producers. Since then, on an agreement for a further six days' truce in the steel industry, the market has quite easily recovered the lost ground.

With the exception of a few industries with improved earnings, most first half-year statements are not comparing favorably with a year ago, but the market has long anticipated this factor and pays little attention.

Market fluctuations during the period, as measured by the Dow Jones Closing Averages, were as follows:

	Aug. 19	High	Low	Sept. 23	Change
Industrials ....	181.16	183.29	177.75	181.30	Up .14
Rails .....	46.84	47.78	44.97	47.78	Up .94
Utilities .....	36.67	38.19	36.47	38.19	Up 1.52

Among the best-acting groups during the month were Chemicals, Gold Minings, Oils, Tobaccos, and Utilities. Autos and Steels were fractionally higher but Mail Orders were easier, reflecting their current lower-profit outlook.

As in recent months, high-grade common stocks have continued in good demand, and market services are generally stressing the advisability of quality in commitments.

It is too early as yet to assess the longer-term effects of devaluation by the sterling block, but the market action in Wall Street indicates it to have been no surprise. While history continually repeats in broad outline, time and circumstances combine to alter the details. It is now emerging that the change in value of the currencies in question is not to be a straight 30% cut across the board. A number of commodities in which there is little or no competition are to have their sterling prices adjusted to bring in as many dollars as formerly, while other exports, in a poorer competitive position, will be able to quote lower prices by virtue of the lower exchange rate.

From the viewpoint of this column, and providing food for thought to investors, perhaps the most important development so far in the devaluation picture, is the failure of British industrial shares to respond to the monetary change. On September 16, Reuters London Industrial Share Index stood at 126.1, and today it is at 124. The implications are that investors apparently have no confidence that higher company profits will result from the cheaper pound.

**Commodities.**—Acreage allotments for 1950 wheat production are fixed at approximately 69,000,000 acres compared to 83,000,000 acres a year ago. There have been large purchases by C.C.C. recently

and the cash position has improved; December Chicago Wheat is quoted at \$2.12½ compared to \$2.08¼ a month ago. In Corn, while the cash market has turned easier, country holders are unwilling sellers and will use all available storage to participate in the loan; December Chicago Corn is quoted at \$1.15¾ against \$1.13¼ last month. Cotton crop-reports are generally favorable, and demand from Worth Street is good, but devaluation was responsible for a modest decline during the past week; New York December Cotton closed at 29.64 cents compared with 29.87 a month ago. In domestic sugar the quota was increased by 250,000 tons with little or no effect on prices. At current level the demand will easily absorb the increase. New York November No. 6 Contract closed at 5.52 cents from 5.36 last month.

**Manila Market.**—In the mining section, following early weakness, sentiment improved considerably in sympathy with an advance of almost 10% in the price of gold in the local free market.

Latterly, devaluation of sterling caused sharp advances in gold shares in other parts of the world and also had a firming effect on the free gold price, but our market has shown no ability to respond to these developments.

It is to be inferred, therefore, that the primary concern of local investors at present is with the confused domestic economic and political picture. The decline in the value of the pound and other currencies is interpreted as bearish to Philippine exports, with the exception of sugar. The continuing unfavorable balance of Philippine payments is being given much publicity in the press, is generally considered to presage early drastic cuts by the Import Control Board, and is upsetting to local merchants. It is too early yet for the anticipated seasonal monetary expansion to be felt, with a result that credit continues tight. In view of these circumstances, neither buyers nor sellers are showing any interest at the moment, and trading consists principally of small necessitous liquidation in an unwilling market.

In the Commercial and Industrial Section, demand for sugar shares continues with offerings light. San Miguel Brewery was easier on the cut in soft-drink prices.

## Mining Shares

1948-49 Range	High	Low	High	Low	Close	Change	Total Sales
122.48	60.32	M.S.E. Mining Average	70.92	64.07	66.36	Off	1.01
P 375 P 12		Acme Mining Company	145	141	141 P 145		20,000
.028	.01	Antamok Goldfields Mining	.016	.014	.016 Up		90,000
.027	.016	Atok-Big Mining Company	.49	.42	.45½ Off		470,275
.071	.015	Bagueo Gold Mining Co.	.01	.01	.01 Off		10,000
3.75	2.00	Balaton Mining Company	3.30	2.65	2.75 Off		63
.0007	.0023	Batong Babu Gold Mines	.005	.0035	.0035 Off		1,740,000
.015	.009	Consolidated Mines, Inc.	.011	.009	.009 Off		2,194,828
.085	.018	Iogon Mining Company	.015	.01	.01 Up		28,000
.073	.021	J & L Mining Company	.025	.025	.025		10,000
.84	.42	Lepanto Consolidated Mining	.55	.50	.51 Off		143,000
1.26	.33	Mindanao Motor Lode Mines	.61	.52	.60 Off		160,000
.371	.10	Miramis Chrome, Inc.	.105	.10	.10 Off		11,000
.21	.016	San Mauricio Mining Co.	.14	.13	.14 Off		61,471
.41	.21	Sugar Consolidated Mining	.285	.225	.23 Off		124,000
.04	.011	Suyoc Consolidated Mining	.02	.015	.02 Off		60,000
.091	.04	United Paracale Mining Co.	.0725	.0625	.0625 Off		60,000

## Commercial Shares

1948-49 Range	High	Low	High	Low	Close	Change	Total Sales
P73.00	P15.00	Bank of the Philippines Is.	P73.00	P70.00	P73.00	Up	P2.00 316
620.00	500.00	Central Azucarera de Bani	510.00	510.00	540.00		118
168.00	81.00	Central Azucarera de la Caca			160.00b		
		Iota					
111.00	70.00	Central Azucarera de Pilar	110.00	110.00			61
75.00	30.00	Central Azucarera de Sara					
		Aina	75.00	75.00	75.00		20
60.00	40.00	Central Azucarera de Tarlac	54.00	54.00	54.00	Up	P2.00 43
23.00	22.00	Filipinas Cia. de Seguros	23.00	23.00	23.00		390
8.00	7.00	Insular Life Assurance Co.	7.40	7.40	6.90		600
1.00	.345	Manila Wine Merchants, Inc.	.345	.345	.345	Off	P.07 400

100.00	140.00	Metropolitan Insurance Co. ...	140.00	---	---	---
1.36	.41	Pampanga Bus Company .....	.10	.10	Up	P.01 2,075
.301	.061	Philippine Oil Development Co. ....	1023	.061	.10	Up P.0173 361,960
1.42	1.00	Philippine Racing Club .....	1.10	1.02	1.10	Up P.10 11,100
11.10	21.10	San Miguel Brewery .....	27.00	21.10	21.10	Off P.10 9,782
100.00	71.00	Williams Equipment Co. Pfd. ....	---	---	---	---
10.00	7.00	Williams Equipment Co. Com. ....	---	7.00	---	---

Over-the-counter business in mining stocks included 28,000 shares Benguet Consolidated between high P4.45, low P4, and closing sales at P4.40. There was also business in Eastern Development at P.004, Philippine Iron Mines Common at P26, Philippine Iron Mines Preferred at P9, and Taysan "A" at 10 centavos.

In commercial issues 1,000,000 shares Consolidated Investments were traded at P.0075 and P.01, and business was reported in Philippine-American Drug (Botica Boie) at P135, and San Miguel 8% Preferred at P102 and P103.

## Credit

By W. J. NICHOLS

Treasurer, General Electric (P.I.) Inc.

THE Association of Credit Men has recently put into effect a new service whereby the names of accounts on individual members' books over 90 days past-due, are collected and compiled into one listing for the private information of all reporting. This new service should be of considerable value to credit managers who wish to know which of their accounts should be most carefully watched. When a customer is in arrears with only one creditor it is often not too serious, but when he begins to get behind in his payments on several accounts it is a sure sign of trouble.

The Association now numbers 66 members. New devices to increase the scope of its activities are continually being investigated. A project is now under way to compose in booklet form a handy reference guide containing information useful to business houses operating in the Philippines. The digest will include among other things hints on how to expedite transactions with government agencies, up-to-date information as to sales and other tax requirements, customs clearance regulations, and data on other matters pertaining to every-day commercial dealings.

The next general meeting of the Association will be held on Wednesday, October 19 at 6:00 p. m. and will be followed by dinner and entertainment. A short talk on some topic of interest to credit men will feature the meeting and a large proportion of the members are expected to attend.

## Insurance

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THE signing of Executive Order No. 259 by President Quirino has at long last established a Fire Prevention Board whose principal function will be to apply every means at its command to lessen the mounting cost of fires and loss of life therefrom.

The Chairman of this Board as appointed by the Philippine Government is Secretary of Interior Sotero Baluyot. In turn, representation on the Board is

divided among five so called Groups each with its own Chairman. These groups give the widest representation possible not only to governmental bodies but to technical, business, and civic groups.

Fire insurance companies form their own group, Group Four with Mr. L. P. Ralph, Chairman of the Manila Fire Insurance Association, as Chairman.

Prior to a general meeting of the Fire Prevention Board, each Group at the present time is holding its own meetings for the purpose of drawing up an agenda which will eventually be the basis of discussion and implementation by the Board.

The Fire Insurance Company Group at its first meeting contributed the following suggestions for inclusion in the agenda at the next general meeting of the Board.

### 1. Enforcement of Building Codes.

(a) Consider practicability of having Building Permits and Certificates of Final Inspection approved by the F.P.B. before issue;

(b) Consider practicability of Building Permit No. being shown in Fire Policies covering same.

### 2. Cut off Electrical Installations when condemned.

(Note: From the lists received by the Manila Fire Insurance Association, it would appear that there are a considerable number of faulty installations in operation and causing constant danger.)

### 3. Arson.

(a) Revision of Arson Law;

(b) Simplification of judicial procedure;

(c) Cooperation with the Manila Fire Investigating Committee and similar organizations.

### 4. Elicit the cooperation and assistance of:

(a) National Fire Protection Association (U.S.A.)

(b) Fire Protection Association (England)

(c) Order, and possibly distribute, literature by the above bodies.

### 5. Maintain Fire Department out of the following taxes paid on insurance policies:

(a) Premium Tax ..... 3% (One to three percent)

(b) Stamp Tax ..... 1½%

(c) Fire Department Tax ½%

This Column views the organization of the Fire Prevention Board as a distinct step forward in the effort to solve a problem which has caused concern not only to the Philippine Government but to the entire population of the Philippines. But it is only an initial step and the progress of this newly founded Fire Prevention Board will depend not only on the interest and talent applied by its members, but also on the cooperation given it by all governmental bodies and the general public.

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