

MR. J. P. WILEMAN'S WEEKLY LETTER

**"MOSTLY ABOUT COFFEE"**

August 4th, 1914.

No. 31.

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**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, August 3rd, 1914.

On account of the situation in Europe, no quotations are available from foreign markets.

## At Santos type No. 4 ruled:—

	July 25	August 1
August .....	5\$450-5\$475	5\$525-4\$550
September .....	5\$525-5\$550	4\$525-5\$550
October .....	5\$600-5\$625	4\$600-4\$625
November .....	5\$650-5\$675	4\$675-4\$700
December .....	5\$725-5\$750	4\$725-4\$750
January .....	—	4\$775-4\$800

Entries for the week ended 30th July and 31st July respectively were as follows:—

	1914	1913
Rio .....	62,312	50,538
Santos .....	303,128	304,445
	<u>365,440</u>	<u>354,983</u>

Increase, Rio, for week, 11,774 bags, or 23.3 per cent. compared with last year.

Decrease, Santos, for week, 1,317 bags, or 0.43 per cent. compared with last year.

Increase, both ports, for week, 10,502 bags, or 2.9 per cent. compared with last year.

## Entries for crop to July 30th were:—

	1914	1913
Rio .....	244,093	164,164
Santos .....	815,512	847,161
	<u>1,059,605</u>	<u>1,011,325</u>

Increase, Rio, for crop, 79,929 bags, or 48.9 per cent. compared with last year.

Decrease, Santos, for crop, 31,649 bags, or 3.7 per cent. compared with last year.

Increase, both ports, for crop, 48,280 bags, or 3.7 per cent. compared with last year.

Entries at Rio and Santos to July 31st or corresponding dates of previous six years were:—

1914-15—1,059,605	1911-12—2,189,667
1913-14—1,011,325	1910-11—1,315,659
1912-13— 924,706	1909-10—2,189,667

## Clearances to 30th July were as follows:—

	Week ended July 30.		Crop to July 30	
	Bags	£	Bags	£
Rio .....	74,540	164,733	197,629	442,661
Santos .....	111,013	316,343	352,325	1,023,599
1914-15 .....	185,553	481,076	549,954	1,466,280
1913-14 .....	242,567	692,663	624,095	1,730,774

Decrease clearances for both ports for current crop to 30th July 74,141 bags, or 11.9 per cent.

Decrease in value £264,514 or 15.3 per cent., as against 5.1 per cent. on July 23rd.

## Stocks were:—

	July 31	July 23
Rio .....	199,924	217,002
Santos .....	974,590	810,403
	<u>1,174,514</u>	<u>1,027,405</u>

## Stocks Rio and Santos—

31st July, 1913 .....	1,426,367
24th July, 1913 .....	1,474,578
1st August, 1912 .....	1,605,886

Santos, August 2nd, 1914.

To write about the coffee market in times when three of the great European Powers are already engaged in warfare and the others hardly know how to keep out of the general fray, appears out of place, thus we shall confine ourselves to recording the movement of the week only.

With the increasing gravity of the situation, prices dropped steadily and, strange to say, under the sales for October delivery. Later it was found out that the largest operator in the market thought times good for a report business, buying August delivery and selling distant months.

Prices receded from Monday night, when they stood at 5\$300 for July to 4\$500; 5\$275 for August to 4\$500; 5\$325 for September to 4\$600; 5\$400 for October to 4\$625 on Friday.

Commissarios and fazendeiros became justly alarmed at the enormous depreciation their chief product suffered and as other exchanges, like Havre and London, had already suspended operations, they insistently asked for a similar measure.

The Government though did not see its way to accede to this very legitimate desire, alleging that as the official exchange had not yet been instituted, the lever to enforce total closure was failing.

At length on Friday the Registradora was approached on the subject, the directors assenting, a meeting of the commercial body was called and the suspension of all transactions in futures was proposed if the legitimate sellers of actual coffees to be delivered in August were willing to postpone tendering. This they refused on the ground that the loss by selling cheaply in order to obtain liquid means was quite enough, and they insisted on their right to deliver during August whenever they wished to.

If this report business had not been made prices would not have dropped at such a rate, as neither fazendeiros nor dealers felt inclined to sacrifice their goods and kept entirely out of the market, but the incessant call for margins on former transactions and the above-mentioned report business, which probably consisted in selling short first and buying later, could not but smash the market. Nothing can better illustrate the extreme danger to which the future business on modern lines leads and the fact that all important stock and merchandise exchanges in Europe and the States were peremptorily closed even before war was declared confirms this clearly. Will they derive a lesson from it when peace is restored?

Business in actual coffee has almost come to a standstill. Dealers do not and cannot sell at present prices and exporters do not wish to buy, as they do not know whether they can ship the goods and negotiate their drafts.

German ships have orders not to leave the port, and French and Austrian ships are likely to get similar ones. All depends upon the attitude of England; will she remain neutral? If not shipping will be restricted to infinitesimal proportions, carried on by a few neutrals.

The United States, of course, are not likely to be drawn into this embroglio and will, therefore, be able to draw their usual supplies, although the financing of same will be somewhat more difficult.

Receipts are going to be smaller from now onwards, as the banks will refuse to discount the drafts on Santos. It would, therefore, be in the interest of all if stocks here would not accumulate to too large a figure, as the goods might weigh the market down, helped by a lower and declining exchange rate.

News from the interior is indifferent. Little rain has fallen and now the nights are cold.

The Hamburg correspondent of "The Economist" writes with date of 8th July as follows:—Trading on this market has been extremely quiet throughout the week, both as regards the actual product and as to futures. The latter have been subject to the usual slight fluctuations, an early decline being followed by a recovery to last week's level, from which they suffered another set-back yesterday and to-day, and closed this evening at a net loss of ½ pf. for delivery up to the end of the year and of ¼ pf. for next year's options. In the absence of any incentive to greater activity, traders have been busy discussing the annual statistics, and found the decrease in the visible supply during June just a little disappointing. It amounts to 290,000 bags according to the Havre Committee, and to 327,000 according to Messrs. Duuring and Zoon, the latter placing it at 11,289,000 bags. Attention was attracted to the record deliveries to consumers during the past coffee year, amounting to 18,582,000 bags, against 17,123,000 and 17,454,000 respectively in the two previous seasons. The decline of the past few days has been caused by the greater willingness of the Brazilian houses to accept lower bids for early shipment on c. and f. terms, firm offers to-day being about 1s. cheaper and almost on the identical level of a year ago at 51s. for a well-known good average mark of Santos. Even slightly lower counter offers found acceptance, and the eagerness thus shown to move the coffee away from the ports was attributed to the renewed difficulties which the

Brazilian loan negotiations have encountered, and the receding tendency of the Rio exchange on London. The spot market has been quiet, with only light purchases by country dealers, but full prices were paid for good qualities. The receipts at Rio have so far run ahead somewhat of last year's, while those at Santos are slightly behind, and scarcely justify the pointers mentioned last week. Mail advices received during the week speak of the smallness and defectiveness of the berry in the early receipts of new crop; they also allude to a collusion among the Santos Commissarios to hold good qualities at high prices throughout this month in an effort to corner shippers who have sold July shipments. Among the leading markets, New York has turned weak and prices have returned to about the recent lowest point, which has accentuated the listlessness here. Closing values per  $\frac{1}{2}$  kilo: July, 47 ( $47\frac{1}{2}$ ); September,  $47\frac{3}{4}$  ( $48\frac{1}{4}$ ); December,  $48\frac{3}{4}$  ( $49\frac{1}{4}$ ); March,  $49\frac{1}{2}$  ( $49\frac{3}{4}$ ); May,  $49\frac{3}{4}$  (50).

The "Bulletin du Correspondance" of Havre, of 3rd July, says that the shrinkage of Santos stocks has created a good impression at Havre. Whatever may be the motive of the evident desire to influence New York on the eve of a holiday, the rise of 50c. is very satisfactory.

Whilst pointing out the causes that lead to the actual valuation, the Chairman of the Dumont Coffee Co. does not despair of an early recovery, seeing that he recommends payment of a 3 per cent. Ordinary dividend out of the reserve fund. The world's output of 17,000,000 bags will, he believes, fall short of consumption this year. Brazilian estimates were, however, not very reliable, but even if the figure for production be exceeded it is a hopeful sign that consumption last year increased by 1,370,000 bags and will, unless checked by much higher prices, in all probability go on expanding.

**Robusta.** The Baru (Java) Estates, Ltd., report the 1913 crop to have been 2,233 cwts., as against estimates of 2,100 cwts. of coffee. For the current year the estimate is 3,035 cwts. of coffee.

The "Bulletin du Correspondance" believes, like ourselves, that the mistakes in estimating crops of late years arises not from any intentional bad faith, but from failure to take into account the production of new producing areas. But even after the production of all such new areas has been allowed for, it is certainly not sufficient to account for a difference of nearly 2,000,000 bags between many estimates of the last crop made in perfectly good faith and the reality. The actual course of entries would, moreover, seem to show that the unexpected large entries towards the tail of the crop were due not so much to increase in production as to the realisation of fazendeiros of every bag of coffee they could possibly scrape together to meet the expenses of the present crop, deprived, as they were, and still are of their usual recourse to the credit of their commissarios, of whom over thirty failed in Santos last season. In consuming markets this is not sufficiently allowed for, nor how hard-put-to fazendeiros have been to meet upkeep and keep things a-going. The same causes that obliged fazendeiros to realise any stocks they might be holding, are active still, and if in spite of all such pressure, new crop entries to date are only slightly below last season's, it does not necessarily follow that assertion as to the lateness of the current crop were mistaken, but that, now the old crop is exhausted, the difference between last and this year's entries should, if our conjectures were correct, be progressively accentuated.

In their circular of 4th July, Messrs. Rouse and Co. assert that the 3,150,000 bags of valorisation stocks will be sold in the course of the current season, but on what grounds they found the supposition, seeing that the Committee has only just announced its intention not to sell any coffee at all this year, is difficult to say. They estimate the current crop as follows:—

Santos .....	9,250,000
Rio .....	3,000,000
Victoria and Bahia .....	500,000
	12,750,000

As regards coffees of other origins, they believe the current crop will be smaller, though reserving opinion as to possible surprises on the part of Robusta.

Deliveries, they believe, will be quite up to last year's. The course of prices, they believe, will depend largely on news of the coming flowering.

According to the Department of Agriculture of S. Paulo, the number of coffee trees in that State in 1913 amounted to 716,122,417, of which 102,600,000 or over 14 per cent. were planted in poor soil and 98,950,000 or over 13 per cent. are old or decadent trees. These figures do not include trees planted during the last five years, for which no statistics are yet forthcoming.

The East Java Rubber Company report that the coffee harvested during 1913 was 1,363 cwts. more than for 1912 and only 292 cwts. short of the estimate. Although the crop was sold forward, owing to the fall of prices, great difficulty was experienced in disposing of it to the buyers and on their rejection lower prices were accepted. The current crop is estimated at 4,614 cwts., the falling off as compared with 1913 being due to drought in the spring of this year.

The report of the Telogaredjo United Plantations (Java) for 1913 states that 673 acres more had been planted up with Robusta coffee and Hevea. During the early part of the year considerable trouble was experienced through small pox and plague making their appearance, but these diseases have since been stamped out. Coffee gave 6,997 piculs or 8,496 cwts., as against estimates of 7,000 piculs. The prices realised were: Java, 48.86; Libeira, 63.34; Robusta, 44.48 guilders per picul. The directors regret that owing to the very severe drought which prevailed during and after the blossoming period, the forecast of a good coffee crop in 1914 will not be realised. Instead of 15,000 to 20,000 piculs, which the first flowering indicated, it is now estimated that the crop will hardly exceed 4,000 piculs. At the time of blossoming the weather was very dry and the fruit unable to set and the large harvest fell from the trees and was lost. Up to the end of June 2,305 piculs or 2,799 cwts. of coffee had been harvested. Regarding prospects for 1915, the following is an extract from the visiting agent's report:—"The coffee has completely recovered from the dry weather in 1913, and the amount of new wood formed is extraordinary." It simply depends on the weather during the next six months, and especially in September, whether we are to harvest large crops in 1915 or not."

## COFFEE IN THE DUTCH EAST INDIES.

### JAVA.

The report of H.B.M. Consul at Batavia states that a severe drought prevailed over the whole island during a great part of the year 1913, causing a shortage in all the principal crops.

Production of coffee for the last three years was as follows:—

	1911	1912	1913	1914*
	Tons	Tons	Tons	Tons
Government—				
Java (Arabia) ....	875	4,011	2,498	2,315
Liberia .....	322	308	165	157
Robusta .....	143	547	683	543
Private—				
Java (Arabica) ...	6,072	10,826	4,122	6,085
Liberia .....	3,592	3,273	2,119	1,717
Robusta .....	9,359	15,295	19,420	27,901
	20,363	34,260	29,007	38,708

\*Estimated.

Throughout the year prices of Java (Arabica) and Liberia of good quality were well maintained, but prices for Robusta collapsed during the early part of the year, quotations dropping from 45fl. per picul to as low as 29fl. per picul. Towards the close of the year a slight recovery has to be recorded, prices rising to about 32fl. per picul.

### SUMATRA.

Practically the whole of the coffee on the East coast of this island is interplanted in rubber or some other permanent cultivation, and presumably most of it will in due course be cut out. A rough estimate of the area under coffee gives the following:—

Under—	Acres
Robusta coffee .....	30,000
Liberia coffee .....	6,000

Excluding coffee shipped to Java and other parts of Netherlands East Indies exports have been as follows:—

	Tons
1910 .....	1,123
1911 .....	1,120
1912 .....	527

Expectations of heavy receipts during July and rumours of a hitch in Brazilian loan negotiations may have checked buying, says the New York "Commercial," of 6th July, but there was no indication of any pressure from short supplies and the Brazilian financial situation is now said to be strengthening and the loan finally assured.

Mr. Sieleken's cable had some reassuring effect, says the New York "Journal of Commerce," of 6th July, for the delay in the Brazil loan hardly tends to facilitate bullish operations. Advice to the effect that Wille cabled that the July receipts in Santos would be about the usual volume attracted less attention because of the indefiniteness, though apparently intended as an offset to the prediction that they would be 900,000 to 950,000 bags. From now on, it is awaited that crop advices will play more of a part in the market and before many weeks frost scares are expected to make their appearance. Options are low as compared with recent years, but the visible supply is 1,000,000 bags larger than in 1913, which prevents bullish sentiment from gaining ground.

Messrs. Miller and Co., of New York, in their circular of 30th June say:—"The opinion quite widely distributed by this House, that there would be valorisation sales of coffee this year, met with a prompt official denial of any such intention, and with the subject causing far more excitement than in opinion it warranted. As against this particular matter, we observe that the new Brazilian loan has not yet been consummated, and in connection with this we still adhere to our view that this loan and the valorisation situation have more or less connection, despite reports to the contrary. It is, of course, well known that the terms of the S. Paulo loan of 7 1/2 million pounds sterling, permit redemption thereof before maturity date out of the surtax and sales of coffee, and viewing the Brazilian financial situation as a whole, it would certainly appear not to be assisted by the presence of this colossal holding of coffee, which, at these low levels of prices, and the atmosphere surrounding them, might well enough give cause for anxiety as to the final disposition of what has now become a liability, instead of an asset. Surely the veriest layman will admit that Brazil would be better off with these 3,142,000 bags of coffee out of the way—and probably the sooner the better.

It is curious how persistently the Federal loan is dwelt on as a bull factor for coffee. No doubt, easier monetary conditions should improve local markets and so enable owners to hold out for higher prices. Otherwise, it is not evident in what precise manner a loan, intended chiefly to pay off European creditors, leaving but very little for Brazil, would improve coffee prices very much.

The loan would, on the one hand, for a time help to re-establish the equilibrium of foreign payments and so tend to steady exchange and, *coeteris paribus*, to coffee prices. The failure of the loan and inevitable suspension of payments that would ensue, would, on the other hand, have an identical effect on exchange, with the difference that it might be more lasting. Even so generally well-informed a journal as "The American Grocer" seems to imagine that the loan now being negotiated in London is for account of S. Paulo, seeing that it goes to the trouble to explain that it has been specially provided that none of it shall be utilised to bolster up coffee! No doubt a quite different loan will before long be brought out for S. Paulo, possibly even before that for the Federal Government, of which several million sterling will certainly be employed in carrying out the measures for which the loan is intended and so putting backbone into the S. Paulo market. The current crop promises to be short and when probably in the autumn, the loan becomes available, the long expected reaction will probably and most opportunely materialise. It would be well for our readers to bear this in mind, as within a very few months the importation of some five million sterling will necessarily alter the financial and commercial position very materially.

## MONEY.

Gold in deposit at the Caixa de Conversão on Saturday, 1st August, amounted to Rs. 156,843,865\$, equivalent to £10,456,256, a shrinkage of £489,361 since the previous Saturday, and of £7,944,245 since the beginning of the year.

Gold in deposit 12th Feb, 1913 (max)	401,584,500\$	£26,772,300
" " 1st January, 1914	276,007,520\$	18,400,531
" " 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
" " 30th June, 1914	187,078,829\$	12,471,922
" " 31st July, 1914	156,843,835\$	10,456,256

**Exchange.** The Banco do Brasil continued to draw sparingly on Monday and Tuesday, for market takers, at 16d. on London at 90 days' sight, for the mails of 4th and 11th August, but retired completely from the exchange market during the rest of the week, though the Bank is reported to have bought what bills were obtainable in Santos on Friday at 15 1-16.

**Monday, 27th July.** The market opened with the London and Brazilian and the British Bank quoting 15 13-16 for drafts at 90 days' sight on London, but which they immediately lowered to 15 25-32, the rate the other foreign banks quoted at. Commercial bills were sold in the forenoon at 15 13-16, but some banks refused to buy under 15 7-8. Soon after mid-day the market rapidly weakened to 15 11-16 for bank drafts and 15 3-4 for commercial bills. At the close the market hardened slightly and closed with no money for commercial bills under 15 25-32, but the banks' drawing rates remained unchanged at 15 11-16.

**Tuesday, 28th July.** The market opened undecided. Foreign banks quoted 15 11-16 to draw and some offered to buy commercial bills at 15 25-32. The market soon developed weakness and closed with banks refusing to draw better than 15 19-32. Commercial bills were wanted at 15 21-32, but there were no sellers.

**Wednesday, 29th July.** At the opening of the market the Banco do Brasil confessed its inability to continue furnishing drafts for even small amounts at 16d. In face of this the foreign banks declined to quote effective rates. Actually something was done in bank drafts at 15 1-2 at the opening, but the rate decline to 15 1-4, but was merely a nominal quotation for payment of bills due.

**Thursday, 30th July.** The market opened with banks quoting a nominal rate of 15d. and offering to buy commercial bills at 15 1-8. Business was done at this rate and at 15 1-16, but the market firmed on exporters selling out, and bills sold at 15 5-32 and 15 3-16, after which several banks drew at 15 1-16. The news, however, of a slump of 80 points in the New York coffee market arriving soon after 1 o'clock caused renewed weakness and at the close banks quoted 14 7-8, but the rate was nominal.

**Friday, 31st July.** Banks quoted a nominal rate of 14 1-2, which served as the rate for payment of sterling bills due at the banks. The rate remained unchanged all day and practically no business was done.

**Saturday, 1st August.** The banks adopted the rate of 14d. for the collection of sterling bills due. The British Bank drew fairly freely at 14d. and some banks also drew at this rate. Repassed bank paper was sold at 14 1-8.

The extremely critical situation of Europe and the fear of a general conflagration affected all markets and brought business to a complete standstill. On Thursday the Bank of England raised its official minimum rate of discount from 3 to 4 per cent. On Friday it was again raised to 8 per cent. and on Saturday still further to 10 per cent.

We understand that all idea of issuing inconvertible paper money has for the time being been set aside and the Government is now studying a scheme for the issue of short date gold bonds for not more than 50,000 contos, bearing interest at 5 per cent. and redeemable at the rate of 16d. per milreis. We are anxious to know what guarantee the Government can give that the bonds will be redeemed at due date.

Business Done on the Rio Stock Exchange during the week ended 1st August, 1914:—

Amount	Price	Closing Quotations.	
		Sellers	Buyers
<b>PUBLIC FUNDS—</b>			
325	Apol. Geraes de 1:000\$		
	5% i(integ.)	800\$-820\$	802\$ 799\$
5	Ditto (tit. prov.)	810\$	790\$
2	Ditto, 500\$, 5% (integ.)	800\$-825\$	
16	Ditto, 200\$ 5%, (integ.)	780\$-800\$	
11	Emp. Nacional (1903)	900\$-910\$	905\$
429	Emp. Nac. (1909)	774\$-812\$	778\$ 774\$
88	Emp. Nac. (1911)	790\$-805\$	774\$ 760\$
28	Est. de Minas	780\$-800\$	780\$
636	Est. do Rio (4%)	74\$-78\$500	76\$ 74\$
10	Ditto (6%) 500\$	47\$	400\$
48	Emp. Municipal (1906)	180\$-184\$	180\$ 174\$
186	Ditto (Nom.)	188\$-190\$	190\$
152	Ditto (Nom.)		285\$ 274\$
486	Ditto (1914)	150\$-158\$	152\$ 149\$
	Ditto (Nom.)		150\$
<b>BANKS—</b>			
	Brasil		180\$ 170\$
	Commercial		135\$
	Commercio		150\$
85	Lavoura	100\$	102\$
	Mercantil		220\$ 200\$
<b>RAILWAYS—</b>			
450	Minas S. Jeronymo	13\$500-14\$	20\$ 15\$500
120	Réde Sul Mineira	35\$-40\$	
<b>INSURANCE COMPANIES—</b>			
9	Garantia	260\$	
10	Integridade	40\$	
<b>COTTON COMPANIES—</b>			
20	Brasil Industrial	160\$	
11	Corcovado	130\$	
	Covilhã		60
	Progresso Industrial		160\$
<b>SUNDRIES—</b>			
1400	Docas da Bahia	20\$-22\$	20\$ 16\$
42	Docas de Santos	420\$-434\$	410\$
20	Ditto (Nom.)	428\$-429\$	410\$ 350\$
2700	Loterias Nacionaes	16\$-19\$	17\$
300	Terras e Colonisação	6\$	5\$ 4\$
<b>DEBENTURES—</b>			
20	Antarctica Paulista	200\$	
	Brasil Industrial		185\$
33	Cervojaria Brahma	202\$	
	Conf. Industrial		170\$
476	Docas de Santos	170\$-184\$	175\$
500	Luz Stearica	180\$	
	Mercado Municipal		175\$
30	Tecidos Botafogo	90\$	95\$ 80\$
3500	Soberanos	16\$800	
5000	Ditto (30 days' opt.)	17\$500	

## RUBBER.

London, 10th July, 1914.

The market closed with plantation rubber down again to 2s. 2d. and Hard Pará at 2 9½d. and apparently likely to go lower, as, indeed, was only to be expected in view of the increase of 46 per cent. in plantation and insignificant decrease of 1 per cent. in Amazon kinds.

Owing to less frequent tapping and to some plantations in the East having been abandoned, but chiefly to the fact that many of the older plantations have reached maturity, the increase of production this year aggregates only 46 as against 60 per cent. last year.

That consumption has failed so far to overtake production is evidenced in falling prices of both species of rubbers.

Receipts to end of May of Plantation and Amazon rubbers were as follows:—

	1914	1913
Pará, 1 Jan. to 31 May	20,600	20,790
Straits and Ceylon, ditto	19,335	13,733
Both	39,935	34,523

Exports from Pará, inclusive of Bolivian and Peruvian rubbers, show a shrinkage for the first five months of less than 1 per cent., whilst from the East exports show an increase of over 40 per cent., whilst for Plantation and Amazon rubbers together, the increase is only 15.8 per cent. To what extent this increase is offset by falling off in other wild rubbers is impossible to tell in the absence of reliable statistics.

	6th July, 1913		Fall
	s. d.	s. d.	
Hard Fine Spot	2 9½	3 1	12.2%
Entrefina	2 7	2 10	8.8%
Soft Fine	2 3½	2 6	8.3%
Up-river Caucho ball	1 7	1 10	13.6%
Up-river scrappy	1 7	1 9½	11.6%
Plantation	2 2	2 3¼	4.6%

It is significant that quotations for distant markets of both plantation and Amazon rubbers are now for the first time almost on a par.

For the season ended 30th June, receipt at Pará, inclusive of Bolivian and Peruvian rubbers, were 39,130, as against 41,950 tons for 1912-13, a decrease of 2,820 tons or only 6.72 per cent., the shrinkage during the first half of the crop having been largely recovered in the second.

Deliveries in Great Britain were 1,400 tons less than for the preceding season, 2,100 tons less in the United States, where plantation seems to have been rapidly substituting Pará kinds.

As I anticipated, the rubber trade in the United States has not recovered, manufacturers finding difficulty in disposing of their stocks of tyres. The whole automobile business there was, in fact, overdone and, as trade generally is unmistakably falling off, does not seem likely to recover very quickly.

As production of raw rubber increases, that of the reclaimed article grows *pari passu*. The production of reclaimed rubber is certainly enormous, anything indeed from 100,000 upwards per annum. It, in fact, is the chief factor in keeping rubber prices down. Statistics show the margin between production and consumption to be too slight to account for so persistent a depression, which can only be attributed to the addition to supply on a very large scale that could only come from the reclaimed article.

The London Rubber Exhibition now open is a revelation of the possibilities of rubber. A rubber tennis court has attracted great attention and proved a great success. A tinal rubber paving laid down in one of the main streets of the city has proved equally successful and is certain to find imitations both here and abroad. Tessellated rubber tiling will also have a great vogue; whilst a perfectly new adaptation of rubber pads to keep the keys of railway ties from loosening seems secure of success. It takes time, of course, to thoroughly test inventions, but once inventions of this kind are adopted, the actual planted and raw rubber areas together would soon prove inadequate to supply the demand.

Besides, within a few years, three or four at most, actual planted areas will have reached maturity and the increase of production will cease and with it naturally the increase of reclaimed rubber also.

Consumption is growing daily and may, in consequence of some new application of rubber, take an immense and irresistible impetus from one moment to another. In a very few years the rubber industry will have definitely emerged from its tribulations and a period of rising prices set in, to eliminate, unless checked betimes, in a fresh boom and renewed planting.

With such prospects it would be suicidal to allow the wild rubber industry to succumb, strangled by the rapacity of creditors and governments.

Were there a Morgan amongst them a way would be quickly found to tide the Brazilian industry over the next few lean years. It is senseless to imagine that with consumption growing at the rate it is the world can do without wild rubber—the best so far extant. At the moment immediate prospects are not rosy, but we are just now in a transitous stage between over and under production, such as coffee went through when in consequence of over-production prices sank below production level.