

MR. J. P. WILEMAN'S WEEKLY LETTER

"MOSTLY ABOUT COFFEE"

June 30th, 1914

No. 26.

NOTICE.

In consequence of the temporary suspension of publication of the "Brazilian Review," Mr. Wileman's weekly contribution "Mostly About Coffee," which until lately appeared as a Supplement of that journal, will be distributed to subscribers of the "Review" separately, until arrangements can be made for its again being incorporated with that journal.

RIO DE JANEIRO.

CAIXA 1521.

Rio de Janeiro, June 29th, 1914.

Clearances to June 25th were as follows:—

Closing quotations, Saturday, June 27th, compared with June 20th were as follows:—

NEW YORK—

	June 27	June 20	+ or -
	cts.	cts.	cts.
Santos Spot No. 7	10 5/8	11 1/8	-1/2
Options—July	8.37	8.69	-0.32
September	8.56	8.89	-0.33
December	8.82	9.15	-0.33
March	8.93	9.25	-0.32

HAVRE—

	frs.	frs.	frs.
Options—July	59.25	60.25	-1.00
September	59.75	60.75	-1.00
December	60.75	61.50	-0.75
March	61.75	62.00	-0.25

HAMBURG—

	pfgs.	pfgs.	pfgs.
Options—July	47.75	48.50	-0.75
September	48.50	49.25	-0.75
December	49.25	50.00	-0.75
March	49.75	50.50	-0.75

SANTOS—

Type No. 4 ruled—

June	5\$425-5\$450
July	5\$450-5\$475
August	5\$500-5\$525
September	5\$600-5\$625
October	5\$650-5\$675
November	5\$700-5\$725

Entries for the week ended 25th June and 26th June respectively were as follows:—

	1914	1913
Rio	51,710	41,431
Santos	105,093	104,581
	<u>156,803</u>	<u>146,012</u>

Increase, Rio, for week, 10,279 bags, or 24.8 per cent. compared with last year.

Increase, Santos, for week, 512 bags, or 0.5 per cent. compared with last year.

Increase, both ports, for week, 10,791 bags, or 7.4 per cent. compared with last year.

Entries for crop to June 25th were:—

	1914	1913
Rio	2,895,487	2,832,631
Santos	10,809,701	8,542,785
	<u>13,705,188</u>	<u>11,375,416</u>

Increase, Rio, for crop, 62,856 bags, or 2.2 per cent. compared with last year.

Increase, Santos, for crop, 2,266,916 bags, or 26.5 per cent. compared with last year.

Increase, both ports, for crop, 2,329,772 bags, or 20.5 per cent. compared with last year.

Entries at Rio and Santos to June 25th or corresponding dates of previous six years were:—

1913-14—13,705,188	1910-11—10,561,794
1912-13—11,375,416	1909-10—15,051,756
1911-12—12,466,220	1908-09—12,456,744

	Week ended June 25		Crop to June 25	
	Bags	£	Bags	£
Rio	35,687	82,266	2,622,126	6,394,079
Santos	99,823	287,291	11,111,796	33,102,477
1913-14	135,510	396,575	13,733,922	39,496,556
1912-13	107,877	316,660	11,321,415	42,384,969

Increase clearances for both ports for current crop to June 25th compared with 1912-13, 2,412,507 bags, or 21.3 per cent.

Decrease in value £2,888,413 or 6.8 per cent., as against 8.9 per cent. on June 1913.

Stocks were:—

Rio	168,336	154,273
Santos	719,433	728,507
	<u>887,819</u>	<u>882,780</u>

Stocks Rio and Santos—

26th June, 1913	1,407,450
19th June, 1913	1,351,468

With increasing receipts from those districts where monetary necessities enforced early picking, the marketed product distinctly shows that it was not yet in a fit state to be gathered and that prices could not be maintained. The defective quality is a decided incentive for lower values and in the interest of all, but especially the fazendeiro, it is to be hoped that the gathering of the crop be postponed as long as possible and more especially in those districts where the crop is markedly late.

Notwithstanding the setback in prices during this week, business was brisk and shipments continue on the same scale as heretofore, a large American roasting concern being the chief buyer and exporter.

Stock have gone down to about 700,000 bags and at this figure, more or less, the crop year will close. We have to go back to June, 1911, when, with a crop of 8,100,000 bags, stocks in Santos had dwindled down to 605,000 bags; since that date stocks held at the end of the crop year were always very much larger than they are now. It is just as well to bear this in mind as, according to all probabilities, receipts during July will be lighter than last year and will, therefore, be hardly sufficient to meet the European demand in green coffees and still less the necessarily continuous requirements of the States in old crop good roasting coffees.

News from the interior is scarce; rain has fallen moderately all over the country and checked the bad effects of the prolonged drought, so that greater harm has at least been avoided.

A premature falling of leaves, owing to the drought, is reported everywhere and the proclaimers of a bumper crop for 1915-16 has consequently subsided.

From some districts, like Villa Bomfim, near Ribeirão Preto and from Jahú, early flowerings are reported. In the first-named district it is said to be so abundant as to produce about half a crop, i.e., about 12 to 15 bags per 1,000 trees. Prices must be very good in January-February next to prevent the gathering of fruit, so untimely ripening.

Our friend, who is travelling in the interior, lately visited the coffee producing zone of Paraná, near the frontier of the State of S. Paulo, and writes from there as follows:—

"You will remember that a circular, more ill-famed than famous, which appeared in January, 1913, in Hamburg, announced to the startled coffee world the news that Paraná would produce in a few years 1,000,000 bags of coffee, as innumerable millions of trees had been planted there. It was further alleged with emphasis that a great deal of this coffee would be smuggled into S. Paulo over the frontier to avoid the heavy taxation of that State, which so far has not come to terms with Paraná regarding the free transit of these goods on lines similar to those adopted with coffee from the State of Minas.

"Well, I have just arrived back from there and have come to the conclusion that the promoter of that circular is either an

incompetent observer or a determined distorter of facts, or a mixture of both, if he has ever taken the trouble to visit this district.

The only means of access to those parts of Paraná is by the Sorocabana Railway, Ourinhos or Chavantes being the stations, the one serving the district of Taxarésinho and the other that of Ribeirão Claro. A regular service of carriages, if the weather is fine, or otherwise on horseback, are the means of communication. After a journey of 6 to 8 kilometres, the river Paranapanema is reached, which at this point is about 100 metres wide and flowing fast; crossing this on a flying ferry we are in Paraná territory, densely covered with one of the finest virgin forests I have ever seen, with the exception of a few patches of land cleared for the plantation of coffee. Thus there are in the district of Taxarésinho about one dozen different plantations, divided from each other by kilometres of forest, totalling in all perhaps 2,000,000 trees. In the district of Ribeirão Claro, which, in addition, is rather mountainous, there may be another 1,500,000 trees, in all 3,500,000 of coffee trees.

The average distance from these plantations to Ourinhos or Chavantes is about 20 to 30 kilometres, with the river to cross. You can, therefore, judge for yourself how cheap the production of coffee is here and how easy the smuggling of it must be.

Transport difficulties, the disinclination of the S. Paulo Government to facilitate the export of the produce, the tightness of money lately, the frost of September, 1912, and last but not least, the uncertainty about the title deeds for land purchases have brought all planting activity to a stop here, howsoever rich the land may be.

"If and whenever the connecting line from Jaguarinhya, on the S. Paulo-Rio Grande line, with Ourinhos or Chavantes is built admitting the export of its produce via Paranaguá, this part of the country may have a great future, but not before."

London, 12th June, 1914

The new regulations of the New York Coffee Exchange will come into force on 1st July, 1915, when the difference between each class of Rio coffees will be reduced from 50 to 30 points. It is certain, says "The Bulletin du Correspondance," that no one will care to buy March and May seeing that buyers would lose. On the other hand the modifications would improve the New York contract seeing that arbitrage would be effected on different conditions.

DELIVERIES		Entries of Mild Coffees other than Brazil	
1909-10	13,495,000	3,482,000	
1910-11	11,069,000	3,312,000	
1911-12	10,971,000	4,007,000	
1912-13	11,382,000	3,821,000	
1913-14	13,696,000	4,667,000	

In consequence of the drought in Java and Sumatra, production, which was much smaller last year, is likely to suffer next season also. Commenting on these figures the "Bulletin" remarks:—"Consumption has this season 3,160,000 bags more at its disposition than last, and need not, therefore, concern itself very materially with the shrinkage of 300,000 in Santos stocks."

A report was current at Hamburg last week that the Brazilian Government had succeeded in raising a loan of £3,500,000 in Treasury Bonds at Paris, repayable 31st March, 1915. The maximum authorised by Congress in December was 50,000,000 milreis, or about £3,334,000, of which I am under the impression that £1,500,000 was advanced some months ago by Rothschilds, in which case the balance available for issue would be only some £1,800,000. In all probability it was drawing for this loan that helped to put exchange up to 16 3-16d. and to import the £100,000 that the Banque Française et Italienne imported from Argentina.

Herman Sielcken, says the New York "Journal of Commerce," of 1st June, cabled New York from Europe to the effect that the Brazilian loan would shortly be put in the market and that it might be regarded as a question if a large crop of 12,000,000 bags in 1915-16 was beyond danger. Moreover a small crop was not

impossible. Europe got the news first and interpreted it favourably to the bull side.

The report of the Malang (Java) Rubber Estates says that "at last year's annual meeting there was every reason to expect a normal coffee crop, but a continuance in an accentuated form of the drought at a critical time for coffee upset calculations, so that the actual coffee crop was only 467 cwts., or one-fifth of the exceptional, 1913 being the driest year on record in the Malang district. Such drought is unlikely to recur to a similar degree, but the effect points to a poor crop during the current year. The old Java coffee trees had been cut out of 1,178.75 acres, 1,146 being under Hevea interplanted with Robusta and Liberia coffee, 25.72 acres under Hevea and 7 under Robusta only. There are 147,997 Hevea tree and 679,503 coffee trees. Despite the drought the coffee trees are said to have recovered splendidly since the wet season set in.

MONEY.

Gold in deposit at the Caixa de Conversão on Saturday, June 27th, amounted to Rs. 186,337:809\$, equivalent to £12,422,520, a decrease of £10,417 since the previous Saturday.

Gold in deposit 12th Feb, 1913 (max)	401,584:500\$	£26,772,300
" " 1st January, 1914 ...	276,007:520\$	18,400,501
" " 28th February, 1914 .	265,209:419\$	17,680,634
" " 31st March, 1914	224,639:032\$	14,975,935
" " 30th April, 1914	205,613:501\$	13,707,567
" " 30th May, 1914	177,382:069\$	11,825,471
" " 6th June, 1914	177,462:336\$	11,830,822
" " 13th June, 1914	180,957:130\$	12,063,803
" " 20th June, 1914	186,494:051\$	12,432,937
" " 27th June, 1914,	186,337:809\$	12,422,520

Exchange. The Banco do Brasil drew sparingly, for market takers, throughout the week, at 16 1-8 on London at 90 days' sight, for the mails of 7th and 14th of July.

Monday, 22nd June. Exchange opened dull with foreign banks drawing at 16 1-16 on London at 90 days' sight, and offering to buy at 16 9-64. Soon after the opening there were buyers of bills, for prompt delivery, at 16 1-8.

Tuesday, 23rd June. The market opened unchanged, but easier in tone. Banks still offered to draw on London at 16 1-16. The demand for bills for prompt delivery continued, and money was offered at 16 7-64. The closing was flat.

Wednesday, 24th June. The market opened dull, foreign banks would not draw better than 16 1-32, and there was money for commercial bills for prompt delivery at 16 3-32.

Thursday, 25th June. The market opened weak, with foreign banks quoting 16 1-32 for drawing and offering to buy commercial bills at 16 3-32. Soon after the opening banks lowered their rate to 16d. with the exception of the London and Brazilian, who remained at 16 1-32. Commercial bills were negotiated during the day at 16 1-16. At the close the market was steadier.

Friday, 26th June. Banks quoted 16 1-32 to draw and 16 3-32 to buy. The market opened undecided, but soon developed weakness. At mid-day banks lowered their drawing rate to 16d. and offered to buy commercial bills at 16 1-16.

Santos sold a fair amount at 16 3-32 in the early morning.

Saturday, 27th June. The market opened decidedly weak, and those banks which quoted 16d. in the early morning soon dropped to 15 31-32. There was money for commercial bills at 16 1-32 and something was done for prompt delivery at 16d.

Santos furnished some bills at 16 1-16.

Exchange sagged throughout the week owing to persistent reports of ill success attending the loan negotiations, which the news published in the "Jornal" on Friday, stating that the issue was secured, did little to counteract. We are informed, through a very reliable channel, that during the week the Finance Minister had a long conference with the future President at Barra de Pirahy and obtained his consent to the conditions, so far agreed upon between the Government and the European bankers. We learn, too, that the German bankers are excluded from taking any part in the transaction because of their extravagant demands regarding some old outstanding claims. According to a Havas telegram of the 25th, Sir Edward Grey, in reply to questions

addressed to him in the House of Commons, said that on the 23rd inst. he instructed the British Chargé d'Affairs, by cable, to take such steps as he judged necessary to have the British claims satisfied, without, however, obtaining any result. In view of this it is hardly likely that London capitalists will be over eager to underwrite the loan. The persistent demand during the week for bills for immediate delivery, has been due to heavy remittances having been made by cable for account of the Government, to pay, so it is alleged, for a submarine just delivered by the Italian builders but as only a part of the large amount taken was required for this purpose, we may assume that the Government is also remitting funds to meet the payment of the coupons due in London next month.

Business Done on the Rio Stock Exchange during the week ending 27th June, 1914:—

Amount	Price	Closing Quotations.	
		Sellers	Buyers
PUBLIC FUNDS—			
		840\$	815\$
17	Apol Geraes*		
	Emp. Nacional (1903)	975\$-980\$	
	Emp. Nacional (1909)*		
	Emp. de 1910 (3%)*		
	Emp. Nacional (1911)* ...		
	Emp. Nacional (1912)* ...		
	Estado de E. Santo 6% ...		
	Estado de Minas		
	Estado de S. Paulo	1:000\$	980\$
544	Estado do Rio (4%)	79\$-80\$	80\$ 79\$500
59	Ditto (6%) Rs. 500\$	455\$-460\$	460\$ 450\$
189	Emp. Municipal (1906)	184\$-185\$	185\$ 182\$
150	Ditto (Nom.)	185\$	190\$ 185\$
20	Ditto (£20)	270\$	272\$
5	Ditto (Nom.)	272\$	275\$ 268\$
50	Ditto (1914)	175\$	174\$
100	Ditto (Nom.)	175\$	173\$

* Transfer books closed until 1st July.

BANKS—

10	Commercial	170\$	
45	Lavoura	109\$-110\$	
25	Mercantil	205\$-215\$	

RAILWAYS—

1200	Minas S. Jeronymo	16\$500-17\$	17\$ 16\$
	Norte do Brasil		50\$
	Rede Sul Mineira		50\$ 40\$
	Victoria and Minas		120\$

INSURANCE COMPANIES—

2	Argos Fluminense	900\$	1:000\$ 900\$
16	Garantia	290\$	295\$ 270\$

COTTON COMPANIES—

50	Alliança	144\$	145\$ 140\$
6	Corcovado	125\$	125\$
40	Brasil Industrial	185\$-188\$	195\$ 185\$
50	Confiança Industrial	115\$	150\$
	Petropolitana		150\$
	S. Pedro d'Alcantara		160\$
43	Progresso Industrial	170\$	180\$ 150\$

SUNDRIES—

3850	Docas da Bahia	26\$-28\$500	27\$
900	Ditto (30 days' option) ...	27\$500-28\$	
3	Docas de Santos (port)....	445\$	
256	Ditto (Nom.)	425\$-435\$	
450	Loterias Nacionaes	20\$500-22\$	21\$500 21\$
700	Ditto (30 days' option) ...	22\$	
	Terras e Colonização		6\$750 6\$
30	Melh. do Maranhão	40\$	32\$
77	Jardim Botânico (integ.)..	200\$	
36	Ditto (c/60 %)	120\$	
50	Docas de Santos, c/div....	430\$	

DEBENTURES—

	Alliança		170\$
	America Fabril	190\$	
75	Botofogo	100\$	120\$ 100\$
40	Carioca	180\$	183\$
	Confiança Ind.		190\$
	Industrial de Valença		195\$
45	Docas de Santos	188\$-190\$	195\$ 190\$
	Transportes e Carruagens.		171\$
	Banco União de S. Paulo..		80\$
30	Centros Pastoris	186\$	180\$

Closing Quotations, June 27th:—

Bank of England Rate	3%	4 1/2%
Open Market Rate, London	2 5/16	4 1/4
Consols	74 7/32	73 1/16
Apolices Ceraes	960\$ to 980\$	
Vales Cold	1\$687	
Bank of Brazil	220\$	
1889 4 per cent. Loan, Federal	74	77 1/2
1889 5 per cent. Loan, S. Paulo	102	101
Leopoldina Stock	56 1/4	66
Brazilian Traction Ordinary	80	89
Brazil Railway	26	62 1/2
Dumont Coffee, Pref.	9 1/4	10 1/4

INLAND REVENUE (FEDERAL).

January	£714,078	£894,690	£180,612 or 20.2%
February	584,262	802,027	217,765 or 27.2%
March	565,129	950,500	385,371 or 40.4%
April	500,238	909,756	409,518 or 45.0%
May	512,202	902,861	390,659 or 43.3%
Total, 5 months ...	2,875,909	4,459,834	1,583,925 or 35.2%

London, 5th June, 1914.

With regard to the loan, "The Financial News" says:—"There is now reason for believing that the negotiations for a large loan to Brazil are approaching a head. The pourparlers were opened in Paris some time ago with a group of French bankers. The representatives of two of the banks, we understand, made a journey to Brazil in order to assure themselves of certain matters, and favourable reports have been received.

"At the same time a special representative of the Brazilian Government is now in London, and conferences are being held here between that Government delegate, the representatives of the French banking group, and influential London banking institutions, who have been approached by the French bankers with the view of arranging a joint loan. German banking interests have, we understand, also taken part in this discussions.

"It is understood that the sum required by the Brazilian Government is £30,000,000, and it is thought probable that the amount of the loan to be raised, if the negotiations are successful, will be between £15,000,000 and £30,000,000. The Government has been left wide latitude with regard to the guarantees to be given."

The rise in Brazilians is explained by "The Financial Times" as follows:—"In the Foreign market interest centred in Brazilian bonds. There were large dealings, accompanied by a rumour that the negotiations for a loan to the Rio Government had been completed this afternoon. From the nature of the business done to-day it looked as if the market was being tested with a view to ascertaining at what price a new loan might be

launched. As a matter of fact, the support given and the rise that followed did bring out a good deal of stock. On balance prices are up 1 to 2 points all round. The 1913 scrip has advanced to 87 1/4, the Rescissions to 72 and the 1910 Concersion to 73. The buying of the Rescission and 1895 loans was stimulated by anticipations of purchases for the Sinking Fund.

The difficulty experienced in underwriting a small loan of £5,000,000 is scarcely encouraging for the much larger Brazilian issue, nor do the difficulties of the Parisian bank that took the initiative in this negotiation seem to inspire much confidence in the results.

Straws serve to show the way the wind blows. There has been a renewed slump in Parisian bank shares, those of the Banque de Paris et Pays Bas having dropped 40 francs, carrying with them other banking shares and giving currency to the most fantastic and alarmist rumours. Union Parisienne lost 15, Credit Lyonnais 11 francs and all foreign banks were weak in sympathy. The drop seems to have been caused by compulsory liquidations in connection with the recent settlement.

Leopoldina Railway Shares. The directors of the Leopoldina Railway Co. are offering to shareholders 118,000 ordinary shares of £10 each at par, payable £1 on application and £9 per share on July 1. A commission for subscribing the shares will be paid to the allottees calculated at the rate of £4 10s. per share, so that they are virtually offered at £5 10s. per £10 share. The issue is made in order to adjust the overspent capital account and to meet further capital expenditure. It will be remembered that at the last meeting the directors took authority to issue this capital, with the power to do so at a commission not exceeding 50 per cent. The present offer is equivalent to a discount of 45 per cent.

RUBBER.

Latest London Quotations:—

	June 27 s. d.	June 20 s. d.	June 13 s. d.
Fine Hard Pará	2 9½	2 9 ½	2 9¾
Plantation	2 2¼	2 4¼	2 4¼

Entries:—

	1908-09	1909-10	1910-11	1911-12	1912-13	1913-14
July	1,300	1,400	2,340	1,410	1,940	2,120
August ...	1,890	1,870	1,870	1,590	1,900	1,600
September ..	2,355	2,020	1,980	2,630	2,620	2,880
October	3,460	3,275	3,170	2,990	3,920	3,740
November ..	3,430	4,640	3,790	3,550	3,715	2,550
December ..	3,300	3,510	2,640	3,830	4,920	3,590
January ...	5,480	5,490	4,130	4,860	5,140	4,420
February ...	5,040	4,760	5,795	4,850	4,990	4,610
March	4,140	5,210	3,540	4,400	4,265	4,850
April	3,760	3,600	3,490	3,270	3,540	3,830
May	2,340	2,170	3,060	3,410	2,880	2,890
June	1,570	1,220	1,725	2,570	2,105	—
Total, tons .	38,065	39,165	37,530	39,360	41,935	—

Exports:—

	1910	1911	1912	1913
To Europe	22,979,328	19,757,718	21,994,900	22,114,618
To U. States...	15,060,490	16,100,881	21,367,493	17,101,115
Total kilos	38,039,818	35,858,599	43,362,393	39,215,733

