

MR. J. P. WILEMAN'S WEEKLY LETTER

"MOSTLY ABOUT COFFEE"

September 22nd, 1914.

No. 38.

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, 21st September, 1914.

No quotations are available from foreign markets.
At Rio No. 7 was quoted at 6\$300 per 15 kilos.

Entries for the week ended 17th September and 18th September respectively were as follows:—

	1914	1913
Rio	27,679	70,501
Santos	145,953	420,301
	<u>173,632</u>	<u>490,802</u>

Decrease, Rio for week, 48,822 bags, or 60.7 per cent. compared with last year.

Decrease, Santos, for week, 274,348 bags, or 65.3 per cent. compared with last year.

Decrease, both ports, for week, 317,170 bags, or 64.8 per cent. compared with last year.

Entries for crop to September 17th were:—

	1914	1913
Rio	425,639	653,494
Santos	1,532,669	3,789,224
	<u>1,957,708</u>	<u>4,442,718</u>

Decrease, Rio, for crop, 227,855 bags, or 36.1 per cent. compared with last year.

Decrease, Santos, for crop, 2,257,155 bags, or 59.0 per cent. compared with last year.

Decrease, both ports, for crop, 2,485,010 bags, or 55.9 per cent. compared with last year.

Entries at Rio and Santos to September 17th or corresponding dates of previous six years were:—

1914-15—1,957,708	1911-12—4,097,569
1913-14—4,442,718	1910-11—4,321,324
1912-13—3,481,765	1909-10—6,617,542

Clearances to 17th September were as follows:—

	Week ended 17 Sept.		Crop to 17 Sept.	
	Bags	£	Bags	£
Rio	19,481	27,252	419,541	872,701
Santos	196,042	351,111	868,979	2,272,997
1914-15	215,523	378,363	1,388,520	3,145,693
1913-14	497,954	1,342,550	2,633,670	7,272,848

Decrease clearances for both ports for current crop to 17th September, 1,245,150 bags, or 47.3 per cent., as against 45.1 per cent. on Sept. 10th.

Decrease in value £4,127,150 or 56.8 per cent., as against 53.2 per cent. on September 10th.

Stocks were:—

	Sept. 17th	Sept. 10th
Rio	1,020,067	1,077,504
Santos	1,020,051	1,051,721
	<u>1,152,118</u>	<u>1,179,225</u>

Stocks Rio and Santos—

September 18th, 1913	2,863,410
September 11th, 1913	2,749,379
September 19th, 1912	2,592,264

Santos, September 20th, 1914.

The coffee market continued firm during the week, especially for qualities suitable for the States. Offerings were more restricted which indicates that confidence is slowly returning and that a basis is found on which to start regular business again.

It seems that the European continent is equally willing to resume transactions, as we hear of several steamers being expected to load for Havre. So far prices offered from this port are said to be too low to lead to business. Holland has been buying here of late and will very likely continue to do so. About 45s. c.&f. has been paid for primes, appr. type 4.

The United States markets have been more reluctant during the week and low transactions only have been booked for that destination. Deliveries to consumption there have also been smaller lately, indicating good supplies in the interior, which must be reduced before fresh orders are sent out, although it would be good policy to lay in stock at these prices, as Brazil is most decidedly unwilling to dispose of the whole of its crop at prices which are nothing but the outcome of a general trade disorganisation. Surely, means will be found to store 5 to 6 millions of bags here until they are required by consumption, which is only a question of a few months and we hear that the Federal Government is now more inclined to help the different States whose oversea trade is affected by the general conflagration and give them the means of either buying produce or lending on it; not only coffee, but all other kinds of of an imperishable nature.

An emergency issue is contemplated, redeemable as soon as the produce bought or lent upon is leaving the country.

This would immediately solve the question, as means would be put into circulation in sufficient quantity to pay the arrears in wages, etc., which would again allow cultivation to be extended and to produce more of whatever kind it may be, which at the lower rate of exchange would find an easy outlet in the international market, should ours be too marrow.

Necessity, dire necessity, will at last force Brazil to adapt its monetary unit to its productive capacity; there will, of course, be less travelling and spending abroad, less lavish expenditure of all kind, but it is after all not for the drones that a nation forms itself, but with the intention to give an honest living to honest labour.

Arrivals have been increasing with the better prices and will most likely continue on the present scale until the Government scheme is in working order, when the crop may be marketed without restrictions.

Shipments have kept apace with arrivals and the stock on hand has remained the same.

The longed for rain has fallen at last, although a good deal more is required to improve matters thoroughly.

The stock in Havre has suffered another reduction of about 60,000 bags during this week and it is most likely that these gradual withdrawals will continue, not only for French consumption, but also to supply the Mediterranean, whilst Hamburg stocks will be drawn upon by Scandinavia. We are of opinion that consumption will not suffer much by the war, although the non-combatant population of the coffee-drinking countries will have to restrict its use owing to their smaller income, but on the other hand the armies standing in the field will consume all the more of the beverage, which is proved to be the best refreshment and stimulant in arduous tasks, besides the present low prices will stimulate consumption in the States. Thus we presume that at the end of the crop year not much less than the now customary 18 millions of bags will have been consumed.

As for the exchange rates, an approximation of that on New York in relation to the one on London has taken place. The dollar is worth now about 4\$000, equal to about 12 11-32, whilst bills on London can be sold at about 12d., if all the requirements of the bank as to the drawer can be fulfilled.

The premium on gold notes has advanced a trifle to 6 per cent. with a firm tendency upwards.

The delightful times of years gone by, when exporters had to speculate in practically everything which was necessary to carry on their trade are fast approaching. Coffee, exchange, export gold duty, freight—all these are already more or less unknown quantities and are kept open to "palpites."

London, August 12th, 1914.

Following the example of the British Government, France has undertaken the national insurance of French bottoms and cargoes on the same basis as the British. This will no doubt be a powerful factor towards the reestablishment of normal commercial conditions, but as the "Bulletin du Correspondance" points out, the

give way to mobilisation. Now that is over it may be possible to situation is without precedent. At present everything has had to resume business in spot, though terme transactions are still in abeyance. But is one or the other in reality possible? If arbitrage of stocks seemed to be necessary at all, it was certainly on the eve of the declaration of war, as the breakdown of markets proved. Now we have to sell coffee to the army and for consumption. But to sell it it is necessary to repurchase terme, because no one will venture on speculation at this moment. It is this that makes the position so embarrassing, seeing that terme sales can only be fed by those who desire to get out of a difficult position or by imports, impossible for the moment. Nevertheless it is probable that buyers will be supplied by sales against imports, but it is necessary to find means of financing them before sales can recommence. That for the moment cannot be thought of, Brazilian markets being closed until August 15th and navigation not being yet free from danger. The declaration of war has brought about a big rise in New York because most of the transport between Brazil and New York is effected in British or German steamers. Ultimately there has been some reaction, which is explained as follows:—

Brazil cannot now count on any financial assistance and must live on the sale of its produce. In all probability Brazil will be deprived of German purchases and perhaps of those of the North of Europe. It is also likely that, unable to import, Germany will lay hands on the 1,000,000 bags of "Valorisation" coffee at Hamburg, as also may other countries. It is therefore possible that all the Valorisation stocks may be disposed of and though the S. Paulo Government intended not to sell over 300,000 bags next year, events may prove more powerful than its intentions. The war cannot reduce production, but may well cause a reduction in consumption not apparent, perhaps, for the moment, seeing how urgent are military requirements. Consumption in the long run depends on the prosperity of consumers, which must inevitably suffer from war. Summing up, it would appear that if for a time prices remain relatively high for spot coffee, nothing can change the natural course of events, which tend towards an increase of production and decrease of consumption. No terme quotations have been registered up to date (Aug. 10). It is, however, reported that whilst sales had been effected 3fr. below the last quotation of 31st July, 3 to 4 frs. higher have been paid when it has been possible to find buyers.

10th August—More interest is shown in coffee at Havre and some few thousand bags were disposed of yesterday at 56 frs. for September and 55 frs. for December. To-day 56 frs. for December and 57 frs. for March were accepted with sellers for March at 58 frs.

"The American Grocer" of 5th August remarks:—"Coffee is advancing, not through any extra demand but for lack of transportation, as it cannot be shipped without risk of capture. The United States is immune, but unfortunately there is no merchant marine under the American flag sufficient for the transportation of our commodities and return cargoes. Whilst this blockade continues all countries like our own, must depend on the coffee in stock or just arriving before new supplies can be obtained. If the ocean blockade is of long duration there can only be one outcome—higher prices for the stock on hand. Santos 4s have already advanced since Saturday, 1st August, from 10¼, lowest sale, to 13½c. firm on Monday and Tuesday, with the prospect of another advance by Wednesday. There is some trading in futures, though the Exchange is closed, but it is not general. Monday's quotations were 7.65c. for September, 7.85 for December and 8c. for March, a rise in all three of 90 to 95 points since July 30th. The immediate effect of the war news was to stop the demoralisation of the coffee market which began on Thursday, when futures as well as spots showed pronounced weakness; occasioned by the large decline in futures and fear of break in Brazil growing out of the failure of the £20,000,000 loan.

It is well at this juncture for the trade to look the situation in the face and realise that there are not more than 2,000,000 bags of actual coffee in the whole American market available and that afloats will but add 200,000, even if successfully landed. The supply is therefore insufficient for over 4 months and none can be shipped to us from Europe for fear of capture (not to mention the fact that valorisation coffees have been disqualified by American law.)

The safe thing, therefore, is to buy and sell in the daily order of business whilst avoiding speculation. The rapid rise of American exchange is of as much concern as any other feature and possibility of a further advance halts action, as buyers can make no real contracts as to cost until exchange is added thereto.

The new crop movement in Brazil is heavy enough to make sure of rapidly increasing supplies. There is no fear of a coffee famine provided safe shipment is assured.

Coffee Exchange Closing. The board of managers of the New York Coffee Exchange have not reported any resolutions, but some members say that the reply of Secretary Ely of the Stock Exchange to certain inquiries concerning trading while the exchange is closed was brought up in the meeting and was said to be exactly the situation in coffee trading. That is, the managers ordered the Coffee Exchange closed with the intention that all trading in futures should cease but it is possible that some cases may occur where trading would be warranted. These cases are in no sense speculative.

Trading on the "curb" since the exchange was closed is reported to be for evening and liquidation purposes only and as such is considered within the spirit of the closing. Business is claimed to be entirely against spot transactions.

As yet there seems to have been little talk about opening the exchange again, and some members argue that it should not be reopened until the holiday in Brazil ends on August 15.

Robusta. The report of the Anglo-Dutch Plantations of Java Company, one of the most important coffee planters, states that the result of the coffee crop has been below anticipation, and the prolonged drought has much to answer for in this regard. Not only during 1913, but also over 1914 and even possibly during next year, the crops will continue to reflect the effects of the unfortunate weather prevailing last year. If it had been favourable during the year under review, we ought to have obtained a considerable revenue from this source. The plants were stunted during their early stages of growth by the drought, and, as the rubber was growing so well, it was considered advisable where the coffee was most unsuccessful, that it should be rooted out, in order to give the rubber trees a better chance, and this has been done over some 500 bouws. The flowering was so ruined by the excessive dryness of last year that this year we cannot expect a very large crop. In point of fact, during the first six months of this year, we have only obtained 4,036 cwts, against 5,565 cwts for the first six months of last year. This, however, may be partially accounted for by the fact that the season is later this year both for coffee and rice. I am glad to say that this year the flowering promises so well that we entertain great hopes of a change for the better in our 1915 production. Our Liberia coffee has suffered as well as our Robusta. This is a great pity, as the prices we obtained for our Liberia were very satisfactory and remain so. Next year we hope for a considerable increase of income from our coffee.

Considering that it takes 5 or 6 days to get letters and papers from Havre, only 12 hours distant normally from London, it is to be expected that you in Brazil must fare much worse and for that reason may find quotations of New York curb and other markets of interest.

The New York Coffee Exchange is expected to open to-morrow. No determination has been reached as regards London, but the "Correspondance de Havre" trusts that in view of the reopening of the ocean to traffic that market will not lag behind very long.

Nortz and Co. had an unpleasant experience of intolerance at Havre, where their house was assaulted and Mr. Nortz obliged to skip to London and proposed to start a coffee house there. That, too, will be effectually knocked on the head by the treatment now meted out to Germans even in England.

MONEY.

Exchange. The exchange market continues unchanged. Bills are very scarce. Some banks have drawn spasmodically at rates between 11½ and 12d. at 90 days' sight. The cobrança rate was 12¼d. all the week.

Gold. The Caixa de Conversão continues closed, but a fair amount of sovereigns changed hands at prices varying from Rs. 20\$600 to Rs. 21\$000.

Business Done on the Rio Stock Exchange during the week ended 19th September, 1914:—

Amount	Price	Closing Quotations.	
		Sellers	Buyers
PUBLIC FUNDS—			
342	Apolices Geraes, 1:000\$ 5% (integ.)	8106-8286	835\$ 828\$
133	Ditto (tit. prov.)	805\$-810\$	810\$
3	Ditto, 500\$, 5% (integ.)...	820\$	
33	Ditto, 200\$ 5% (integ.)...	800\$-8206	
3	Emp. Nacional (1903)	9006	905\$
1115	Emp. Nacional (1909)	798\$-808\$	802\$ 800\$
49	Emp. Nacional (1911)	8006	800\$
74	Est. de Minas Geraes	790\$-801\$	8006 780\$
232	Est. do Rio (4%) ex-div....	77\$-80\$	80\$ 79\$
3	Ditto (ex-div.)	786	
1	Ditto, 500\$, 6% (nom.)	4456	
266	Emp. Municipal (1906)	185\$-200\$	186\$500
	Ditto (nom.)		200\$ 199\$500
75	Ditto (£20)	296\$-2986	3106 296\$
150	Ditto (nom.)	294\$-298\$	298\$
536	Ditto (1914)	155\$-163\$	
50	Ditto (ex-div.) port.	158\$-159\$	156\$ 155\$
BANKS—			
40	Braizl	170\$	180\$ 173\$
	Commercial		145\$ 120\$
7	Comercio	155\$	160\$
5	Lavoura	95\$	100\$
50	Mercantil	208\$	205\$
	Nac. Brasileiro		220\$ 180\$
RAILWAYS—			
	Goyaz		30\$
1404	Minas S. Jeronymo	18\$500-20\$	20\$ 19\$
200	Norte do Brazil	23\$	
100	Rôde Sul Mineira	35\$	40\$ 33\$
COTTON COMPANIES—			
	Brazil Industries		175\$
SUNDRIES—			
100	Centros Pastoris	19\$	20\$
100	Docas da Bahia	21\$	23\$500 20\$
50	Docas de Santos	370\$-375\$	390\$
141	Ditto (Nom.)	370\$-375\$	350\$
	Loterias Nacionaes		17\$
	Melh. no Maranhão		35\$ 30\$
100	Terras e Colonização	6\$500	6\$
DEBENTURES—			
46	America Fabril	180\$	190\$ 178\$
3	Banco União	70\$	
	Confa. Industrial		160\$
	Corcovado		190\$
	Mageense		100\$
50	Mercado Municipal	175\$	178\$ 170\$
102	Docas de Santos	177\$-178\$	177\$ 170\$
5	Progresso Industrial	175\$	180\$ 175\$
	S. Pedro d'Alcantara		170\$
	Tecidos Botafogo		100\$
27	Banco C. R. de M. Geraes	102\$	
5700	Soberanos	20\$750-20\$800	

London, August 12th, 1914.

The American Government has mobilised itself financially and, thanks to the emergency issue, is now prepared to face the worst. The Chicago Chamber of Commerce has asked the President to use his influence with Great Britain and France to have foodstuffs declared not contraband of war and the Merchants Association of New York has telegraphed asking President Wilson to postpone further anti-trust bills. It does not, however, seem likely that the declared policy will in either case be revised to serve purely commercial ends.

It is expected that the Stock Exchange will shortly be reopened. The correspondent of "The Daily Telegraph" states that it is practically certain that all American railways will at once issue

an embargo against foreign shipments, thereby suspending the export business of the country. The Standard Oil Co., with 80 per cent. of its business abroad, can find no market for its product and thousands of its men are being discharged. General curtailment of output in the United States steel mills is looked for. City improvements are everywhere being held up and work aggregating \$50,000,000 at New York alone suspended. American securities are being dumped wholesale on the New York market, \$25,000,000 having arrived there by a single steamer; but, owing to the demoralisation of foreign exchanges, cannot be paid for, so that American residents abroad find it difficult to get remittances. An American millionaire, once resident at Rio, and having large interests there and in the United States, told me that he was penniless, as he could not raise a penny on Brazilian stock and, though he could sell in New York, there was no way of transferring the money!

There can be no doubt of the sympathy of the American people with Great Britain in this struggle and, as Mr. Bryan remarked, "the intelligent opinion of a country containing 100,000,000 English speaking people is no small thing"; but it seems early yet to talk of mediation. Cheap economists, who maintain that Europe's loss must be America's gain, are pilloried to-day as false prophets. There may be some ultimate gain to the United States if the conflict is prolonged, but for the moment there are no evidences that all over the world we must all suffer together from the dislocation of trade and suspension of industry war always entails.

The Argentine Government, which was reported to be considering a declaration of *curso forcado*, has wisely decided to limit its action in this direction to prohibition of export of gold and of coal. If any country stands to win from the war it is certainly Argentina, the purveyor to Europe of articles of prime consumption that it cannot do without. Prices of wheat and meat are rising already and likely to rise much more if war continues long, so Argentina has only to wait for its balance of trade to be redressed and gold to flow back to its Caixa de Conversão.

The leading German branch banks in London, inclusive of the Deutsche, the Dresdner and Disconto Gesellschaft banks, did not reopen for business, as all other banks did, on Friday 14th. At the Deutsche bank a notice was posted stating that "owing to the state of war business is necessarily discontinued until an application to H.B.M. Government for a licence has been granted." Similar notices were posted by the other banks. These banks have a large amount of acceptances which they are desirous of meeting, but the case, says "The Times," involves questions of law which will be dealt with by the authorities in due course.

Amongst other acceptances, there must be a number of coffee bills that, if not met by the banks themselves, must be protected by the endorsers or drawers.

The following notice has been sent out to customers and constituents of the Deutsche and Dresdner Banks and of the Direction der Disconto-Gesellschaft in London:—

Dear Sir,—We beg to inform you that permission has been granted to us by the British Government to carry on banking business in the United Kingdom, subject to the following limitations, conditions, supervision and requirement as to the deposit of money and securities:—

(1) That the permission shall extend only to the completion of the transactions of a banking character entered into before August 5, 1914, and that no new transaction of any kind, save such as may be necessary or desirable for the purpose of the completion of the first-mentioned transactions, shall be entered into by or on behalf of the British establishments of the bank.

(2) That the business to be transacted under this permission shall be limited to such operations as may be necessary for making the realisable assets of the bank available for meeting its liabilities, and for discharging these liabilities as far as may be practicable.

(3) That all transactions carried out under this permission shall be subject to the supervision and control of a person to be appointed for the purpose by the Treasury, who shall have absolute discretion.

(a) To refuse to permit any payment that may appear to him to be contrary to the interest of the nation;

(b) To permit any such new transaction as are in his opinion necessary or desirable for the purpose of the completion of the transactions first mentioned in Paragraph (1);

(c) To permit or refuse to permit the completion of any particular transaction whatsoever.

(4.) That any assets of the bank which may remain undistributed after its liabilities have, so far as possible in the circumstances, been discharged shall be deposited with the Bank of England to the order of the Treasury.

In pursuance of Clause 3 above, Sir William Plender, of 5 London-wall-buildings, London, E.C., chartered accountant, has been officially appointed by the Treasury as the controller, and in exercise of powers conferred upon him, he has nominated Mr. Lionel Maltby, of 5 London-wall-buildings, London, E.C., chartered accountant, as official supervisor, to act in his name and on his behalf in the performance of the above-mentioned duties conferred upon him.

All communications should, as heretofore, be addressed to the bank.—Yours faithfully,

MANAGER.

The question of the position of an alien director of a bank carrying on business in this country is not yet quite clear, and one authority states that, according to the Law of Nations, on the outbreak of war a German who is a director of an English company ceases to be a director.

The letter referred to above, addressed to the Treasury by the committee representing foreign banking interests, was, we understand, something to the following effect: After pointing out that neither the moratorium of the 2nd inst. nor that of the 5th dealt with certain bill transactions, it remarked that the London branches of some of the German banks had, in the ordinary course of business, accepted considerable amounts of bills estimated at between £12,000,000 and £15,000,000. These acceptances were discounted, too, for large amounts by the foreign banks concerned and their colleagues, who, in turn, rediscounted part of them with the clearing banks and discount houses, and still hold the remainder. On the outbreak of war the London branches of the German banks in question were closed, and on account of the critical situation, and in consequence of their status, these banks are not in a position either to meet their acceptances at maturity or to avail themselves of the moratorium and so postpone payment. As a result of this position the foreign banks in question in regard to the bills which they have rediscounted will naturally be compelled to meet the bills at due date without the privilege of the postponement given by either of the Proclamations of the 2nd and 5th inst. The idea seems to be that it was not intended by the framers of the Proclamation to omit provision for such bills. The view of the foreign banks is that doubtless the intention of the Proclamations was that both drawers and endorsers of all bills held in this country should have the same benefits of the moratorium as are granted by the later Proclamation to persons liable on their negotiable instruments and contracts. The above is only one of the many instances of hardship and stress to British drawers and other parties to bills of exchange who are not affected by the Proclamation of the 2nd inst.

Here is another case. It is that of a German bank which had funds at its London bankers before the outbreak of war, and had instructed such bankers to pay certain bills of exchange. These bills are now in the hands of holders for value in this country, who presented the same for payment at maturity. Payment, however, has been refused by the London bankers in the belief that such payments might not be legal. As a result, the bills have been returned and the claim is made as against the British endorsers that the bills are immediately payable.

How thoroughly the monetary situation here has been got in hand is proved by the reduction on Thursday of the bank rate to 6 and on Friday to 5 per cent., as against $4\frac{1}{2}$ per cent. this time last year. The public is once more paying gold freely into the banks and a great improvement should be shown in next week's bank returns.

The new notes are a purely emergency issue, are not Bank of England notes and, therefore, not convertible at sight. In fact they, like the Brazilian Treasury notes, are paper money pure and simple and depends for its value on the quantity emitted and the British balance of international payments. At present, of course, in spite of the upheaval, this balance is favourable and there is, therefore, no premium on gold. But should that balance be upset and the stock of gold, consequently, suffer serious reduction, a premium would quickly be established, as was the case in the Napoleonic wars a hundred years ago.

These notes have been much criticised from the oesthetic point of view and, indeed, are about as much a sample of the printer's art, as could be imagined. The only course was urgency and it is understood they will be shortly replaced by something more prepossessing. I send you one as a sample. The legend says:—

"These notes are a legal tender for a payment of any account. Issued by the Lords Commissioners of His Majesty's Treasury under authority of Act of Parliament."

ONE POUND.

13 33	No.	Signature John Bradbury Secretary of the Treasury.
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No intimation is conveyed on the Note itself how or when it will be redeemed. It is, in effect, just a paper token, like silver, with the difference that it possesses no "intrinsic" value.

A new Proclamation is to be issued that will considerably extend the moratorium for bills of exchange that will expire on 4th August. It is proposed that the new moratorium should come to an end on 4th October, but that wages, salaries, payments under workmen's compensation and insurance acts, as also of liabilities not exceeding £5, liabilities for rates and taxes, maritime freights, debts of residents abroad and bankers' issues, old age pensions and Government payments shall be exempt.

"The Daily Telegraph" puts the receipts of ordinary life assurance offices in normal times at £45,000,000 per annum, of which 1/3 is derived from interest and £2,500,000 from sale of annuities. For claims under policies and annuities, annual payments are about £26,000,000, £3,000,000 for surrenders and £4,000,000 for commissions and expenses. About £500,000 are paid to shareholders and £2,000,000 have lately been written off for depreciation. In round figures the income of life offices is £47,500,000 and outgo £35,000,000 and net receipts, therefore, £12,000,000 per annum, available for reinvestment under normal circumstances.

The scheme for Government reinsurance of British enemy-risks to the extent of 80 per cent. is already working and British shipping beginning to move more freely. The flat rate on cargoes remains at £4 4s. per cent. and the rates quoted yesterday for hulls from 25s. to £4 4s. per cent. It is expected that the trade routes to S. Africa will remain open under the Government scheme of Imperial insurance against war risks.

There are still a few German cruisers at large that, with improved cruisers, will be a menace to British trade until they are finally disposed of. It is therefore possible that the old system of convoy may be renewed, for which the older British cruisers, of which there are plenty, will be available. In addition, the ships of the big lines, like the Canadian Pacific, Cunard and Royal Mail, may be fitted out to meet German raiders and may be counted on to give as good an account of themselves as did their predecessors under similar circumstances.

Off the Brazilian coast the Glasgow is reported to have made several captures and as the Bremen is in the same neighbourhood an engagement between them is not improbable.

The manner in which contraband of war will be affected is not clear, and adds very considerably to the risks of shipment even of cargoes carried in neutral bottoms, consigned to neutral ports by neutral shippers. Until that is thrashed out no cargoes except those covered by British Government insurance will be even comparatively safe from capture. The Dutch s.s. Numantia was brought into Falmouth on its return from Santos and the cargo of coffee consigned, I believe, to Hamburg or Bremen, has been held up. Holland, in fact, is the only weak point in the commercial blockade of Germany, insofar as being a neutral oversea supplies could be still obtained by Germany through Dutch ports.

The prohibition of exportation of food stuffs has been extended by Great Britain and the other members of the alliance against

Germany to coffee. In consequence, a shipment of coffee from Java to Port Elizabeth, in South Africa, via London, has been held up and cannot be reshipped from British ports to its destination. This seems most unnecessary, as the consumption of coffee in Great Britain is so small and the British stocks so considerable as to be an almost negligible factor of food supplies. It would, moreover, be extremely prejudicial to the maintenance of the British oversea trade, the main object of the scheme of Imperial insurance of war risks and absolutely destructive of hopes of Great Britain's regaining its former privileged position as distributor amongst continental nations of oversea products. No doubt as soon as the position is properly understood, exceptions will be made in favour of produce like coffee, not indispensable for the consumption of Great Britain or her colonies.

On cargoes afloat I understand £4 4s. have lately been paid for insurance against war risks from Victoria to New York shipped in British bottoms and, so long as sufficient shipping under the American flag is not available, American trade with Brazil will be liable to much the same changes as British.

This will tend to increase the cost of delivery of coffee all over the world and, whilst raising the price in consuming countries, be no advantage to Brazil, unless indeed, the supply of coffee should fall off sufficiently to compensate not only the increased cost of delivery but the decrease of consumption that the rise of coffee prices in Germany and Austria must entail unless stocks in those countries can somehow be renewed.

There are some 1,000,000 bags of valorisation coffees in Germany and about 250,000 at Austrian ports. What will happen should the stocks in commercial hands run short? To judge from the arbitrary methods of Governments in general in war times, there would not, probably, be much hesitation in laying hands on the stocks belonging to S. Paulo, which might bring Brazil into conflict with the German and Austrian Governments, unless a price for sale of these coffees to the German Government were previously adjusted. Otherwise, these stocks are likely to fetch high prices and to prove some compensation to S. Paulo for the abnormally low prices that the war has brought about.

The returns for British trade for the month of July, though but slightly affected by war conditions, show how seriously even British oversea trade is at length feeling the world-wide depression. This cannot fail to be still more accentuated during the war, as the enormous British trade with Germany and Austria must cease and that with most if not all other continental countries fall off very seriously indeed. There may, it is true, be later on some increase in trade with oversea countries like the United States, Brazil and Argentina, that drew so large a proportion of manufactures from

Germany, but that will be small compared with the terrible falling off from other countries. Imports in July fell of £2,399,891, Exports £2,708,828 and Re-exports £485,427. For the seven months the total decrease of British foreign trade amounted to £9,862,692.

German Banks and British Traders. The following letters appeared in the London "Times":—

Sir,—Although the German banks in London are open, no business is being done. This presses upon many traders who need cheques and orders drawn upon the Deutsche and other Berlin banks in the City received as payment for goods supplied here or for shipping orders. When these are presented for payment the clerks in charge explain that nothing can be paid out until the Government has decided how the business is to be dealt with. The writer received this week from a British Colony an original order for money drawn upon the Deutsche Bank in London, and, having paid it into a bank in the usual way, has received from the manager the following note:—

"Permission to the German banks in London to resume payment has not yet been given by the Controller appointed by the Government. We are therefore holding for the present the cheque drawn upon the Deutsche Bank received from you for collection, and we will advise you later as to the fate of the same."—Yours truly,

(Miss) A. Meehan.

200, Marylebone-road, Aug. 18.

Sir,—Considerable hardship is being caused to many English firms or companies who are owed money by German customers; more especially is this the case on the Stock Exchange, owing to many German members having been called back to fight for the Fatherland. On the other side there is money owing to the Germans by the English (my company owes between £75 and £100), but whether this is as much as is owed to us by the Germans I presume no one can say.

At the end of the war the Board of Trade could collect what money it could get from the Germans and, if thought fit, pay German accounts which it has received during the war to the original German creditors—of course as far as the money received from Germans will enable them to do so.—Yours faithfully

Nettlefold and Sons (Limited).

Oswald Nettlefold, Governing Director.

54, High Holborn, W.C., Aug. 19.

