fects the freight movement by inter-island vessels.

The present over-all picture of inter-island shipping is rather gloomy. The reasons for this have been stated repeatedly in this colum in various issues of this Journal. The number of vessels previously sold or chartered by the Philippine Shipping Commission to private operators, which are now being returned by these operators to the Commission, is increasing steadily. No longer is the operation of inter-island vessels an attraction for investment as it was a year ago, and by now, new investors interested in taking over from previous operators have almost disappeared.

Shipping companies are taking the necessary steps to improve the situation through strict economy in operation, application for revision of tariff rates, and legislation favorable to coastwise shipping, and, with the gradual disappearance of many of the surplus vessels which have accounted for the unnecessary extra tonnage, it is expected that those operators who survive the crisis will soon enjoy better times.

Lumber

By E. C. Von Kauffmann
President, Philippine Lumber Producers' Association

PRODUCERS exporting lumber have been somewhat relieved to learn from the Government that shipments at outports will more or less be allowed as in the past. However, full advantage of this could not be taken because of the prolonged American West Coast shipping strike and export lumber has accumulated at the mills because of lack of ships.

Some space was available, but shipowners required the routing of cargoes via Tacoma, and as this compelled shippers to absorb an extra rail-transhipment charge, which in most cases they could not afford, very few shipments have gone out during the last two months.

Now that the strike is over, shipping companies are actively soliciting lumber cargoes and these are expected to move out again soon.

The local market has remained practically unchanged. December is likely to be, as usual, a slow month. Prices are expected to improve by the first of the new year.

Copra and Coconut Oil

By Manuel Igual
General Manager, El Dorado Trading Company, Inc.
and Kenneth B. Day
President, Philippine Refining Company

PHILIPPINE copra price levels, in comparison with world markets, were extremely artificial during the period under review, they being maintained almost wholly by the disappointing local supply. Consequently, Philippine copra was consistently priced above copra elsewhere in the world, and the only reason why it sold was because of relative scarcity elsewhere.

We started the period with a steady market, buyers' ideas being around \$250 c.i.f. Pacific Coast or f.o.b. Philippines with about \$10 premium for East Coast delivery. Shipments to the West Coast were barred because of the stevedores' strike, but in some instances buyers were interested for shipment by American vessels guaranteed to ride the strike out at destination. Some little business was done on this basis, but not a great deal, everything considered. As pointed out last month, there was a substantial short interest to cover European commitments, which had to be taken care of, and in the fulfillment of which original sellers generally sustained losses. The French market was pegged by the ECA at $240 f.o.b., which price was unattractive to sellers. Other European markets did not figure largely, but some business was done to Poland at the equivalent of about $250 f.o.b. for November/December shipment.

All in all, however, the period under review was not one of heavy trading, because with relatively small supplies in prospect and with heavy commitments for November/December already on the books, there were few sellers inclined to trade at buyers' levels. In fact, a new tendency in this market appeared in that most sellers refused to take any substantial position, and preferred to sell about as rapidly as they bought. It was consistently reported that Philippine copra was overpriced, and this was recognized by sellers here. Nevertheless nobody could chance cutting selling prices to outside levels. The firmness in the market was checked for a few days after the Democratic election victory in the United States, but at the end of the period the local market was again firm, and it was felt that copra might soon be sold in the United States at $260 to $265 per short ton c.i.f. and probably at no less than $250 f.o.b. to Europe.

THE oil market was controlled by two factors. Coast millers had approximately no oil on hand, and were selling their spot stocks to buyers at fancy prices. Philippine millers, who in the previous period had been taking advantage of premium prices on the East Coast, found that large quantities of outside oil from Ceylon, Malaya, and Portuguese Africa were being offered at under Philippine equivalents. These prices reflected lower copra production costs and a natural desire to exchange soft currency for hard. Consequently, little business was done from the Philippines after mid-October, and the prospects of additional sales are not bright at this time.

Rumors were rife that the Pacific Coast strike was about to be wound up, but these proved wrong, and to the contrary a strike developed unexpectedly on the East Coast. It was thought that these strikes must be settled before very long, but neither buyers nor sellers could predict what may happen after they are over, and guesses ranged all the way from a substantial break in the market to a strong demand at accelerated prices.

MEANWHILE, the local market was very firm, and particularly in Manila copra prices advanced to as high as ₱55 per 100 kilos only to recede to a low of ₱51. Manila prices were largely determined by requirements of local manufacturers of edible products and were not indicative of export equivalents. Deliveries from Southern Luzon were out very substantially by dislocations incident to the Government's all- out campaign against the Huks. Local prices elsewhere were held up by spot demands. Arrivals for the period were unusually light for October, and the over-all picture indicates that copra for the entire year will not total much over 700,000 tons, a decline of nearly 30% from 1947.

ON October 12, the U. S. Department of Commerce declared all cake and meal on a surplus basis. Consequently Philippine mills were not able to sell to Europe, and could only ship to the United States for discharge after the strike, and at what were expected to be bargain prices. Even under these conditions, some cake was shipped unsold to relieve stocks. Strong representations were made to have the new ruling of the Department of Commerce modified to allow Philippine cake to become eligible for sale in ECA dollars, and these efforts appeared to be making some slight progress as the period ended.

COPRA exports for the month of October totalled 37,837 tons, with destinations as follows:

Pacific Coast Ports	4,459 tons
Atlantic Coast Ports	10,950 tons
Gulf Ports	4,000 tons
Europe	18,128 tons
South America	300 tons
TOTAL	37,837 tons

During the same period 8,633 tons of coconut oil were shipped out of the Philippines almost entirely to the East Coast. Copra shipments were considerably less than half those of October, 1947. Oil shipments on the other hand were the largest of the year, reflecting the unexpected East Coast demand caused by the West Coast strike.

At the end of the period, we find ourselves in a position where Philippine copra is relatively scarce and bids fair to be in tight supply until the end of the year, after which the short season commences. On the other hand, oil buyers are holding back, expecting to receive long overdue deliveries from Pacific mills which they have meanwhile covered with Philippine oil, which places them in a comfortable position. This position is re-enforced by the possibility of buying cheaper oil from other sources. All of this leads to a very confused and uncertain condition, which may result either in Philippine copra giving way or American buyers raising their ideas. Certainly, there is no possibility of profitable trading until one of these two alternatives occurs, which means that, for the time being, both selling interest and buying interest are at a minimum, and prospects for large-scale trading are relatively remote.

Desiccated Coconut

By Howard R. Hick
President and General Manager
Peter Paul Philippine Corporation

THIS report covers the period from October 15 to November 15. At the beginning of this period there was a firmness in the copra market which was followed by fluctuations up and down and a closing price of ₱53 per 100 kilos resecada.

The outstanding feature of the copra prices and the consequent raw-nut prices was their large variance in provincial localities due to local conditions. Usually there is some agreement in prices all along the southern line when hauling, and Manila prices are taken into consideration, but due to abnormal rains, difficult hauling, in and out copra and oil buyers (due to a very confused copra and oil market), and the "zonification" tactics adopted by the Constabulary against the Hukbalahap, sufficient factors were in play to give rise to considerable speculating and much uncertainty.

During the rising market periods and due to the closing of areas (zonification), the desiccated factories were hard pressed to get sufficient raw materials to operate at full capacity. During the declin-