

COPRA AND ITS PRODUCTS

By **KENNETH B. DAY**
AND **LEO SCHNURMACHER**



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The month of January, 1937 witnessed one of the most spectacular advances and declines of copra in many years, and copra reached its highest peak since 1926, only to lose this advantage almost immediately.

COPRA.—Copra arrivals for January were light, running approximately 1/3 below those of the preceding January in both Manila and Cebu, and around 20% below those of December, 1936. This probability had been discounted, however, in December and as a matter of fact the arrivals were no less than anticipated some weeks previously.

At the end of 1936 copra was selling in Manila for P20.50 rescada. Owing to the shortage of supplies and spot demand for oil in the United States, with mills and exporters anxious to take advantage of this condition, the price of copra started up vertically, showing a daily increase until the middle of the month when considerable business was transacted at P24.50. This was equivalent to 10 cent oil in New York, which was above the market, and spot buyers began to withdraw. At the same time the European copra market took an unexpectedly sharp decline, not only in copra but in other fats and oils, which in turn brought the American market down with it and the Manila copra market as well. As a consequence, at the end of the month the quoted price in Manila was P19.00 with buyers anticipating further decreases in price. Thus the net for the month was a loss of P1.50 over the opening quotation.

In the United States Pacific Coast crushers followed the advance up from a low of 5.25 cents to a high of 5.75 cents, and later dropped their prices equally rapidly to a low of 5 cents at the end of the month with very little buying interest in evidence.

The European market advanced from £22 to a high of £24, and then collapsed suddenly to a low of £19/15/—on January 31st. At no time were European prices the equivalent of Coast or



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domestic quotations. Although fair stocks of copra were in the hands of speculators at the end of the month, there were also small stocks scattered throughout the Archipelago, most of which were sold during January, which was reflected by the unusually dry quality of the copra received in the Manila market. At the end of the month two or three speculators were holding fair stocks, but most of the small holdings had been liquidated.

Copra shipments to the Pacific Coast of the United States were very light owing to the scarcity of space due to the shipping strike.

Statistics for the month follow:

Arrivals—		Metric Tons
Manila.....	243,461	
Cebu.....	233,122	
Shipments—		Metric Tons
Pacific Coast.....	4,998	
Gulf Ports.....	1,524	
Other Countries.....	104	
Total.....	6,626	

Stocks on hand—	Beginning of Month	End of Month
	Tons	Tons
Manila.....	22,363	21,126
Cebu.....	17,317	16,983

COCONUT OIL.—The coconut oil market in the United States was, as in December, a spot market. Owing to the strike very little spot oil was available and those fortunate enough to hold it were able to obtain substantial premiums for it over bulk parcels for later delivery. On several occasions spot premiums ranged from 1/2 to 1 cent per pound, which is a most unusual condition. While in November and December most of the spot demand came from edible consumers, in January there was a small amount of spot demand from soapers with edible consumers fairly taken care of in December and holding back, expecting lower prices later on.

The month started with oil quoted at 8-1/4 cents on the Pacific Coast and 8-3/8 cents on the Atlantic Coast. The price zigzagged up with first one Coast advancing and then the other, until by the middle of the month oil was selling for 9-1/4 cents in New York and 9 cent on the Coast. As a matter of fact, it was reported that small spot parcels were sold as high as 10 cents or better in New York, with 9-3/4 cents actually paid on the Pacific Coast. These prices, however, were for very small lots and only served to stimulate local copra prices without being sufficient in volume to allow buyers to count on.

Shipments were light, as they usually are in January, but tank space, while scarce, was adequate to take care of shippers' requirements, particularly to the East Coast and the Gulf.

Statistics for the month follow:

Shipments—		Met. Tons
Pacific Coast.....	1,504	
Atlantic Coast.....	3,614	
Gulf Ports.....	1,018	
China and Japan.....	18	
Total.....	6,153	
Stocks on hand in—	Beginning of Month	End of Month
	Tons	Tons
Manila and Cebu.....	9,708	12,038

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COPRA CAKE AND MEAL.—In the early part of January the copra cake market stiffened up perceptibly in Europe, and the Hamburg price advanced to a point where cake was sold at \$36.-50 c.i.f., which is, roughly, the equivalent of a local price of P52.00 f.o.b. At the same time copra meal picked up a little bit in the United States and advanced to \$31.00 per short ton, which was, roughly speaking, P3.00 per ton better than the cake equivalent. Pacific Coast business, however, was sporadic. Sellers were fairly short of stocks and there was not a great deal of selling interest.

Some local mills desisted from making shipments to the United States on account of the strike, while other shippers continued taking their chances of having the meal unloaded at Vancouver and shipped down to Los Angeles by rail. It was felt that the European market for cake was unusually high and had conditions been normal, doubtless there would have been considerably more selling pressure to Europe.

Statistics for the month follow:

Shipments—	Tons
Pacific Coast.....	1,110
Europe.....	3,119
China and Japan.....	51
Total.....	4,280

	Beginning of Month	End of Month
Stocks on hand in—	Tons	Tons
Manila and Cebu....	4,120	6,888

DESICCATED COCONUT.—Local factories were running light in January with one factory entirely shut down. The cost of nuts was so high and nuts were so scarce that operation was unprofitable. On January 1st the price of desiccated coconut in the New York market advanced to 8-3/4 cents per pound with the possibility that a further increase will have to be made in the near future if local prices continue high. Shipments were not greatly affected by the strike because desiccated coconut being a good-paying freight, space was found for it at the expense of less remunerative commodities.

Shipments for the month totaled 1,502 tons.

GENERAL.—At the end of the month the situation was still uncertain with prices on the downgrade for everything except desiccated coconut but with every indication that the decline might easily be checked early in February, particularly in view of the prospects for a short copra crop for the first half of 1937 especially in the Northern districts. Conditions were more normal in the South and the crop looked fairly close to average. Carry-overs from 1936 were unusually low. There was much speculation as to the effect of the end of the strike on the copra market with the general impression that prices might decline temporarily but might easily advance again later in the Spring. This was offset by the undeniably weak statistical position of coconut oil as compared with other oils and fats, coconut oil being very definitely overpriced.

Copra buyers were looking forward to a speculative market for the first half year with very satisfactory prices and oil millers to an erratic market requiring great caution and a thorough, conservative buying policy, if profits were to be realized.

The local demand for coconut oil, which in-

creased greatly in 1937, was much in evidence in January, not only to supply the local soap manufacturers but also the steady and constantly increasing lard compound and margarine industry. This industry can never take a large portion of oil production but is undeniably reflecting a thriving condition.

What is...

(Continued from page 13)

by the general level of prices. When prices are high, more token money or subsidiary coins will be required as a circulating medium than when prices are low.

History has repeatedly shown that depreciation of silver, caused by monetary disturbance, has injuriously affected the trade of gold currency countries with silver currency or silver-using countries, and that, in effect, this depreciation acted like a protective duty on imports into the silver-currency countries, and a bounty

or premium on their exports to the gold currency countries.

Since it is generally admitted that the effect of a bounty is to lower prices in foreign countries, and protective duties operate indirectly in the same way, it is maintained that the depreciation or fall of silver has lowered all prices measured in gold.

The term "appreciation", as applied to gold or silver, requires some explanation. If gold, for example, is the standard of value in a country, it may be thought that its own value cannot change, just as a foot measure always remains of the same length, and that a gold dollar of full weight must always remain of the same value. But it is one thing to appoint by law that a certain amount of gold shall be coined into a certain kind of a dollar, and quite another to suppose that these dollars shall always exchange for the same amount of wealth or goods. If, on the whole, a dollar purchases more than it did, from whatever cause, that constitutes an appreciation of gold. An appreciation (or an increase of value and purchasing power) of gold is thus the same thing as a general fall in prices; such a condition prevailed in the United States during the great depression before the suspension of the United States gold dollar standard on April 19, 1933.

In spite of the many evils resulting from its introduction and use, money is the most successful device man has discovered for distributing the supplies of a journey along its course, and the goods of daily need over a period of time. A hundred loaves of bread in the hands of a single individual, for example, would mold long before they could all be consumed. Money enables men in society to acquire these hundred loaves in a series so that they can be used when most needed; hence, money serves as a storehouse for keeping things for the future when they will have a greater gratifying power.

The term "intrinsic value", strictly speaking, is an expression which is not absolutely logical. The intrinsic value of a coin—the value within itself, or its real or inherent value—is the market value of the metal contained in the coin. Under certain conditions it may occur, however, that, in certain districts and places, the metal contained in a coin is of no value at all, because it cannot be exchanged for anything. Shipwrecked in a small boat in mid-ocean and dying of starvation and thirst with no immediate prospect of being saved, a man, with all the money he may have in gold, silver, or other precious metals or stones in his person, cannot buy or exchange for a single loaf of bread or a bottle of fresh water to save his life, and the gold or silver, etc., will then and there be of no value or worth whatever to him.

The stock of money of the United States, classified by kind, as at the end of the fiscal year, June 30, 1935, is as follows:

Gold coin and bullion.....	\$ 9,115,643,492
Silver dollars.....	\$ 545,642,265
Subsidiary silver.....	\$ 313,423,778
Federal reserve notes.....	\$ 3,492,853,620
National Bank notes.....	\$ 769,095,645
Other.....	\$ 877,383,181

Total stock of money in U. S. as at June 30, 1935..... \$15,114,041,981

Percentage of gold to total money..... 60.31

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