

COPRA AND ITS PRODUCTS

By KENNETH B. DAY
AND LEO SCHNURMACHER



KENNETH B. DAY

The month of February was marked by very heavy arrivals of copra in primary markets, which reflected themselves in a gradual decline in copra prices up to the middle of the month. During the second half month, in view of the passage of the Farm Bill by the United States Senate, and President Roosevelt's statements to the effect that commodity prices were too low, a certain speculative interest developed in American markets, which raised prices overnight and formed the basis of a fair amount of business during the third week of the month. The demand so created, however, was soon dissipated and at the end of the month conditions were slightly weaker than at the beginning of the month.



LEO SCHNURMACHER

COPRA—The unprecedented flow of copra into Manila and Cebu, which featured January, continued into February. Although a large part of this copra was still the result of speculative storage in the provinces during November and December, much of it represented actual production, which was better in February than had been anticipated. February arrivals in Manila exceeded by 75% the average of the past twelve years and by 82% the arrivals of February 1937, being slightly above January arrivals—a most unusual occurrence. In Cebu February arrivals were nearly 85% above the last nine years' average and 83% above those of February, 1937, also being slightly higher than those of January. In both Manila and Cebu these figures constituted all-time records. At the close of the month it was uncertain how long these heavy arrivals would continue. It was felt, however, that by far the greater part of the stored copra have been liquidated (practically all of it at a loss), and from March on supplies would be more closely governed by production. Production in the Manila district had already begun to fall off, and while arrivals were fairly good in Cebu it was expected that March production in the Cebu district would be considerably less than that of February.

The month opened with buyers offering P7.50 in Manila for resacada with sellers comfortably fixed and holding back for P7.75. As the month developed, however, local quotations declined in sympathy with a very weak oil market in the United States and weak export markets. By the middle of the month buyers were down to P7.00 and as low as P6.75 with a very fair amount of business done at between these two figures. It was felt that these prices were extremely low for February copra, and consequently nobody was surprised when about the 20th of the month the market took a quick turn and prices immediately rose to a point where a very good volume of business was done at P7.50 with a small amount of sales made at P7.75. At one time sellers were holding off for P8.00, but no outside markets justified these prices. During the last week of the month, buying interest for oil dropped off sharply and by the end of the month buyers were again quoting P7.50 with sellers showing a fair interest at this price, and with buyers of oil in the United States out of the market. The Pacific Coast market for copra varied from a high of 2.20 cents c.i.f. San Francisco to a low of 2.10 cents. A fair amount of business was done between these levels. Buyers finally reduced their bids to 2.05 cents, but on that basis sellers held back and no business was put through. During

the first half of the month Cebu sellers in particular felt Pacific Coast equivalents were low and were not willing to do any substantial business, but in the last half of the month with copra abundant Cebu dealers were forced to come to Coast prices for fair quantities. The European market was out of the picture throughout the month, ranging from a high of £11/15/0 to a low of £10/15/0. The freight rate on copra from the Philippines to Europe was replaced at 75/- as of February 1st, and this differential of 12/6d eliminated Europe from the copra picture in February.

Copra shipments for the month were very heavy, totalling over 29,000 tons, of which over 23,000 tons were shipped to the United States. Stocks of copra on hand at the end of the month were heavy with many dealers holding copra in the provinces for lack of storage space at primary markets.

Statistics for the month follow:

Arrivals:	Sacks
Manila	431,252
Cebu	437,300

Shipment—	Metric Tons
Pacific Coast	21,443
Atlantic Coast	2,052
Europe	5,410
Other Countries	515

Stocks on hand—	Beginning of Month Metric Tons	End of Month Metric Tons
Manila	31,468	31,794
Cebu	40,236	38,338

COCONUT OIL—The coconut oil market opened with buyers in New York at 3% cents c.i.f., chiefly for forward positions with spot oil at a discount. On the Coast there was a small edible interest at 3% cents f.o.b., mostly resulting from edible producers who are beginning to find that coconut oil is once again a cheaper buy than cottonseed oil for their margarine. Prices began to sag, however, the Coast market being the first to fall, and by the middle of the month oil was being offered freely by Philippine mills in New York at 3% cents with buyers not interested at over 3% cents. A little business was done at 3% cents, but by far the largest volume was done at prices ranging from 3% cents to 3% cents. About the 20th of the month demand improved and for a few days it was possible to sell oil freely at 3% cents c.i.f. New York for future shipment, ranging up to the end of the year, with some little business done at 3% cents and with firm offers at 4 cents uniformly declined. Most of this buying was by soapers who

were covering a fair share of their requirements for the second half year at present levels. During the last week of the month, however, due to upset political conditions, buyers felt they had bought enough for the present and withdrew from the market. The condition at the first of March then was that sellers were offering oil at 3% cents on the Coast and 3-13/16 cents in New York with buyers showing no interest in any particular price. It is to be presumed that sales by local mills in February were very heavy, the situation being assisted by the fact that the 1937 cottonseed oil crop was pretty fairly well sold out and the price of cottonseed oil advanced to a point which put it substantially above coconut oil.

Statistics for the month follow:

Shipments—	Metric Tons
Pacific Coast	1,445
Atlantic Coast	4,119
Gulf Ports	1,367
China and Japan	9

Stocks on hand in Manila and Cebu	8,845	6,448
Beginning of Month Metric Tons		6,923
End of Month Metric Tons		1,445

COPRA CAKE AND MEAL—Buyers of copra cake in Europe kept backing away from the market all month, and as a result the European prices of copra cake declined from \$32.50 in January to a low of \$30.50 in February. The greatest amount of interest displayed was for second quarter and May to August shipments, all of which, according to announced tariff rates, would have commanded an increased freight rate of 7/8d to go into effect April 1st. Late in February the Conference decided to delay the increase in freight rate until July 1st, and as a result the f.o.b. equivalent of copra cake advanced approximately P3.75 a ton, which carried them from a low of P33.50 f.o.b. to as high as P37.25 and P37.50. There was not a great deal of buying interest even at these prices, however, and with local mills having fairly well covered themselves for the time being, the market was, on the whole, lifeless.

For a while it looked as though a fair demand for meal might be springing up from the Pacific Coast at prices ranging from \$26.00 to \$27.00 per short ton, c.i.f. This demand was far less than anticipated, however, and during the last half month bids from the Pacific Coast were few and far between with buyers indicating from \$25.00 to \$26.00 for special shipments of small quantities, and with every indication that meal might go substantially lower before the Spring was over. Forage crops in the United States have the appearance of being very good and with a tremendous carry-over of cottonseed meal and soya meal, the chances for Philippine copra meal are not very good this Spring.

Statistics for the month follow:

Shipments—	Metric Tons
Pacific Coast	3,591
Europe	7,366

DESICCATED COCONUT—The prices for granulated desiccated coconut, which represents approximately 60% of shipments, were reduced in February from 8% cents to 7% cents, c.i.f. New York. The prices for fancy cuts remained unchanged. This price reduction naturally had its effect by a larger consumption of desiccated in the United States, but even so stocks remained:

(Please turn to page 41)

TOBACCO REVIEW

By P. A. MEYER
February, 1938



RAW LEAF:
The local market during February was quiet. Weather conditions in Cagayan and Isabela were favorable for the coming crop. Comparative figures of shipments abroad are as follows:

Rawleaf, Stripped Tobacco and

Burma	1,900
Kina	9,665
China	7,200
Guam	2,456
Holland	6,254
Hongkong	23,225
Straits Settlements	1,307
United States	147,279

February, 1938	199,284
January, 1938	267,425
February, 1937	2,400,021

CIGAR: Shipments to the United States compare as follows:

February, 1938	20,633,884
January, 1938	7,484,655
February, 1937	12,807,019

lands totalled 2,164 tons in February, which is considerably better than the January record.

GENERAL—We reported in January that the copra and coconut oil business was being largely affected by general business uncertainty in the United States and in Europe. This continued in February, and at the end of the month so uncertain were the prospects that no one would hazard a guess as to what the future might hold. Never have we reported a January and February such as 1938, and we do not expect to do so again. Many people believe that business will take a turn for the better beginning with the second quarter of the year, but any prediction at this time is useless, even though it is fairly evident that supplies of copra will be less in the next two or three months than they have been in January and February, which normally should make for a better market situation. Probably the future of our business will depend upon when the present economic condition in the United States begins to show signs of betterment.

The Joint Preparatory Committee on Philippine Affairs was working all the month in Washington, and among the problems of debate was the question of export taxes on Philippine coconut oil. This is a problem very close to the hearts of the local oil industry, whole life and death depends on a successful solution of this particular question.

During the month the annual meeting of the Philippine Coconut Association, Inc., was held and the Hon. Maximo M. Kalaw was re-elected President of the Association which is determined to carry on a more aggressive campaign in 1938 than it did in 1937. It is felt that the Association's record in 1937 was very good, particularly as pertains to its representations before the Joint Preparatory Committee.

Fritz Marquardt's copy, the copy we had long wanted came over. Gunther was glad to see it, to remark some changes he had telegraphed the publishers, Harpers, and of course he autographed it. When newspaper men buy another newspaper man's book, it's infallible proof that the book is good. (At the reception at Dick Wilson's house, Dave Boguslav and Arsenio Luz had their copies autographed).

Having at last got the book, over the weekend we browsed in it. You will like it too, when you try it, as everybody does. You may not like every detail of it, but as a whole you will pronounce it first rate. Its only pretention is diligent reporting from an independent viewpoint consistently maintained. It lays down no premises, ends with no conclusions; in form it is the usual size, with 518 well-packed but legible pages; the bibliography exceeds two pages, the index thirteen, and the price is P7.70.

Chapter by chapter, all the major characters now billed on the dramatic political stage of Europe are portrayed clearly, and the stage settings defined and the action of the play followed right through to 1938.

Having just written this, we come upon what Gunther himself says in his general acknowledgment—"This book has been written fresh and as a whole, and all from a consistent point of view. . . I have my newspaper, the Chicago Daily News, to thank for the wide opportunity it has given me this past dozen years to work in almost every country in Europe." If memory serves, it is a dozen years and two besides that Gunther's by-line was a special attraction on the News' famous Page 2, the foreign-news department of the paper ever since Victor Lawson and his old editor Charles H. Dennis founded, forty years ago, special foreign-news reporting as a feature of American newspaper publishing. Gunther's Inside Europe is the apotheosis of the standards set on that great Dennis page, and of his own contribution to it.

He takes you to the show in grand style, on every page. You enjoy with him all Europe's Edgar Bergens and Charlie MacCarthys; and of course, since there are also sincere men everywhere, their Paul Munis and George Arlisses. The edition you can now buy is the fortieth, as we say, revised into 1938. The Gunther's visit to the East is in behalf of another book of his that

(Please turn to page 46)

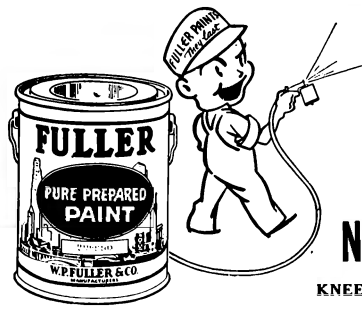
Copra and Its . . .

(Continued from page 37)

heavy and mills in the Philippines were either shut down or running on half time during the month. Local factories were hoping that their stocks would be substantially worked off within the next 60 days, thus enabling them to go back to full time operation; but the outlook was not too encouraging, although with the Summer months coming on business should be better. Shipments of desiccated from the Is-

JOHN GUNTHER'S POPULAR BOOK

When John and Frances Gunther came to town the second week in March, another shipment to Philippine Education of Gunther's popular book, Inside Europe, had arrived at the customhouse but had not been delivered. But on Friday, while Gunther talked with us, after autographing



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