

Banking and Finance

By G. A. BENSON

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COMPARATIVE statement of condition of the Central Bank:

| ASSETS | As of | As of | As of | As of |
|---|----------------------|------------------|------------------|-------------------|
| | Dec. 31 1949 | March 31 1951 | April 27 1951 | May 31 1951 |
| | in thousand of Pesos | | | |
| International Reserve.. | ₱460,689 | ₱579,119 | ₱583,098 | ₱ 561,326 |
| Contribution to International Monetary Fund..... | 30,000 | 30,000 | 30,000 | 30,000 |
| Account to Secure Coinage..... | 113,306 | 107,570 | 107,570 | 107,570 |
| Loans and Advances..... | 77,047 | 55,863 | 47,338 | 18,645 |
| Domestic Securities..... | 92,197 | 163,088 | 163,197 | 234,959 |
| Trust Account—Securities Stabilization Fund..... | — | 6,848 | 6,848 | 6,848 |
| Other Assets..... | 20,390 | 56,562 | 61,208 | 59,982 |
| | <u>₱793,629</u> | <u>₱999,050</u> | <u>₱999,258</u> | <u>₱1,019,330</u> |
| LIABILITIES | | | | |
| Currency—Notes..... | ₱555,576 | ₱664,360 | ₱671,052 | ₱ 656,523 |
| Coins..... | 74,384 | 92,680 | 93,735 | 93,722 |
| Demand Deposits—Pesos..... | 117,682 | 194,213 | 173,224 | 203,478 |
| Securities Stabilization..... | 2,000 | 6,848 | 6,848 | 6,848 |
| Due to International Monetary Fund..... | 22,498 | 497 | 499 | 496 |
| Due to International Bank for Reconstruction and Development..... | 2,389 | 2,383 | 2,383 | 2,383 |
| Other Liabilities..... | 2,636 | 21,275 | 33,671 | 36,966 |
| Capital..... | 10,000 | 10,000 | 10,000 | 10,000 |
| Undivided Profits..... | 6,464 | 3,105 | 4,157 | 5,225 |
| Surplus..... | — | 3,689 | 3,689 | 3,689 |
| | <u>₱793,629</u> | <u>₱999,050</u> | <u>₱999,258</u> | <u>₱1,019,330</u> |

CONTINGENT ACCOUNT

Forward Exchange Sold. ₱ 6,460 — — —

INTERNATIONAL reserves held by the Central Bank decreased by ₱21,772,000 during the month. However, the foreign exchange holdings by other banks increased sufficiently in the same period so that total dollar international reserves at end of May were ₱393,000,000 as compared to ₱382,000,000 at end of April. This compares with a total dollar position of ₱260,000,000 when the Central Bank instituted exchange control in December, 1949.

Loans and advances were down ₱28,693,000 due to the repayment of loans by Philippine banks and the reduction in the Treasury's overdraft.

Domestic securities are up ₱71,762,000 because of further advances of ₱73,000,000 to the Philippine Government secured by Rehabilitation and Development Bonds. Total advances to the Government are now said to be around ₱187,000,000 secured by Rehabilitation and Development Bonds and ₱47,000,000 secured by Rehabilitation Finance Corporation Bonds.

The past few weeks have witnessed a sharp reversal of the easy money conditions which have prevailed the past year, this having been caused by the comparative flood of import licenses released to merchants in recent weeks. Interest rates are firm but have not yet been revised upward. Demand for credit is keen and it is reported that banks are pretty well loaned up.

The issuance of subsidiary paper notes has alleviated the severe coin shortage that has existed for some time. One- and five-centavo pieces (coins) are coming back to

the banks for the first time in months. Silver coins are still difficult to get and have been practically replaced by paper notes.

The Security Bank and Trust Company, the latest addition to Manila's banking institutions, opened for business on June 18. It occupies the ground floor of the Consolidated Investment Building on Plaza Gotti. The President of the bank is Mr. Alfonso Calalang, well known banker, who was until recently Deputy Governor of the Central Bank.

The Central Bank has announced that the Saturday closing of Manila banks, which originally extended from April 1 to June 15, will be continued until further notice.

Manila Stock Market

By A. C. HALL

Hall, Picornell, Ortigas & Company

May 19 to June 15

THERE has been an accentuation of disinflationary factors during the past month. The continuing overall improvement in the country's economy has permitted a liberalization in the Government's import policy and local merchants are now engaged in a large restocking program. Following as it does upon the first installment of income-tax payments, this will absorb additional large amounts of idle funds in banks and further assist in removing inflationary pressures.

In sympathy with the foregoing, there has been a substantial decline in the local market price for gold which is quoted today at approximately ₱111 per fine ounce compared to ₱145 nominal four weeks ago. At today's price level, indications are that demand for the metal is considerable.

Apart from Surigao Consolidated which has moved against the trend as a result of its high production for May, also good mine-development results, other gold and base metal mining issues have followed the deflationary tendency referred to.

Unlike the mining shares, however, prices of leading commercial and industrial securities have ruled firm during the month. This largely reflects genuine investment funds, partly from institutional sources, seeking employment for income purposes.

MINING SHARES

| 1950-51 High | Range Low | M. S. E. Mining Share Average | High | | | | Total Sales |
|-----------------|--------------|---|--------|-------|-------|-----------|-------------|
| | | | High | Low | Close | Change | |
| 126.63 | 61.71 | | 100.68 | 91.73 | 91.99 | 6.13 | 5,855,709 |
| .295 | .09 | Acoje Mining Com- pany..... | .24 | .19 | .20b | Off .05 | 120,000 |
| .06 | .012 | Antamok Goldfields..... | .06 | .05 | .0525 | Up .0025 | 334,100 |
| .68 | .25 | Atok Big Wedge Min- ing Company..... | .285 | .25 | .25 | Off .04 | 211,600 |
| .13 | .04 | Baguio Gold Mining Company..... | .1125 | .1025 | .1025 | Off .0175 | 240,000 |
| 3.50 | 1.78 | Balacot Mining Com- pany..... | — | — | 2.00b | — | — |
| .0051 | .0027 | Betong Buhay Gold Mines..... | .0031 | .003 | .003 | Off .0005 | 254,000 |
| 5.30 | 2.50 | Benguet Consolidated..... | 4.50 | 4.30 | 4.30 | Off .20 | 22,310 |
| .085 | .012 | Coco Grove, Inc..... | .07 | .06 | .06 | Off .01 | 40,000 |
| .017 | .0078 | Consolidated Mines, Inc..... | .017 | .0135 | .0135 | Off .0005 | 2,720,000 |
| .25 | .08 | Hixbar Gold Mining Company..... | .175 | .16 | .16 | Off .035 | 30,000 |
| .135 | .042 | Itoogan Mining Com- pany..... | .115 | .1025 | .1025 | Off .0075 | 285,000 |
| .08 | .025 | I.X.L. Mining Com- pany..... | .042 | .035 | .042 | Up .002 | 33,333 |
| .90 | .17 | Lepanto Consolidated..... | .67 | .62 | .62 | Off .02 | 336,000 |
| .05 | .016 | Marabut Consolidated..... | .032 | .03 | .03 | Off .001 | 85,000 |
| .455 | .205 | Mindanao Mother Lode Inc..... | .35 | .315 | .315 | Off .03 | 486,000 |
| .20 | .01 | Misamis Chromite, Inc..... | .014 | .014 | .014 | — | 55,000 |
| .09 | .06 | Paracote Gumaua Con- solidated..... | — | — | .09b | — | — |
| .27 | .14 | San Mateo Mining Co..... | .17 | .17 | .17 | Off .035 | 17,000 |
| .345 | .12 | Surigao Consolidated..... | .295 | .26 | .28 | Up .025 | 304,500 |
| .038 | .01 | Suyoc Consolidated..... | — | — | .03a | — | — |
| .10 | .045 | United Paracote Min- ing Co..... | .0725 | .07 | .07 | Off .0025 | 100,000 |