

MR. J. P. WILEMAN'S WEEKLY LETTER

"MOSTLY ABOUT COFFEE"

October 20th, 1914.

No. 43.

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, 19th October, 1914.

New York quotations, Saturday: Spot, nominal; options, December, 5.50c.

At Rio No. 7 was sold at 6\$000 per 15 kilos. Santos No. 4 nominal.

Entries for the week ended October 15th and October 16th respectively were as follows:—

	1914	1913
Rio	45,966	107,320
Santos	237,589	393,181
	<u>283,555</u>	<u>500,501</u>

Decrease, Rio for week, 61,354 bags, or 57.2 per cent. compared with last year.

Decrease, Santos, for week, 155,592 bags, or 39.6 per cent. compared with last year.

Decrease, both ports, for week, 216,946 bags or 43.3 per cent. compared with last year.

Entries for crop to October 15th were:—

	1914	1913
Rio	584,460	1,010,078
Santos	2,631,318	5,355,240
	<u>3,215,778</u>	<u>6,365,318</u>

Decrease, Rio, for crop, 425,618 bags or 42.15 per cent. compared with last year.

Decrease, Santos, for crop, 2,723,922 bags, or 50.9 per cent. compared with last year.

Decrease, both ports, for crop, 3,149,540 bags, or 49.52 per cent. compared with last year.

Entries at Rio and Santos to October 15th or corresponding dates of precious six years were:—

1914-15—3,215,778	1911-12—6,437,825
1913-14—6,365,318	1910-11—5,839,082
1912-13—5,339,021	1909-10—9,242,216

Clearances to October 15th were as follows:—

	Week ending October 15		Crop to Oct. 15	
	Bags	£	Bags	£
Rio	—	—	511,671	1013,894
Santos	116,026	224,963	1,623,352	3,576,788
1914-15	116,026	224,963	2,135,023	4,590,682
1913-14	746,341	2,484,535	4,574,542	13,319,308

Decrease clearances for both ports for current crop to 15 October 2,439,519 bags, or 53.4 per cent., as against 47.2 per cent. on October 8th.

Decrease in value £8,728,626 or 65.6 per cent., as against 59.3 per cent. on October 8th.

Stocks were:—

	Oct. 15	Oct. 8
Rio	190,422	144,456
Santos	1,300,886	1,290,679
	<u>1,491,308</u>	<u>1,435,135</u>

Stocks Rio and Santos—

October 16th, 1913	2,815,312
October 9th, 1913	2,769,870
October 17th, 1912	2,732,998

Santos, October 17th, 1914.

As far as the coffee market is concerned, the week has been rather uneventful, all the interest being centred on the exchange rate, which, with comparatively small business doing, has gone up to 14d., at which rate money is not forthcoming, a further rise, therefore, is not improbable, as shipments of coffee are large, amounting on average to about 50,000 bags a day during this week.

Under these conditions, new business in coffee is difficult, as exporters try to throw the full difference of the exchange rate on the producer, forcing prices for the article down, whilst dealers, of course, resist the decline—so far fairly successfully—although some lots are reported to have been sold cheap.

This market is in a most painful position owing to the absence of any system of banking, for it seems obvious that Rio would delight to see exchange again at 16d., be it only for a week. The opening of the Caixa de Conversao would be quite enough to bring this about, although to maintain that impossible rate for Brazil would fail ignominiously, however small imports may be at present.

Receipts here are liberal, in fact too large for the situation, although shipments have been such as to counterbalance same, making the stock about the same as last week.

The quality of arrivals is on the whole excellent and there cannot be any doubt that, but for the European conflagration, this now notoriously small crop would have been sold merely on the merits of its quality at ever rising prices.

The United States importers seem to have been fully aware of this and take advantage of this unexpected windfall, which, so to say, makes them masters of the situation here.

Clearances to that destination already amount to 269,000 bags, and very likely double that quantity will have been shipped to the States by the end of the month.

During the last week orders from there have been less plentiful, and neutral European countries have sent out orders at price limits which often give better advantage than those from the States, but a serious difficulty arises here regarding the reimbursements.

Apart from the scarcity of money for the discounting of export bills, the English banks are extremely difficult to please with regard to the banker to be drawn upon and, to make matters worse, orders have been received from London to avoid credits for European account as much as possible, and give absolute preference to bills drawn on London against shipments to the United States. Although no reason is given, it is evident that London does not wish to take upon itself commitments for countries like Holland, Norway, Sweden, Denmark and Italy, which with the mine danger in the German Ocean cannot any more supply England with foodstuffs regularly and have, therefore, no credits there, whilst the United States must have as the chief supplier an ever increasing balance in their favour, which is of course in preference settled by bills instead of remittance of gold.

In our issue of July 7th we published an estimate for the running crop 1914-15 of about 8,400,000 bags. Owing to poor returns in hulling, which are confirmed everywhere and attributed to the thick and fleshy pulp—the consequence of want of rain—we feel inclined to reduce our estimate by about 5 per cent. or 400,000 bags, bringing the total down to 8,000,000 bags for Santos.

There is no further news from the interior where the rain ceased on the 9th; since that date the weather has been fine again.

London, 30th September, 1914.

Since last writing, Havre prices, which on 24th Sept. stood at 56.25 frs. to 56.52 frs. for December, had declined by 26th to 52.50 to 53.50 frs., in consequence of the spurt caused by Government purchases having ceased for the time. Reports of the sale of valorisation coffee at Hamburg are very contradictory nor, in view of the measures adopted by the Allies, does there seem much chance of fresh supplies being obtainable through even neutral ports: The idea of the Allies is to starve the enemies out and to do so no measures will be too drastic. All Dutch ships, for example, are stopped in the Channel and searched for «exceptional contraband», that is for merchandise that would be contraband of war if consigned to enemy countries or if there should be sufficient reason to suppose that it was intended to be re-exported for enemies' use. To determine whether such is the fact or no the criterion is the consumption

of Holland of the particular commodity in question. Coal, for example, is largely imported by Holland from England for gas making and so long as the amount does not exceed the average of local gas works, no difficulty is placed in the way, though every ton of coal transhipped into barges or delivered on the quays has to be officially accounted for. Much the same occurs with coffee shipped direct to Holland, but from Great Britain to Holland exports are prohibited entirely.

Havre brokers are complaining bitterly of the paralisation of the coffee trade consequent on the closing of the bourse, whilst apprehensive of what might happen were it to be reopened. It will be all the more interesting to follow the course of events at London, where the Coffee Exchange should have been opened to-day. At New York the impossibility of hedging whilst the exchange and curb markets are closed is now the only drawback to doing big business with Brazil; there is no lack of shipping or even of credits, whilst insurance has been almost normalised. The fear of a big break of perhaps 1c. or more if the exchange were reopened, however, prevents any hope of it for the present, though the reopening of the London Exchange might lead the way. Last week actual prices at London were a good deal below the last official quotation of 37s. 3d. (47 frs.)

At New York, with no buyers for options at «pegged» prices, liquidation is at a standstill and business with Brazil consequently greatly embarrassed. The sooner the New York and Havre Exchanges imitate London's example and get to work again the better for the trade in general and Brazil in particular.

To-day, 30th, public sales were resumed on the London Coffee Exchange, with 4,759 packages catalogued. The demand was very poor, only a few lots of desirable quality being disposed of, and the great bulk of the offerings were withdrawn. Prices ruled regular and sellers' limits were seldom reached. Costa Rica, fine bold coloury, sold at 82s. 6d., and fair bold greyish at 73s. 6d.; medium ditto, at 66s.; peaberry, 80s. Colombian received most attention and fine bold coloury sold at 75s. to 77s.; and good medium, 66s. to 69s.; fair bold coloury, 74s.; medium greenish to fair coloury, 60s. 6d. to 65s.; medium pale, 55s.; peaberry, 73s. East Indian, medium coloury, realised 67s., and peaberry 71s. Washed Dumonts at 52s. to 59s. Among the descriptions brought in were Uganda, Nairobi, Jamaica, Nicaragua, Guatemala, New Granada, Salvador, Mexican, Robusta, Sumatra, Robust Java and Honduras.

The *New York Journal of Commerce*, of 11th September, remarks that with Brazil prices are several cents below local prices the U.S.A. could not be expected to buy. Santos 4s at 11½c to 12c. for well described and Rio 7s 7½c. might look attractive and were it possible to hedge a big business might be done with Brazil.

With large quantities afloat to arrive, coffee in American markets was weak, but might revive should some of the afloats be captured by maurading Germans. In primary markets prices have reacted in spite of the decline of exchange, in consequence of a reported proposal to make warehouse certificates legal tender.

After the large sales in Brazil at low prices, the Santos market seems to have become steadier, c. and f. options from Brazil ruling 10 to 15 points higher on 16th inst. At New York there is a feeling that the decline has gone far enough and war-rants buying. Prices were not affected by sentiment, Santos 4s being quoted c. and f. at 8.60 to 9c. and spot 11 to 12c., offers with London credits commanding ½c. lower price than New York drafts.

L. W. Minford & Co.'s circular says:—The demand for spot coffee during the past week has been less active. While desirable selections are daily becoming scarcer and are firmly held, the ordinary run of coffees are neglected and prices irregular. The margin between the prices obtainable for selections of Santos on the spot and the laid-down cost in warehouse at which coffee can be replaced is very wide. This, while it may make buyers of spots hesitate, does not mean that a decline if any will occur in spot prices for selections, owing to the fact that the amount of coffee of such description that is afloat is very limited and under the conditions as they are at present, there is nothing in sight to materially increase the spot supply. It is possible that buyers may be obliged to purchase such coffees as ordinarily they would not buy, in order to supply their wants. Although the deliveries in August have been large in comparison with previous years, any surplus supply will undoubtedly be exhausted by October, as our largest deliveries of the year are generally from September to November. Considering the differences of cost, the offering of Santos cost and freight are certainly attractive, as the spot position for selections may become more acute and including all kinds the visible supply of coffee for the United States is about two

months' supply. The visible supply of Brazil coffee has been increased this week by the clearance of 67,000 bags Santos and by a recount of the New Orleans stock, showing an increase there of 54,559 and is now about 170,000 less than last year. Total deliveries of all kinds of coffee in the United States during August were 721,875 bags, against 523,104 bags last year. The world's visible supply, as figured on August 1st, showed an increase of 165,257 bags for the month, against 181,098 last year; the figures for September 1st are not yet obtainable. The difficulty at present in supplying our requirements from Brazil is that neither Europe nor the United States are sending down enough exports to Brazil to make a sufficient demand for gold in exchange for Brazil currency. If the Brazilian could freely consign coffee, our supply might be kept normal, but it would appear that they are not as a rule able to do so to any appreciable extent. An active business in cost and freight could be accomplished if conditions were normal. Under existing circumstances, no one's opinion as to the future is of much account; we can only put the facts before our friends. We quote the market quiet and nominal as follows for jobbing lots: Santos No. 2 at 13½ to 14c.; No. 3 at 13 to 13½c.; No. 4 at 12½ to 13c.; No. 5 at 12 to 12½c.; No. 6 at 11½ to 12c.; No. 7 at 11 to 11½c. Rio 2-3s at 9¾ to 10c.; No. 4 at 9c.; No. 5 at 8¾c.; No. 6 at 8¼c.; No. 7 at 7¾c. Victoria 7-8s. at 7½c.

Receipts of Brazil coffees are still being held back and were it not for the effect of the present situation, the receipts for the present crop would show much larger.

Deliveries of Brazil coffees in the United States for the month of August were large, being 572,366 bags, against 410,627 bags in July and 378,689 bags last year.

Brazil Grades (Invoice quotation at close Sept. 8). Rio—7s, 7¼; 6s, 7¾; 5s, 8¼; 4s, 8¾; 3s, 9¼; 2s, 9¾. Santos: 7s, 10¼ to 10½; 6s, 11½ to 11 5-8; 5s, 11¾ to 11 7-8; 4s, 12 to 12¼; 3s, 12¼ to 12½; 2s, 12¾ to 13. Differences between grades as fixed by Exchange coffee standards are 50 points between each type for exchange transactions only.

MONEY.

Exchange, Tuesday, 13th October. Foreign banks, opened offering to draw at 12d., rising soon afterwards to 12 1-8 and closing the day at 12¼, against other bills at 12 1-8, 12 3-8 and 12½ respectively, money in banks closed at 12 8-16d.

Wednesday, 14th October. The day opened with a steadily rising market. Foreign banks began by quoting 12¼d. to draw, but soon offered 12½, against other paper at 12¾, in the afternoon it was said that 12¾ had been done privately against other paper at 12 15-16.

Thursday, 15th October. Very little business was done this day, between the rates of 12 5-8 and 12¾ for bank drafts against 12 7-8 for other paper.

Friday, 16th October. The market continued to rise, foreign banks opened drawing at 12¾ and closed at 13d., against other paper at 12 7-8 to 13 1-8.

Saturday, 17th October. The market opened firm at 13d. and continued to rise closing at 13 1-8, against other paper at 13¼d.

Gold. There continued to be a demand for sovereigns all the week, the prices varying between 19\$500 on Tuesday to 17\$500 on Saturday.

Business Done on the Rio Stock Exchange during the week ended October 17th, 1914:

Amount	Price	Closing Quotations.	
		Sellers	Buyers
PUBLIC FUNDS—			
308 Ap. Geraes of 1:000\$			
5% (integ.)	820\$-840\$	845\$	840\$
2 Ditto (tit. prov.)	810\$	820\$	805\$
3 Ditto, 500\$ (integ.)	810\$-830\$		
2 Ditto, 200\$	810\$		
39 Emp. Nacional (1903) ...	880\$-885\$		884\$
422 Emp. Nacional (1909) ...	800\$-810\$	820\$	810\$
121 Emp. Nacional (1911) ...	800\$	805\$	800\$
10 Ap. Geraes, 1:000\$ (3%)	600\$		

	Est. do E. Santo	690\$	670\$
34	Est. de M. Geraes	795\$-800\$	795\$
153	Est. do Rio (4%)	77\$500-78\$500	78\$
	Ditto, 500\$, 6% (nom.).....	460\$	420\$
308	Emp. Municipal (1906) ...	179\$500-181\$	180\$
	Ditto (nom.)	200\$	192\$
50	Ditto (c20)	290\$-295\$	292\$
	Ditto (nom.)	298\$	
524	Ditto (1914)	160\$-163\$	162\$
	Ditto (nom.)	160\$	161\$
BANKS--			
12	Brasil	180\$-181\$	183\$
	Commercial		140\$
	Commercio		135\$
	Lavoura		95\$
	Mercantil		208\$
RAILWAYS--			
	Goyaz		15\$
	Minas S. Jeronymo	19\$500	
	Norte do Brasil		10\$
700	Rede Sul Mineira	35	36\$
			34\$
INSURANCE COMPANIES--			
	Argos Fluminense	1:000\$	920\$
	Garantia		270\$
1	Confiança	50\$	
27	Providente	470\$	465\$
COTTON COMPANIES--			
	Alliança	120\$	105\$
	Brasil Industrial	170\$	
	Conf. Industrial	150\$	
SUNDRIES--			
1600	Docas da Bahia	19\$	19\$
300	Ditto (30 days' opt.) ...	18\$-20\$500	18\$
253	Docas de Santos	365\$-370\$	375\$
	Ditto (nom.)		370\$
			360\$
300	Loterias Nacionaes	16\$500	15\$500
	Melh. no Maranhão		40\$
			30\$
	Terras e Colonisação		6\$250
			5\$500
DEBENTURES--			
50	America Fabril	175\$	
50	Antarctica	192\$	
17	Brasil Industrial	185\$	170\$
540	Docas de Santos	175\$-175\$500	176\$
15	Magéense	60\$	60\$
	Manuf. Fluminense		95\$
			80\$
25	Mercado Municipal	175\$	18\$
	Progresso Industrial		178\$
	S. Pedro Alcantara		200\$
	Tecidos Alliança		160\$
	Tecidos Botafogo		70\$
LETRAS HYPOTHECARIAS--			
16	B. C. R. Minas Geraes...	100\$	
5710	Soberanos	17\$500-19\$	

Ratio of Cash to Deposits at Call in the Banco do Brazil and principal foreign banks in Rio de Janeiro on 30th Sept., 1914:

	Deposits at call	Cash	Ratio
Banco do Brazil ...	117.375:649\$497	36.308:558\$084	30.93%
London & Brazilian	13.538:180\$740	14.260:030\$770	105.34%
London & R. Plate	8.360:806\$350	7.765:389\$750	93.00%
British of S. A.....	27.690:213\$810	18.151:263\$470	65.55%
Brasilianische	5.727:132\$326	8.850:484\$630	154.53%
Allemao Trans. ...	1.720:015\$030	1.678:204\$730	97.56%
Germanico	4.596:352\$976	3.904:845\$615	78.43%

Latest London Quotations, October 17th:—

	1914	1913
Bank of England rate	5	5
Open Market Rate, London	3 1/4	4 15/16
Consols	68 1/2	72 13/16
Apolices, 4 per cent., 1889	61 1/2	78
Apolices, Funding 5 per cent.	94	100
Apolices, 1889, 4 per cent.	61 1/2	78
Leopoldina Stock	36	65 1/2
S. Paulo Railway, Ordinary	200	238 1/2
Traction Ordinary	45	89
Brazil Railway	9	49 1/2

Suspension of Dividends. Leopoldina Railway Company. In view of the abnormal conditions at present prevailing in Europe and Brazil, the board has considered it advisable to postpone the payment of an interim dividend on the Five and a Half per Cent. Preference shares in respect of the half-year to June 30 until such time as the net results for the full year ending December 31 next have been ascertained.

EXAMPLES TO BE FOLLOWED TO RIGHTEN THE FINANCIAL AND ECONOMIC POSITION OF BRAZIL AND OTHER COUNTRIES.

The Moratorium. It is officially announced that, after consultation with the various interests concerned, the Government has decided that the time has arrived for bringing the moratorium to an end with as little delay as possible.

There will be no further extension of the moratorium relating to bills of exchange other than cheques or bills on demand.

There will be no further extension of the general moratorium in so far as it applies to (a) debts due to and by retail traders in respect of their business as such; and (b) rent.

As regards other debts to which the general moratorium applies, there will be an extension of one month, i.e., from Oct. 4th to Nov. 4th. This extension will be subject to the condition that the interest due under past proclamations is paid.

On November 4th the general moratorium will come to an end as regards all debts.

In reference to the decision not to extend the moratorium relating to bills of exchange, it is to be borne in mind that arrangements have already been made by the Government under which the Bank of England will advance to acceptors where required the funds necessary to pay all approved pre-moratorium bills at maturity.

Prohibition of Coffee Cultivation similar to that of cotton in Egypt during the war.

On Sept. 23rd a decree was promulgated prohibiting cotton cultivation in the basin lands on Upper Nile and forbidding cultivators to cultivate more than a quarter and in certain cases a third, of their holding for cotton and limiting the total cotton area of Egypt for 1915 to 1,000,000 acres.

The cotton area at present is 1,750,000 acres and the difference will be sown with cereals, whereof Egypt annually imports a large amount. The measure is dictated by the anticipated shrinkages in the world's demand for cotton and the world's production of cereals.

Thus whilst the quantity of Egyptian cotton available will be brought into proper relation to the restricted demand causing the maintenance of a reasonable price, Egypt will meet more of her own cereal requirements, avoiding high import prices and possibly will be able to benefit from the world's shortage by exporting profitably.

The measure is much approved and is expected to facilitate negotiations for the financing of the present cotton crop.

Rubber in Malacca. The following speech, delivered in colloquial Malay, by Mr. Tan Cheng Lock, at Malacca, is an example:—You all know why we are gathered here to-night. You of course are also quite aware that the primary cause which has brought us together to-night is the war. The present war is the greatest one since the world began. Almost every country is involved in it. Truly this war and the troubles consequent on it are, in their magnitude, unprecedented in the annals of mankind. But there are one or two bright spots in the whole gloomy aspect. Firstly, inasmuch as almost the whole world is engaged in it, this war is bound to be a short one. Secondly, as the arch-enemies of mankind, Germany and Austria-Hungary, are fighting against most of the rest of the world, including the great all-powerful British Empire, the odds are truly against our enemies, and it is almost certain that the war will end in victory for the Empire in which we live.

But the purpose of to-night's meeting is to make you thoroughly understand how this war is affecting us here. Most of you are labourers working on rubber and other estates. Now rubber, our staple product, the ultimate source of all our revenue, is now unmarketable. What does this mean. It means that

Malacca is really and truly, and all of a sudden, beggared, for our cash resources are almost wholly and completely stopped for the present. This has occurred all too suddenly, for this great war came upon us with such an amazing rapidity—only within one short week—that it has made us believe that we are living in a dream. Now, what should be the natural consequence of rubber being practically worthless, and cash so terribly scarce? The whole of Malacca should stop tapping, not only because we cannot sell our rubber, or have to sell at a loss, but also because your employers have no cash to pay your wages with. But if all Malacca were to stop tapping tomorrow, which they have every right and reason to do if they think only of themselves, nearly all of you would be thrown out of employment and you would soon have no food to eat. It is indeed a great crisis, and your employers, both European and Chinese, have put their heads together to devise means to meet it, i.e., to prevent the contingency of your being in want of food. They do not want rubber now, but they will continue to tap on certain lines, solely and exclusively to enable you to work and live. Their sole consideration under these trying and most unusual circumstances is to give you just sufficient work to provide you with the bare necessities of life to keep body and soul together. You must thoroughly understand that food, and food alone, and not cash, is the most precious thing in the world to you now.

You must understand that the utmost your employers can do for you now is to give you food and save your lives. To give you food, they must have cash to pay for it and cash they have hardly any. The little cash they have now they must conserve in order to buy rice for you. If they continue to buy rice for you with the little cash that is left in their hands, it will run out in about a week's time. Then you will say, «How are they going to feed you after that one week?» The benevolent Government of this country has consented to lend them some money and rice on the security of our rubber in bond on the basis of about \$40 per picul of first latex rubber at a certain rate of interest. The same benevolent Government will also import and control the rice supply here, so that we have not to pay prohibitive prices for it. Now you will recognise that the Government and your employers (European and Chinese) have at much expense to themselves done everything to save you, and I hope you will appreciate these efforts. You must therefore be content to be fed only, and not to entertain any idea of receiving any cash for the present. It is not only impossible, but ex-

tremely unjust on your part to expect your employers to supply you with both food and cash in these hard times, inasmuch as there is no cash and that your employers are feeding you at a loss to themselves. We have called you together to tell you what we have done to help you, to save you, and that you must be patient with the hard times and keep the peace. What is the alternative if you will not be patient and keep the peace? You will be unemployed and you will have to resort to illegal practices. Then if you become too disorderly martial law may be proclaimed and the Government will have to deal with you very severely.

The Government has informed us that there is plenty of rice. We have also received good news about the war. This means that we may soon have the happy and prosperous times which prevailed before the war. I have one more thing to say. It is this. What I have just told you applies to the tappers as well as the weeders and the other workers, who also have to do half a task on half pay, and submit to the other rules that the tappers are for the present subjected to.

Similar addresses have been given at different villages in various dialects, the speakers including Messrs. Tan Soo Ghi., Leong Tow Toon, Teoh Chew Thong, Chan Kang Swi, Sim Hong Peck, Chi Kang Cheng, Low Kay Seng, Tan Cheng Lock, Chan Cheng Siew, E. Kong Guan and Tan Tiam Tye.

The Syndicate of Banks and Trust Companies of New York which purchased the recent issue of \$100,000,000 New York City Six per cent. Revenue Bonds and Corporate Stock Notes, announces that it has agreed to provide the city with the entire amount, in gold or exchange, required to meet the foreign obligations of the city maturing during the next four months, amounting to £13,410,000 in London and 61,500,000f. in Paris.

Gold to the amount of £2,000,000 has already been remitted by the syndicate managers to Ottawa for their credit with the Bank of England, to meet obligations maturing in London during the current month.

The managers have authorised Messrs. Morgan, Grenfell & Co. to state that the syndicate will furnish this firm, on the respective due dates, with gold or exchange to pay the balance of the above sterling obligations which mature in the course of the next four months.

