

## Copra and Coconut Oil

By H. DEAN HELLIS

Vice-President, Philippine Refining Company, Inc.

June 16 to July 15

**D**URING the period under review, a very confusing market has been experienced for both Philippine copra and coconut, occasioned for the most part by the continued maritime strike on the Pacific Coast which had its beginning on May 26. This strike continues as of this writing, and consequently there is considerable copra impounded on American-flag strike-bound vessels now awaiting eventual discharge at Pacific Coast ports.

While there is no definite indication as yet when the strike will be terminated, the feeling is that it must now be nearing its end, with the result that the markets have already begun to show a much easier tendency than during the second half of June and the early part of July.

In addition to this, a fair quantity of copra, though actually less than normal requirements, has already arrived at destination, and more is still afloat en route, on ships of non-American registry, and thus the extremely acute shortage of supplies on the Pacific Coast during the earlier part of the strike has eased off considerably. No doubt much more copra would have been shipped on non-American vessels had it not been for the fear that they too might eventually be tied-up on arrival in the United States if the longshoremen were to strike as a result of the jurisdictional dispute over the loading of ships' stores, supplies, etc.

Briefly, then, market prices during the period have clearly reflected at first an acute shortage of copra on the Pacific Coast, as, likewise, of the resultant coconut oil; followed next by at least some relief from shipments which have been received ex non-American vessels, plus the fact

that Philippine oil mills have to a certain extent temporarily satisfied the most urgent consumer demand by shipment of bulk oil to the Atlantic Coast; finally, the market now begins to show the effect of the optimism felt that the strike will soon be ended, in which case there should be plenty of copra available for immediate milling by the Pacific Coast mills ex present strike-bound vessels as soon as they start unloading.

The time element resulting from the strike, in other words, has been the dominating factor in the market during the period, with a consequent "famine-to-feast" effect in the matter of available supplies to the American consumer.

With respect to other conditions generally affecting the Philippine copra and coconut oil markets, there does not seem at present to be any justification anywhere for anyone to think except in terms of lower prices once the Pacific Coast strike is actually ended. Copra production here in the Philippines, it is felt, will be plentiful during the next few months, and perhaps even considerably in excess of the total demand from abroad. As far as we can learn, there are not a great number of short sales for near positions to be filled, which otherwise might have a tendency to sustain the market. There does not appear to be much demand from Europe at anywhere near present prices, and accordingly there seems to be no strength to the market from this source. The Korean and general international situation remains about unchanged, and there is nothing new in this picture at the moment that should cause or result in higher prices for copra or coconut oil.

**T**HE United States Congress adjourned "sine die" early in July without taking action on H.R. 6292, the bill which proposes to eliminate the excise tax. This piece of legislation was not reported out by the Ways and Means Committee of the House of Representatives prior to adjournment, and it is now felt that there is little chance of

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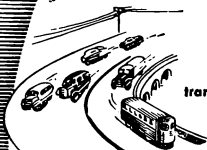
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the bill being approved this year even if Congress should be re-called into a special session, which at this writing, this being an election year, seems somewhat doubtful. Therefore there also can be no reason from this source to expect improved prices or a sustained market.

**T**he Pure Food and Drug Administration in the United States has recently undertaken a program of condemning certain parcels of Philippine copra and coconut oil for edible usage, and although this situation is not yet entirely clear to us, the fact remains that it would create a condition far from helpful to the trade if the Pure Food and Drug Administration persist in finding a lot of imaginary faults with respect to these supplies. Coconut oil, when refined, is certainly a fit and safe product for human consumption, just as are cottonseed and soybean oils which are extensively used in the United States and elsewhere throughout the world.

**T**he overall situation at this writing, therefore, appears to be somewhat discouraging as far as market prices and tendencies are concerned, and unless some unforeseen condition in the near future should bring about a reversal of the present probabilities, lower prices for both copra and coconut oil can be anticipated for the time being.

**T**he copra market at mid-June was reported with sales at \$140.00, and perhaps even \$142.50, c.i.f. Pacific Coast, with the majority of sellers holding and hoping to obtain \$5.00 to \$7.50 per ton higher. The situation continued with little, if any, change until early into July, when due to conditions already referred to above, prices began to soften, and markets abroad became for the most part inactive on extremely thin buying interest. By the middle of July, as we close, some business has resulted at down to \$123.50 c.i.f. for nearby shipments, with sellers generally resisting and asking \$125 to \$130 c.i.f. Buyers, on the other hand, are now thinking in terms of \$120 c.i.f. Pacific Coast, realizing that one of these days, probably very soon, the maritime strike will be terminated, with the result that they will have ample copra ex present strike-bound vessels already awaiting discharge on the Pacific Coast.

As far as Europe is concerned, some business was reported around mid-June at \$155 c.i.f. usual European ports, but it was not long after that buyers reduced their ideas, and as we close at the middle of July, it would seem that no better than \$135 c.i.f. is possible.

Prices during the period on an f.o.b. basis fell correspondingly to approximately \$115 at close.

Local copra markets here in the Philippines followed the same general pattern from ₱25.50 to ₱26.00 per 100 kilos of resacada at opening down to ₱20.50 to ₱21.00 at close, at which point a general resistance on the part of sellers to a further decline seems imminent for the time being.

The coconut oil market in the United States during the period under review has no doubt shown the effect of the Pacific Coast maritime strike even more than copra, for it was actually coconut oil that was in short supply to the American consumer, not, of course, copra. Accordingly substantial premiums were paid, particularly on the Pacific Coast, for any coconut oil that was available for guaranteed nearby deliveries. This situation was likewise true to a lesser degree with respect to shipments of bulk oil from the Philippines c.i.f. the Atlantic Coast, and any unsold parcels already afloat for early arrival, of which there were several, found a ready market at attractive prices. The usual spread in the price of coconut oil between the Pacific and Atlantic Coasts, which generally is in the neighborhood of around  $\frac{3}{4}$  to 1 cent higher on the Atlantic Coast, practically disappeared during the early part of the period under review. At one time the limited amount of oil that was available on the Pacific Coast was actually quoted at a price higher than that then prevailing for Atlantic Coast supplies.

The market for coconut oil on the Pacific Coast at mid-June was approximately 9-3/4 cents per pound f.o.b. tank cars. It was not long, however, before sellers were asking as high as 11 cents per pound for guaranteed deliveries, this at a time when afloat bulk oil was being offered on the Atlantic Coast at 10-5/8 cents c.i.f. A fair amount of trading, however, was done in bulk oil direct from the Philippines at prices ranging from 10 to 10-1/2 cents per pound c.i.f. Atlantic Coast before the market started to ease off during the first half of July. As the market closes at mid-July, we find prices both on the Pacific and Atlantic Coasts somewhat reduced from the high points reached, and it is doubtful now if better can be done than 8-3/4 cents f.o.b. tank cars on Pacific Coast, while at the same time offerings are being made without success at 9-3/4 cents per pound for bulk oil c.i.f. Atlantic Coast. Generally, the situation has been so greatly confused during the period that it becomes extremely difficult to report accurately with respect to coconut oil prices and happenings in the United States, but with the maritime strike probably soon over, conditions should return to normal soon thereafter.

There was very little demand from Europe during the period for bulk oil shipments from the Philippines, with buyers at close expressing nominal views at around \$195 c.i.f. It is felt, however, that an offer even at this price would fail to result in actual business being done, as there is no indication whatsoever of definite buying interest at this time.

The copra cake and meal markets are again unchanged at around \$82 to \$83 per short ton c.i.f. Pacific Coast. As soon as the maritime strike is terminated, however, it is felt that perhaps these prices will suffer a moderate decline.

COPRA exports during the month of June, 1952, are reported as follows:

To United States Pacific Coast.....	15,149 long tons
United States Atlantic Coast.....	4,031 " "
United States Gulf Ports.....	4,084 " "
Canada, Pacific Coast.....	2,250 " "
Japan.....	1,283 " "
Europe.....	12,850 " "
Africa (Haifa).....	3,500 " "
South America.....	6,150 " "

Total..... 49,297 long tons

This compares with 42,824 tons of copra exported during May, 1952, and 51,878 tons shipped during June of last year. The total exports for the first 6 months of 1952 are now 298,731 long tons, as against 346,953 tons during the same period last year.

With regard to shipments of coconut oil, total exports during June, 1952, were as follows:

To United States Atlantic Coast.....	3,979 long tons
United States Gulf Ports.....	668 " "
Formosa.....	291 " "
Europe.....	628 " "
South Africa.....	505 " "

Total..... 6,071 long tons

By way of comparison, the May, 1952, exports of coconut oil amounted to 7,736 long tons, while during June, 1951, the total was 6,035 tons. The total for the first 6 months of 1952 now amounts to 40,119 long tons, as against 34,002 tons during the same period in 1951.

IN summary, we can only look for the present to lower prices in the near future for both Philippine copra and coconut oil. We think it reasonable to assume that the markets therefor may decline to a point somewhere near previous lows for the year. No matter how discouraging the picture may presently look, however, we cannot at the moment anticipate new lows being established, and it will not surprise us greatly if before year-end renewed interest from abroad will bring about at least some small improvement in prices again, even though of a temporary nature only.

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