

Current Far Eastern Trade Conditions

Based on Cables from U. S. Foreign Commerce Officers

China. Building in China is active, especially of public utilities in principal cities, and progress along industrial, agricultural and educational lines is noteworthy. Traffic is renewed on the Peiping-Hankow railway, after floods on the Yellow river. Raw cotton imports during the first 7 months of the year fall below those imports during the same period last year; automobile imports are also off a bit, but up a bit are petroleum products, sulphate of ammonia, printing paper and tinned plate imports.

The advance in commodity prices is overcoming the advantage of the lower exchange of the American dollar on the import market. The wheat crop is estimated at 10 per cent above last year with result that lower imports of foreign wheat are anticipated. The rice crop is also expected to approximate last year's large yield while an average cotton crop is estimated. Tobacco acreage increased. The six months' foreign trade declined compared with the same

period in 1932 with American trade holding first place and accounting for 20 per cent of imports and 18 per cent of exports. The improved political situation in North and West China is expected to react favorably on economic development of the entire area north of the Yangtze River.

The crop outlook is generally good with the exception of the North China cotton crop, reports on which are conflicting with dealers anticipating a decline from last year to the extent of 15 or 20 per cent and other sources estimating a decline of thirty per cent. American goods are recovering their position in the China market owing to more favorable exchange but firms carrying considerable stocks suffer temporarily with the progressive decrease in the value of United States dollars in terms of Chinese currency. The Shanghai building program continues active.

The five per cent cut-toms revenue surtax has been ordered continued for another year beginning July 1. Shanghai bankers have loaned \$300,000 in local currency to the Hunan provincial government for reconstruction, road building and telephone projects. Thirty technical experts of the Rural Rehabilitating Commission including American agricultural advisors are conferring over methods for improving China's major crops.

Tokyo, Japan. August exports from Japan were 34 per cent above the same month last year and imports showed an increase of 79 per cent in comparison. The largest export increases were in raw silk, cotton fabrics, earned goods and machinery items. Import increases were principally due to raw cotton, iron and steel, wool and ammonia. The balance of trade which is unfavorable to Japan for the first eight months of 1933 totalled 110,000,000 yen. Bond issues during the month under review were heavy. Postal savings declined from July but the number of depositors increased. Sales of Soviet gasoline were disrupting the oil industry.

Practically all September business activities were seasonally dull with imports, particularly from the United States, adversely affected by uncertainty over exchange fluctuations. Freight rates were upward in July and expected to advance further during the current year although the wide spread between wholesale and retail levels continues. With better cocoon prices, a prof of two yen per kwan of about eight pounds is expected during the year by raisers but the probable better exchange rate offers a slight increase in prices. The rice stock is unusually heavy and substantial surplus is expected. The first shipment, 11,000 tons, of Russian gasoline under contract placed in October, last year, has arrived causing a decline in retail syndicate price.

Business conditions in Japan during the week ending September 30. General business features except for exchange fluctuations which reflected an erratic stock market and weak bond prices. The money market was easy and there was a tendency to refinance industrial concerns by converting domestic debenture into new advanced interest issues. Retail prices for August and September were generally declining. Lighter September export increases compared with the same month last year, thereby reducing the unfavorable trade balance for the first ten months of this year. China's share in purchases of Japanese exports is declining, offset by a proportional gain in Manchuria's share of this trade.

Import ordering is impeded by exchange uncertainties. Retail commodity prices during July were slightly lower than June but wholesale prices were somewhat higher. The cotton industry during the first half year was quiet active, consuming 709,000,000 pounds of raw material of which 433,000,000 pounds were bought from the United States and 221,000,000 from India. July exports were below June but imports were higher with the favorable balance lower. Automotive trade was active during July with the outlook better and demand for parts and other automotive equipment encouraging.

The commodity and security markets weakened with the recent collapse of the New York stock market but declining yen tended to equalize losses. Exports during the first six months of the current year increased 51 per cent over the first half of last year with shipments to Manchuria up 400 per cent and those to the United States up 33 per cent. Total imports advanced 27 per cent. Importers are at present withholding orders pending the possible advance in exchange rates. Commodity prices in Tokyo have been advancing since July 1 with the exception of rice which is low due to heavy stock. The spring cocoon crop was officially estimated at 400,000 pounds, an increase of three per cent over last year.

Saigon. The paddy market has been sustained by small arrivals, the reserve of sellable and good demand from France for rice. Price of white rice is approaching levels of a year ago. Other buyers are turning to Siam and Burma but activity from France is sustaining the Saigon market. Total exports of rice from Saigon for the first six months of 1933 amounted to 784,000 metric tons compared to 631,000 last year.

Singapore. The business outlook is improving as a result of better prices for rubber and importers are ordering in anticipation of increased purchasing power. Demand for American goods has been curtailed by the recent price increases, offsetting the more favorable exchange position.

Business attention is focused on the United States Recovery program with general outlook hopeful and interest in American products continuing. Rising and fluctuating prices in the United States are reported to be impeding import.

Batavia. The uncertainty caused by exchange fluctuations is deferring business by the lower value of United States dollars is helping importers of American goods. The general business sentiment has improved with the rubbin and tea prices. Heavy Japanese competition continues.

The steady dollar exchange at a depreciation of approximately 25 per cent is stimulating immediate business and the export market may be characterized as slightly better. The government is proposing the enforcement of a import quota system.



—From Judge.

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Youngster. Sure why should a couple of years make any difference?

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