

MR. J. P. WILEMAN'S WEEKLY LETTER

"MOSTLY ABOUT COFFEE"

September 29th, 1914.

No. 39.

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, 28th September, 1914.

No quotations are available from foreign markets.

At Rio No. 7 was quoted at 6\$500 per 15 kilos.

Entries for the week ended 24th September and 25th September respectively were as follows:—

	1914	1913
Rio	26,157	74,812
Santos	184,327	378,839
	<u>210,484</u>	<u>453,651</u>

Decrease, Rio, for week, 48,655 bags, or 65.0 per cent. compared with last year.

Decrease, Santos, for week, 194,512 bags, or 51.3 per cent. compared with last year.

Decrease, both ports, for week, 243,167 bags, or 53.6 per cent. compared with last year.

Entries for crop to September 24th were:—

	1914	1913
Rio	451,796	728,306
Santos	1,716,396	4,168,063
	<u>2,168,192</u>	<u>4,896,369</u>

Decrease, Rio, for crop, 276,510 bags, or 37.9 per cent. compared with last year.

Decrease, Santos, for crop, 2,451,667 bags, or 58.6 per cent. compared with last year.

Decrease, both ports, for crop, 2,728,177 bags, or 55.7 per cent. compared with last year.

Entries at Rio and Santos to September 24th or corresponding dates of previous six years were:—

1914-15—2,168,192	1911-12—4,838,156
1913-14—4,896,369	1910-11—4,938,125
1912-13—3,956,994	1909-10—7,311,563

Clearances to 24th September were as follows:—

	Week ended 24 Sept.		Crop to 24 Sept.	
	Bags	£	Bags	£
Rio	17,043	25,754	436,584	898,455
Santos	42,393	80,174	1,011,372	2,353,171
1914-15	59,436	105,928	1,447,956	3,251,626
1913-14	314,168	900,744	2,947,838	8,173,592

Decrease clearances for both ports for current crop to 24th September, 1,499,882 bags, or 46.1 per cent., as against 47.3 per cent. on Sept. 17th.

Decrease in value £1,921,966 or 61.4 per cent., as against 56.8 per cent. on September 17th.

Stocks were:—

Rio	136,031	132,067
Santos	1,077,484	1,020,051
	<u>1,213,515</u>	<u>1,152,118</u>

Stocks Rio and Santos—

September 25th, 1913	2,894,686
September 18th, 1913	2,863,410
September 26th, 1912	2,600,171

Santos, September 26th, 1914.

The covering of short engagements for fear of Government intervention and a more active demand from the States as well as from the few neutral countries in Europe produced during the week a further rise of prices for those qualities which are wanted and up to 5\$600 per 10 kilos is said to have been paid for desirable coffees equal to type 4.

The news that a neutral steamer, the "Gelria," of Dutch nationality, had been held up and taken to Plymouth to have

her cargo submitted to the judgment of a prize court or for closer investigation of the documents regarding ownership, etc., made a very bad impression amongst exporters and notwithstanding lower exchange, business became more difficult. At the same time arrivals from the interior suddenly increased very heavily, owing, of course, to the better prices paid lately; but this will certainly not contribute to firm the market, the less so as a certain group in Congress and part of the Rio press are against any Government measure making an issue in aid of coffee.

In the interest of the small trade which is now carried on with Europe, the British Government ought to clearly stipulate under what conditions coffee in neutral bottoms is considered contraband of war and how documents have to be made out to guarantee the goods against being seized.

Not only commerce, but also and especially Brazil, as the producing country, has a right to have a clear definition regarding this.

In the case of the "Gelria" an English firm is the biggest shipper, and it cannot be the desire of the British Government to hurt its subjects. One, moreover, does not quite see the object of declaring coffee contraband of war. There are about 2,000,000 bags of coffee in Hamburg or Bremen, which will last for about ten months at the present rate of consumption in Germany. Trieste must hold about 500,000 bags, this being sufficient for 5 to 6 months; in addition an invisible supply is held everywhere in these countries. Thus the aim in view of preventing new supplies going there is, if not defeated, at least of very little consequence, whilst people and nations who have nothing whatever to do with the war, are injured uselessly.

Another incident which is likely to prevail on the trade with the States is the foundering of the Indian Prince by one of the German auxiliary cruisers. She had a cargo of about 37,000 bags of coffee for New York and the Moorish Prince from the same destination is overdue also, so that receivers are likely to favour neutral ships, Brazilian and American.

Difficulties are arising everywhere, in spite of the good intentions of the S. Paulo Government, everybody and everything seems to be dead against this article.

The reopening of the terminal market is also eagerly canvassed for, in which for obvious reasons the brokers and Cia Registradora are most interested; it remains to be seen whether difficulties of another nature will not arise which will make speculation in future too risky to be indulged in.

We hear the New York Coffee Exchange will open on Monday, but only work in the interest of liquidating outstanding contracts.

Receipts have increased, as already stated, considerably during the last two days, so that from now onwards an accumulation of stock is inevitable.

Shipments amounted to about 536,000 bags for the month, of which the States has taken about 372,000 and they are likely to buy the same quantity every month, but if receipts increase beyond 50,000 bags without means being created to store the surplus a decline of the currency and the gold price appears inevitable.

News from the interior reports a good flowering, but fear is expressed that the state the trees are in will not allow of its maturing for a crop yield above the average.

London, 1st August, 1914 (Delayed in transmission).

Dr. Nabor Jordão explains the large increase of entries of Minas coffees at Santos during the late crop to be due to the difference between duties payable at Rio and Santos.

At Rio such coffees pay 8.5 per cent. ad valorem duty and 3 francs per bag of 60 kilos supertax, the latter payable on coffees exported to foreign countries, but not that retained for home consumption. On a bag of coffee valued at 48\$000, Dr. Nabor reckons that Minas and Rio coffees intended for Santos consumption have an advantage of 1\$440 per bag.

The export movement of Santos arrivals in 1913-14 was, in bags, as follows:—

Total entries	10,855,549
Passagens	11,271,306
Exported abroad	11,290,902
Shipped coastwise	16,561
Consumption aboard	882
Total	11,308,345

Sales declared	7,264,704
Exported to United States	4,205,705
" Hamburg	1,572,609
" Havre	1,448,077
" Holland	1,657,699
" Trieste	731,928
" Other countries	1,702,227
	11,308,245

On the same principle I calculate that the current crop will not exceed nine million bags at best, because the lack of rain during the hot season and the irregularity of the flowering both point that way. In fact, the official valuation for purposes of the estimates puts the current crop at 8,622,730. Heavy rain from October to March always result in big crops when the preceding crop was a moderate one, whilst insufficient rainfall during this period gives rise to a small crop two years after. Taking for analysis the three most important districts and summing up the rainfall registered by the pluviometers in each district during the period under observation, the following results are obtained:—

Season	Aggregate Rainfall.	Yield in Bags
1909-10		1911-12
October-March	3,638.9 mm.	9,972,260
April-September	916.8 mm.	—
1910-11		1912-13
October-March	2,656.1 mm.	8,584,797
April-September	1,225.0 mm.	—
1911-12		1913-14
October-March	4,278.4 mm.	10,855,454
April-September	597.3 mm.	—
1912-13		1914-15
October-March	3,029.5 mm.	8,622,730
April-September	1,645.0 mm.	—

A big crop exacts a rainfall of at least 4,000 mm. in these three districts. If it falls below 3,000 mm. crops are always small, as occurred in 1912-13. On similar lines, it may be concluded that the 1915-16 crop will not be a big one, as the rainfall in the three districts only received 3,388 mm. as follows:—

Ribeirão Preto	1,180,000 mm.
S. Carlos	1,173,000 mm.
Botucutú	1,035,000 mm.
	3,388,000 mm

For these reasons entries at Santos are not likely to exceed 9,500,000 at most and only because the 1912-13 crop was a small one is even this figure likely to be attained.

The current crop may be estimated as follows:—

Santos	8,622,000
Rio	2,850,000
Bahia and Victoria	500,000
Other countries	4,800,000
	16,772,000

whilst consumption will probably reach 18,600,000 bags and there will be, therefore, a shortage of 1,828,000.

Verified stock, 30th June, 1914:—

Commissarios and shippers	267,392
Cia. Paulista de Armazen Geraes	219,008
Cia. Central de Armazen Geraes	61,866
Cia. Internacional de Armazen Geraes	37,749
S. Paulo Railway	13,081
Docks	9,260
Total	608,350

Collected by Recebedoria de Santos: Duties, Rs. 58,364,000\$; Supertax, frs. 54,808,847.

Referring to the considerable difference between general estimates for the 1913-14 crop and the reality, P.P., a writer on

economic subjects in the "Estado de S. Paulo", says:—In spite of protests that in no case the 1913-14 crop would be over 10,000,000 bags, it has exceeded that quantity by about one million bags, and my estimate based on the rainfall has been confirmed by facts. The heavy rainfall in October of 1911 and March, 1912, prepared the way for even a heavy crop in 1913-14, but not for a crop 1,000,000 bags in excess of the previous one.

In consequence of the political crisis the Sydicat du Commerce des Cafés and the official brokers have agreed to suppress morning quotations of coffee on the Havre coffee bourse until fresh determination. Only one quotation will, from 27th July, be now published at mid-day.

London, 1st September, 1914.

Prices have of late fluctuated violently. At one time December fetched 54 frs. at Havre and only a few days later as much as 57 frs could be got.

At first the war was, in consequence of small domestic supplies, regarded in most consuming markets as a bull factor. But now that trade routes are comparatively free and war risks reduced to 2 per cent., opinion is rapidly veering round and all fear of communication being interrupted having disappeared, is becoming decidedly pessimistic.

Transport and insurance difficulties never were, in fact, sufficient to explain the firmness in consuming markets and could always have been got over by raising c.&f. prices were there not other impediments to shipments not so easily surmounted.

Some coffee, no doubt, has and is still being shipped on consignment by owners of actual coffee at Rio and Santos. But it cannot in any case amount to much, in view of the difficulty connected with financing even freight and insurance.

The trouble is purely financial and until some new basis for international credit can be assured, it is difficult to see how with moratoria in both consuming and producing markets the deadlock is to be got over.

At present no one at Rio or Santos can sell because there is no rate of exchange, except in certain special and determined cases, where, in default of a quoted rate of exchange, gold has been deposited at Montreal and other agencies of the Bank of England to serve for cover for drafts, as was lately done by Hard, Rand and Co., who deposited \$40,000 dols. in gold with the agency of the Bank of England at Montreal for that purpose.

The London moratorium, which should close to-morrow, will probably be extended for another month, whilst that at Rio should come to an end by 15th October, should the new issue of paper money get into circulation by that time.

Seeing, therefore, that post-moratorium bills will not be affected by either moratorium, there seems no reason why exchange should not then be quoted and international trade between Brazil and Great Britain go on as formerly, subject, of course, to the restriction that a further and, I fear, inevitable heavy fall of exchange may entail.

With an issue of paper so large as that contemplated there will be no lack of money of a kind wherewith to mobilize the immense stocks of produce accumulated since the declaration of war by Great Britain and no excuse, therefore, for further extension of the moratorium on the part of Brazil.

The only hope, indeed, of an early resumption of international business seems to lie in the mutual withdrawal of all possible restrictions on trade.

Whilst in Brazil the question is almost purely one of money, in London it is complicated by the liquidation of pre-moratorium acceptances, amounting to hundreds of millions sterling, and by the critical position of the London and New York Stock Exchanges. So far no solution has been found to the problem; but it is believed that brokers will be obliged to clear their engagements at the Stock Exchange and that the balance left over will be liquidated by means of a fund guaranteed by the British Government, after the model of the Baring liquidation in 1889.

But, even if this plan should be adopted, it would not ensure against a renewal of the panic in case of a serious reverse to the Allies, and until their predominance be indisputably demonstrated there could be no stability for stock markets nor for the banking operations founded upon them.

Otherwise every reverse of the Allies would be the signal for new depreciation, a victory for recovery, and absolute defeat for a debacle worse than anything yet witnessed.

The Government and traders generally are anxious for the moratorium to be closed and the Stock Exchange to be reopened, but the clearing banks, who are the largest holders of stock exchange securities, and stand to lose most from fresh depreciation, resist it. The British Government has already issued Treasury bills to finance the war to the amount of £30,000,000, but cannot go on much longer in this slipshod way and must ultimately appeal to the country for support in the form of a war loan of several hundred millions. Hence the necessity of reopening of the Stock Exchange, essential for placing bonds at a reasonable figure. Government is consequently between the devil and the deep sea—if it does not guarantee the Stock Exchange, no loan; if it does and there is a reverse, away go quotations and all chance of a favourable quotation with it!

The key of the problem, financial, commercial and economic, lies, in fact, in the solution of the *impasse* at the Stock Exchange.

But apart from the difficulties in financing coffee shipments, there is another and still more vital domestic problem to be solved, that is, how, in the face of declining consumption, is the price of coffee to be maintained?

That consumption in Germany and Austria is bound to fall off goes without saying, seeing that, even were valorisation stocks at Hamburg and Trieste available, actual coffee in those countries would soon be exhausted and without any hope of renewal except on a very small scale through neutral ports.

In France the requirements of the army will scarcely do much more than compensate the falling off of domestic consumption caused by the withdrawal for war purposes of millions of consumers. In most other countries the tendency is to economise as much as possible on dispensables and can scarcely fail to affect the consumption of coffee.

In the United States it is possible that consumption might even grow so long as prices were kept at the actual low level. But elsewhere, unfortunately, a shrinkage in consumption is to be reckoned with.

As I always, insisted, the lower exchange and consequent transitory reduction of the cost of production is only advantageous to the planter and exporter when the demand, at least, balances the supply. Otherwise, when supply exceeds the demand, the competition to sell from this side would neutralise the advantage of lower exchange and be as disastrous to coffee as it was from 1895 to 1900. To stimulate consumption in the commercially beleaguered countries, "Valorisation" stocks should be sold for what they might fetch, no doubt at a handsome figure and the product be reinvested in coffee stored at Santos. This would reduce stocks available in free markets by 1,500,000 bags or more.

Higher prices are believed to compensate smaller crops and so to favour planters.

From this point of view it would therefore seem necessary to carefully weigh the prospects of supply against those of the demand amongst the consumers in neutral and the allied countries and so restrict exports as to keep supply and demand at least on a level. This the Government of S. Paulo is already authorised by law to do and should not hesitate to put its powers into execution if necessary.

This, of course, would be valorisation in a new form and might be hostilized by the United States and even be made the pretext for an import duty. But so long as exports were sufficiently restricted, any action of the United States, short of absolute prohibition, extremely improbable, might be viewed with equanimity.

The price of coffee depends on the demand and supply: restrict the supply sufficiently and consumers will see to it that they get their coffee even if they have to pay more for it.

Apropos of valorisation, the plan of Government purchases of cotton for storage in view of the anticipated decline of consumption in Europe is being seriously entertained in the United States, and what's sauce for the goose is sauce for the gander, anyhow.

New York, Aug. 26.—Market firm. No official dealings. Kerb September 9.50.

New York, August 29.—Coffee has been easy owing to larger Santos receipts, prices quoted on kerb showing decline of 10 points. December 7.15c., March 7.30c. Rio No. 7, 7 7/8c.

London, 28th August.—Spot inactive but steady. The London Produce Clearing House has issued the following: "It has been decided on recommendation of the Coffee Committee that the

liquidation of contracts shall be allowed to continue by the brokers on the basis of settlement of prices named in our circular of 19th July, until further notice. Communicate with your brokers if you wish to liquidate any contracts. Members who have contracts open both ways will be allowed to liquidate one side, subject to the approval of the Clearing House with alatitude of 6d. per cwt. either way."

Afloats for the U.S. from Brazil on 19th August were 339,000 bags, as against 288,000 last year. All this coffee now leaving Brazilian ports is said to be business arranged for before the end of July.

The feature of the market to-day, says the New York "Journal of Commerce," was the action of the Exchange to close the curb market, which, it was said, had resulted in abuses that could be remedied in no other way. Brokers are reported to have been taking new business in the shape of sales which forced prices down 1 1/4c. in two days on comparatively light transactions, to the detriment of holders of actual coffee who had out hedges. The Board of Managers accepted the services of a committee of five to facilitate the liquidation of contracts. The effect of the closing of the kerb market has been to stiffen prices. The Board of Managers requested members interested in contracts, prior to December, to submit their commitments and intentions to the committee at earliest moment. All transfers of existing contracts into December should be made at 30 points differences for August and September, 20 for October and 10 points for November. It was said that the Board had the support of the largest September interests in the suggested arrangements. Freight rates at Rio reported advanced from 40c. and 5 per cent. to 60c. and 5 per cent.

Cables from Santos report that Theodor Wille & Co., of Santos had been instructed by the firm at Hamburg not to import or export at present.

With regard to the arrangement of letters of credit at New York for payment of coffee in Brazil, no satisfactory arrangements so far had been made, financial conditions in Brazil being confused and the old method of sending to London seeming out of the question, arrangements are now being made for some method of direct exchange with Brazil. As a rule Brazilian bankers are not willing to handle drafts on New York banks.

Cables from Brazil state that the Banks have only partially resumed payments and pay only 10 per cent. on deposits during the moratorium of 30 days.

The accumulation of coffee at Santos accounts not only for the slight increase in stocks in spite of difficulties of shipping, but also for the serious falling off of the receipts of the S. Paulo and other coffee railways.

London, 9th September, 1914.

Relying too exclusively on financial pressure on producing markets to maintain an uninterrupted supply, American markets for two years and more persisted in the hand to mouth policy that has landed them in just the position that was to be expected, should anything abnormal happen to interrupt supplies, as evidenced to-day in the wide margin between price for actual and future delivery.

The rise of prices to 13c. for spot coffee being purely adventitious, is of little if any advantage to producing markets, handicapped as they are by difficulties of every kind, and, in fact, can only be relatively profitable even to the lucky holders of the million and odd bags of actual coffee in the U.S.A., seeing that the panic in American markets has already subsided and, though spot prices are maintained, the decline of options by 2 1/2c. a lb. from the recent recovery shows that as soon as normal conditions as regards financing, freight and insurance are reestablished, there will be no real lack of coffee and that spot prices must, consequently, fall.

The option market is entirely artificial, there being few buyers at the "pegged" prices of July 30th and no ready sale, as the

fact that holders of September must either receive the coffee or switch to December at 30 points, conclusively proves, neither of the alternatives suiting the views of those who bought with the idea of realising at a profit on reports of post. Covering by shorts is lacking, because they are not obliged to buy for over a month and the situation would seem to favour their side of the market.

Actual coffee, says the New York "Journal of Commerce," is now a matter of private negotiation, quotations being entirely nominal, as sellers are shy of the prospects. There is still great difficulty in arranging credits and, indeed, must be until the moratoria in producing and consuming markets all disappear. New York credits are of little advantage to Santos, as sales made are cash against documents and are practically consignments sold in advance with names of buyers cabled, American gold being shipped back in payment on the credit sold in connection with American exports of flour, etc. The difficulty in this kind of business, which will be necessarily small, lies, principally, in the uncertainty as regards the rate of exchange that may rule when the gold is delivered. The National City Bank, that had embarked in the business, finds not so simple as it appeared and is said to be granting accommodation very sparingly. Cost and freight is hampered by the difficulty of securing credits, whilst Santos 4s were quoted at 10c. against New York credit; for London credit $\frac{1}{4}$ c. less would have been accepted. Business is still more disorganised by the big German firms, that practically monopolised this branch of business with Europe and even a good deal of it with the United States, being entirely shut off from banking facilities at Hamburg, whilst at London they find very little or no encouragement. So, though Santos and Rio require to sell, business is very difficult, but the new issue of paper will serve to oil the wheels of commerce and help to make things go easier at least for a time.

There is no lack of tonnage and both insurance and freight are falling and tending to become normal again. The sinking of a British steamer off Pernambuco may delay for a time further reduction of freight and insurance, elsewhere effected, but as the seas are gradually cleared from enemy cruisers, navigation will become safer. War risks on the Mediterranean and Brazilian routes have been already reduced from 50 to 25 per cent and ships on these routes being dispatched with full cargoes, 2 per cent. being the war risk in the open market yesterday.

The liquidation of the September interest at New York has been most successfully effected by the Committee of five, 333,000 bags having been already disposed of. Spot trade, says the "Journal of Commerce," of 29th August, is good and roasters must buy, whatever their ideas as regards eventual prices may be. Shipments from primary markets are small; but now that English lines are renewing sailings supplies should be more regular. The question is, who can hold out the longer, American consumers or Brazilian producers? Roasters in need of premium coffees are paying fancy prices, ranging for 4s from $12\frac{3}{4}$ c. to $13\frac{1}{4}$ c. and even $13\frac{1}{2}$ c.

U.S.A. stocks, inclusive of 343,000 afloat, on 29th inst., were 1,392,851 bags, as against 1,568,288 in 1913.

At Havre business, which otherwise would be slack, is stimulated by large purchases for military account. The market which opened weak on 22nd, closed with few sellers even at 55 frs. on the evening. Since then there has been a relapse, prices closing on 30th Sept. at 51.50 frs. for September. Deliveries for the month of August were 85,608, as against 185,704 in 1913 and stocks of all kinds 2,852,353, as against 2,271,085 on same date 1913. Of the above, some 1,000,000 bags are "Valorisation" coffees. What would happen should all this coffee be seized by the Germans and sent off to Berlin or Hamburg, as seems not impossible, seeing how close the enemy is to Havre?

Besides coffee, Havre, the Liverpool of France, has immense stocks of cotton, wool cacao, and spices. What a haul that would be if Germany could only get hold of it, it would keep their army going for a long time without any necessity of importing fresh supplies from anywhere at all!

Advices from New York to 28th August states that writs were issued yesterday for 40,000 bags. The liquidation of the September position seems complete as many contracts have recently been transferred to December. The amount of coffee afloat for U.S.A. is now beginning to decrease and, whilst more business is being done in c.&f., fresh purchases are believed to fall short of current

deliveries. Such a situation, says the New York "Commercial," encourages firmness on the part of those holding supplies, particularly of the higher grades and the spot market has become very irregular. There is, too, a very wide difference between coffee offered in the c&f market and prices asked for supplies from the local stock. Santos 4s, for instance, are offered for prompt shipment from Brazil, subject to war delay, at $9\frac{3}{4}$ c., whilst the same grade and description is held by some firms at $13\frac{1}{4}$ c. in the local stock. This may represent apprehension of an import tax as well as uncertainty of shipment and the growing scarcity of desirable grades. Generally speaking, quotations average 7 7-8c. for Rio 7s and 12 7-8 for Santos 4s in the local spot market.

Havre quotation, 2nd September: December 56 frs.; May 57 frs.

The new York "Commercial," of 28th August states:—The September notices issued in the local coffee market yesterday were estimated at about 40,000 bags, and it seemed to be the general impression in the Street that the delivery of this coffee would practically complete the liquidation of the September position, as many contracts have recently been transferred to December. Otherwise, there were no fresh developments so far as the old interest in futures was concerned, and there appeared to be little change in the spot situation. Receipts at the interior Brazilian points are increasing. Considerable coffee has been cleared from the Brazilian ports since the first of the month, so that the stocks at Rio and Santos combined have increased only slightly, while the railroads were refusing fresh shipments from the interior, and it looks now as if the embargo on such shipments has been at least partially removed. Clearances from Brazilian ports for the United States Wednesday amounted to 3,000 bags, but the amount of coffee afloat for this country is now beginning to decrease, and while more business is being done in cost and freights, fresh purchases are believed to be falling short of current deliveries.

This is a situation which naturally encouraged firmness on the part of those who hold available supplies, particularly in the case of the higher grades, and the spot market has become very irregular. There is, too, a very wide difference between coffee offered in the cost freight market and the prices asked for supplies from the local stock. Santos 4s, for instance, are offered for prompt shipment from Brazil, subject to war delay, at $9\frac{3}{4}$ c. The same grade and description of coffee is held by some firms at $13\frac{1}{4}$ c. in the local stock. This may represent apprehension of an import tax as well as uncertainty of shipment, and the growing scarcity of desirable grades. Generally speaking, quotations average around 7 7-8c. for Rio 7s and 12 7-8 for Santos 4s in the local spot market.

MONEY.

Exchange, Monday, 21st September. The rate for collection of bills due this day opened at $12\frac{1}{4}$ d. Banks would not quote for the market, excepting the Banco Commercial Ultramarino, who offered to draw at $11\frac{1}{2}$ d.

Tuesday, 22nd September. The market was again nominal and no drawing rates were quoted. The rate for collections was the same as yesterday.

Wednesday, 23rd September. The rate for collection of bills due this day was lowered to 12d., otherwise the market remained the same as yesterday, excepting the Banco Ultramarino, who offered to draw at $11\frac{1}{4}$ d.

Thursday, 24th September. There was again no change in the market, banks declining to draw. The rate for collections was 12d.

Friday, 25th September. The market opened a little brighter and a moderate amount was done at $11\frac{1}{4}$ d., suitable bills for cover being sold at $11\frac{1}{2}$ d. The rate for collections was 12d.

Saturday, 26th September. Suitable bills for cover having disappeared, the banks were again unwilling to quote a rate, the Banco Nacional Ultramarino being the only one to offer to sell at $11\frac{1}{4}$ d. for small amounts, but the general feeling of the market is of general weakness. The rate for collection of bills due this day fell to $11\frac{1}{2}$ d.

Gold. Owing to the scarcity of bills a fair amount of gold changed hands during the week at prices varying from Rs. 21\$000 to Rs. 21\$600.

Ratio of Cash to Deposits at Call in the Banco do Brasil and principal foreign banks in Rio de Janeiro on 31st August, 1914:—

	Deposits at call.	Cash	Ratio
Banco do Brasil	102,540:423\$577	30,470:054\$419	29.71%
London & Brazilian	12,060:254\$400	9,075:851\$890	75.25%
London & R. Plate	11,099:923\$250	8,017:768\$280	72.23%
British of S.A.	31,403:450\$210	15,049:170\$060	47.92%
Brasilianische	11,246:922\$932	4,631:466\$543	41.18%
Allemao Trans.	8,363:898\$565	3,499:821\$985	41.84%
Germanico	8,632:973\$619	1,571:924\$210	18.20%

Business Done on the Rio Stock Exchange during the week 26th September, 1914:—

Amount	Price	Closing Quotations.	
		Sellers	Buyers
PUBLIC FUNDS—			
336 Apolices Geraes, 1:000\$ 5% (integ.)	828\$-840\$	838\$	831\$
45 Ditto (tit. prov.)	810\$-812\$	810\$	
10 Ditto, 3% (nom.)	600\$		
7 Ditto, 500\$, 5% (integ.)...	810\$-830\$		
15 Ditto, 200\$	810\$-830\$		
24 Emp. Nacional (1903)	880\$-900\$	895\$	
667 Emp. Nacional (1909)	800\$-805\$	804\$	800\$
4 9 Emp. Nacional (1911)	800\$	798\$	
Est. do Espirito Santo		700\$	
129 Est. de Minas Geraes	790\$-800\$	795\$	
157 Est. do Rio (4%, ex-div.)...	78\$-80\$	79\$	77\$500
64 Ditto (ex-div.)	78\$-78\$500		
Ditto, 500\$, 6% (nom.) ...		480\$	450\$
179 Emp. Municipal (1906) ...	185\$-187\$	187\$500	186\$
50 Ditto (nom.)	200\$	201\$	
102 Ditto (£20)	300\$	310\$	295\$
120 Ditto (nom.)	297\$-300\$	310\$	
531 Ditto (1914)	157\$-160\$		
Ditto (ex-div.)		160\$	158\$500
Ditto (nom.)			165\$
BANKS—			
67 Brazil	173\$500-180\$	182\$	178\$
Commercial		135\$	
Commercio		158\$	130\$
50 Lavoura	90\$	98\$	90\$
60 Mercantil	209\$	220\$	208\$
Nacional Brasileiro			180\$
RAILWAYS—			
200 Minas S. Jeronymo	19\$	20\$	18\$
Norte do Brasil			12\$
Rêde Sul Mineira		45\$	35\$
COTTON COMPANIES—			
Argos Fluminense			900\$
Garantia		290\$	235\$
Brazil Industrial		175\$	
SUNDRIES—			
Centros Pastoris		20\$	
2400 Docas da Bahia	20\$-21\$500	21\$500	20\$
30 Docas de Santos	370\$	380\$	
228 Ditto (nom.)	360\$-370\$	380\$	
600 Loterias Nacionaes	17\$	18\$	16\$500
Melh. no Maranhão		35\$	30\$
DEBENTURES—			
Corcovado			195\$
895 Docas de Santos	170\$	170\$	165\$
Magéense		100\$	60\$
Manufactora Fluminense			70\$
83 Mercado Municipal	170\$-178\$	177\$	172\$
25 Progresso Industrial	175\$	180\$	
1 S. Pedro d'Alcantara	170\$	170\$	

Tecidos Botafogo	100\$	80\$
20 Victoria (meias)	177\$	
20 America Fabril	195\$	
8263 Soberanos	21\$100-21\$800	
25000 Francos	\$845	
20000 Marcos	1\$030	

London, 1st September, 1914.

The Board of Trade has issued a warning to all joint stock companies not to pay dividends or interest during the war to any person resident in enemy territory, but to pay same into a separate account at a bank, to be disposed of at the conclusion of the war, also that no transfer of any shares or debentures from persons resident in enemy country can be registered during the war.

Up to date 225 enemy's ships of 1,000,000 aggregate tonnage have been captured or detained at British and allied ports, with cargoes of a value exceeding £300,000,000 sterling.

Something like dismay has been caused by the announcement of the Bank of England that "in the event of any bill which has been accepted for discount being unpaid and refused reacceptance, such bill must be taken up by the discounteer," in view of the previous and positive undertaking of the Bank to discount approved bills on the application of the holder without recourse to such holder. The explanation offered by the Bank for so eccentric a proceeding is that the original discount "without recourse," applying as it did only to approved post-moratorium bills, implied reacceptance if the bills were not taken up at maturity. The practical underlying reason is that advantage had been taken by certain persons of the well intentioned offer of the Bank to deposit with it a considerable quantity of inferior bills and that in consequence of the rush of business during the last week or so, it was impossible to examine in detail all the paper offered. This, of course, has cast a damper on the discount market and tends to hamper even post-moratorium business.

Money, however, is plentiful and loans for a day and a week were placed at 2½ per cent. Sixty days' bills were done at 4 3-4/5 per cent. and 3 months bank bills at 4 3-4-5.

An agreeable feature is the increased strength of the Bank of England and further additions to the stock of gold, amounting now to 43½ millions sterling, or more than at same date last year. Now that the competition of Germany and Russia has been eliminated, the Bank of England is practically the only buyer of both bullion and American gold coin.

The unemployed balances of the joint stock banks have risen to the enormous total of £124,000,000, and, as the "Daily Telegraph" says, lends some colour to complaints that certain banks are curtailing traders' facilities. Loans for speculative purposes and particularly for attempts at monopolising commodities with a view to appreciation have certainly been discountenanced, but otherwise legitimate trade is, it is asserted, being assisted so far as the duty to depositors allows. In the early stage of the crisis the banks were no doubt chary of paying out cash over the counter, but now this difficulty has largely been removed by the issue of treasury notes and liberal discount of pre-moratorium bills.

The total amount of currency notes issued by the Treasury up to 26th August was £23,200,617 10s., of which £1,655,553 had been cancelled, leaving £21,535,064 10s. outstanding.

The failure to give any explanation as to the reason for not meeting the coupons of the 1910 Federal loan has given rise to some angry comment in the City, where the only satisfaction that could be obtained is the declaration of Rothschild that they "had no instructions to pay." At the Legation the default on the interest coupons was explained by the general financial crisis and the failure of the long expected loan, which obliged payment to be postponed perhaps until december.

Messrs. Boulton Bros and Co. announce that the October coupon of the State of Rio de Janeiro £3,000,000 loan will be paid on due date.

The traffic receipts of the S. Paulo Railway for the week ended 28th August show a decline from £58,432 in 1913 to £19,922 in 1914.

The rate for war risks that stood at 5 guineas per cent. on 5th August was reduced on 8th August to 4 guineas, on 18th August to 3 guineas and to-day, 1st September, to 2 guineas. Yesterday 3 per cent. was being quoted in the open market. The State office has contributed very materially to steady the insurance market and stimulate oversea trade, without so far anything to mention in the way of losses, but a considerable premium revenue to its credit. A better move was never made than the national insurance of British bottoms and cargoes.

Rubber prices fluctuated considerably during the week. Fine hard Pará which the previous Friday stood at 3s. 1d., declining to 2s. 10¼d. and standard (plantation) crepe from 2s. 4¼d. to 2s. 1¼d., with little forward business doing. Receipts from Pará from January to end of June were 23,990 tons as against 25,610, whilst plantation exports from Straits and Ceylon were 28,489 tons as against 19,735 tons last year.

RUBBER.

Entries of rubber at Pará to end of August were:—

	1908-09	1909-10	1910-11	1911-12	1912-13	1913-4	1914-5
July	1,300	1,400	2,340	1,410	1,940	2,120	1,340
August ...	1,890	1,870	1,870	1,590	1,900	1,600	1,610
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	2,050	—
Total, tons	38,065	39,165	37,530	39,360	41,935	39,130	—

Exports were:—

	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

