

**MR. J. P. WILEMAN'S WEEKLY LETTER**

**"MOSTLY ABOUT COFFEE"**

**December 22nd, 1914.**

**No. 48.**

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**NOTICE.**

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

**RIO DE JANEIRO.**

**CAIXA 1521.**

Rio de Janeiro, December 14th, 1914.

At New York on Saturday, 12th, Spot Rio No. 7, 7½c. Santos No. 7 8 5-8c. Options: March, 6.79c.; May, 6.98c.; July, 7.73c. and Sept., 7.85c.

At Rio, No. 7 5\$900 per 15 kilos. At Santos, No. 6, 3\$600 per 10 kilos.

Entries for the weeks ended December 10th and December 11th respectively were as follows:—

	1914	1913
Rio .....	54,894	65,897
Santos .....	318,870	269,718
	<u>371,764</u>	<u>335,615</u>

Decrease, Rio for week, 11,003 bags or 16.7 per cent. compared with last year.

Increase, Santos, for week, 47,152 bags or 17.5 per cent. compared with last year.

Increase, both ports, for week, 36,149 bags, or 10.8 per cent. compared with last year.

Entries for crop to December 10th were:—

	1914	1913
Rio .....	1,037,377	1,741,822
Santos .....	5,145,465	7,992,645
	<u>6,182,842</u>	<u>9,734,467</u>

Decrease, Rio, for crop, 704,445 bags or 40.4 per cent. compared with last year

Decrease, Santos, for crop, 2,847,180 bags or 35.7 per cent. compared with last year.

Decrease, both ports, for crop, 3,551,625 bags or 36.7 per cent. compared with last year.

Entries at Rio and Santos to December 10th or corresponding date of previous six years:—

1914-15—6,182,842	1911-12—9,376,824
1913-14—9,734,467	1910-11—8,574,720
1912-13—8,378,976	1909-10—12,642,714

Clearances to December 10th were as follows:—

	Week ending Dec. 10th.		Crop to Dec. 10th.	
	Bags	£	Bags	£
Rio .....	33,353	48,128	915,897	1,520,083
Santos .....	300,488	607,857	3,743,832	7,593,408
	<u>333,841</u>	<u>655,985</u>	<u>4,659,729</u>	<u>9,113,491</u>
1913-14 .....	244,918	720,458	7,143,227	22,819,545

Decrease clearances for both ports for current crop to December 10th 3,083,498 bags, or 39.9 per cent., as against 42.3 per cent. on December 3rd.

Decrease in value £13,706,054 or 60.6 per cent., as against 61.7 per cent. on December 3rd.

Stocks were:—

Rio .....	229,160	210,889
Santos .....	1,786,874	1,726,475
	<u>2,016,034</u>	<u>1,937,364</u>

Stocks Rio and Santos—

December 11th, 1913 .....	2,797,868
December 4th, 1913 .....	2,838,657
December 12th, 1912 .....	2,966,827

Rio de Janeiro, December 21st, 1914.

New York, Saturday, 19th, Spot, nominal; options, March, 6.44c.; May, 6.60c.; July, 7.35c.; and September, 7.50c.

At Rio, No. 7 6\$100 per 15 kilos. At Santos, No. 6, 3\$600 per 10 kilos.

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

	1914	1913
Rio .....	68,521	50,774
Santos .....	322,025	264,954
	<u>390,546</u>	<u>315,728</u>

Increase, Rio, for week, 17,747 bags or 35.0 per cent. compared with last year.

Increase, Santos, for week, 57,071 bags or 21.5 per cent. compared with last year.

Increase, both ports, for week, 74,818 bags or 23.7 per cent. compared with last year.

Entries for crop to December 17th were:—

Rio .....	1,105,898	1,792,596
Santos .....	5,467,490	8,257,599
	<u>6,573,388</u>	<u>10,050,195</u>

Decrease, Rio, for crop, 686,698 bags or 38.3 per cent. compared with last year.

Decrease, Santos, for crop, 2,790,109 bags or 33.8 per cent. compared with last year.

Decrease, both ports, for crop, 3,476,807 bags or 34.6 per cent. compared with last year.

Entries at Rio and Santos to December 17th or corresponding date of previous six years:—

1914-15—6,573,388	1911-12—9,547,248
1913-14—10,050,195	1910-11—8,700,129
1912-13—8,662,087	1909-10—12,791,850

Clearances to December 17th were as follows:—

	Week ending Dec. 17		Crop to Dec. 17	
	Bags	£	Bags	£
Rio .....	43,676	123,904	999,573	1,643,990
Santos .....	258,611	530,592	4,002,443	8,123,000
	<u>342,287</u>	<u>654,496</u>	<u>5,002,016</u>	<u>9,767,990</u>
1913-14 .....	408,500	1,216,038	8,151,727	24,035,583

Decrease clearances for both ports for current crop to December 17th 3,149,711 bags, or 38.6 per cent., as against 39.9 per cent. on December 10th.

Decrease in value £14,267,593 or 59.4 per cent., as against 60.6 per cent. on December 10th.

Stock were:—

	Dec. 10	Dec. 17
Rio .....	229,160	210,285
Santos .....	1,786,874	1,893,946
	<u>2,016,034</u>	<u>2,104,231</u>

Stocks Rio and Santos:—

December 18th, 1913 .....	2,845,905
December 17th, 1913 .....	2,838,057
December 19th, 1912 .....	2,861,707

Santos, December 12th, 1914.

For the first time since the commencement of the crop year our coffee market found itself in a position to raise values on its own initiative. Previously, the improvement of prices that followed each sudden and often intemperate rise of exchange was too shortlived to be of much advantage and left, usually, a feeling of disappointment and discouragement. Now it is the inherent strength of the statistical position, as we pointed out in our last issue, that is the cause of the rise, which would be much more violent but for the caution—one might say timidity—with which dealers accompany the movement.

The utter absence of speculation is conspicuous; no one troubles about even the nearest future, nearly every lot of coffee for sale being sold the very same day at the best price it will fetch. Business for future delivery has come almost to a standstill and only occasionally does one even hear of a quotation at 4\$300 for type 4, for December delivery. This quotation corresponds to the New York market for the vilest quality of coffee tenderable, the composition of which was, moreover, still further lowered at the beginning of this year in order to facilitate gambling and speculation, whilst rendering them practically useless for the merchant and the export trade.

Coffees equal to type 4 are sold in the open market at prices varying from 4\$700 to 5\$000, according to quality. The necessity of covering previous sales is to a certain extent answerable for this rise; but orders from the States, transmitted to this market through the agency of the Traction Company, are on the basis of 40\$300 to 40\$500 per bag of 60 kilos, equal, after deducting expenses, to about 4\$900 to 5\$000 per 10 kilos.

The rise of the exchange makes business difficult, but at the same time it will, most likely, force the United States to further increase their limits. From 8.50c. for type 4, at which low price isolated sales were reported about a fortnight ago, they have advanced by fully 100 points to 9.50c. and even 9.75c. This is, after all, only in accordance with the advance in the future market of New York, which from 5.65c. for March on 25th November, rose to 6.78c. on 10th of this month. Alterations so violent show unmistakably the inherent merits of the statistical situation of coffee to have been so overlooked or misappreciated in the chief consuming country as to have blinded American roasters to the necessity of securing betimes a larger share of the current crop, blinded as they were by their inveterate conviction not only that coffee is still dear, but that producers are entirely at their mercy.

As receipts will, in a few weeks' time, show a marked falling off, the States will have to compete with Europe in our market for the purchase of what is left of this crop, which they will not do except at a further and substantial advance.

Up to date, clearances during this month have been 190,000 bags for Europe and 160,000 for the States and it is likely that the proportion will be maintained to the end of the month.

Receipts continue on the same scale and point to 1,250,000 for December. Shipments will be more or less the same; we do not, therefore, look for any further accumulation of stock. In January receipts will probably fall to half of what they were during this month, whilst the other coffee producing countries will only then begin to remit, so that offering from this side will be still more difficult, owing to the heavy engagements which most export firms in Santos have already taken for weeks ahead.

We hear that owing to the disaster to the German squadron in the South Atlantic, the coffee insurance rates in English bottoms have gone down to 1½ per cent., which should facilitate shipping.

From the interior some rain is again reported during the week, but we hear that even the large flowering which was reported from Jahú in November has not fructified to the expected extent and it seems as if all the moisture fallen since the beginning of November was mostly made use of to renew the foliage and improve the general conditions of the trees. Whoever ventures a guess as to the 1914-15 crop puts it at 10 to 12 million bags, a considerable setback from the 13 to 15 millions talked of in October. It is, however, early yet to arrive at even approximate estimates.

Santos, December 19th, 1914.

The market did not quite hold what it promised a week ago. News from the States was specially disappointing, as a sudden decline set in there, for reasons which we here ignore, lowering the quotations of the future market by about 40 points. Not that New York importers got cheaper coffee from this market, but the current of business, which began to develop regularly, was interrupted. It may be that the vagaries of the exchange rate are the cause of the mistrust consuming countries show against a steady

rise in the gold price and answer any decline of the sterling rate by a decline on this side, whilst a rise is only reluctantly followed. Anyhow, new transactions for export were considerably smaller and had it not been for the demand in fulfilment of former business, prices would have declined here.

Thus, though only medium and lower grades had to be sold at lower prices, whilst fine and especially green coffees fetched former values, green coffees are wanted for shipment to Europe where large quantities must have been sold for delivery during the next five weeks, whilst receipts do not contain such goods in the same proportion as heretofore. Lower grades become more prevalent, as usual, at this time of the year and the States would do well, if they wish to secure their share of this crop in finer and finest qualities, not to hesitate and not to grudge the planter an adequate price, as otherwise they might see themselves largely undersupplied.

Clearances have so far been 302,000 bags for Europe and 263,000 for the States. There are only a few steamers loading for the latter destination, but more are expected before the middle of next month.

It is difficult to give quotations as limits from the States vary considerably. At the beginning of the week 9.50c. to even 10c. was paid for highly described coffees, type 4; yesterday, not much more than 9c. to 9.25c. was offered, but without being accepted.

Europe pays from 47s. to 49s. for prime and extra prime.

Receipts have fallen off during the week by fully 5,000 bags per day on the Paulista and Mogyana, whilst the other lines still kept up their supplies, but we have to expect from now onward a more considerable decline which will get very pronounced in January.

Shipments were comparatively small for want of steamers. One to load 130,000 bags for Holland is expected by the end of this month. In the meanwhile stocks are increasing slightly.

News from the interior report heavy rains everywhere, but also a falling off of young fruit which is considered exceptional in the Araraquara and Limeava districts.

Mail advices from New York of cost and freight offers from Brazil on 25th November, via British vessels, were quoted at 8.5c. c.i.f. Santos 4s and by neutral steamers at 8.60c. Liquidation of options was making progress, large roasters switching or buying in short contracts and the situation being gradually cleared up. There was a good deal of opposition to the opening of the Exchange on 30th November owing to fears of a bear raid and heavy selling from Brazil. The majority, says the New York "Journal of Commerce," were, however, of the opinion that it was time to face the music and do away with artificial conditions. Opportunity had been given for switching to more distant months and prices, it was pointed out, are at a remarkably low level, making further decline difficult. As regards the spot trade, there was no incentive for anticipating the future as commitments could not be covered by sales on the exchange. With Europe more of a factor in primary markets, coffee looks attractive. There is no pressure except for undesirable Santos, 9¼ to 10 cents being asked for 4s and 6¼ for Rio 7s. Tonnage in neutral ships is hard to obtain, being practically sold up to middle next month, British vessels being less desired because of the higher war risk.

[The fear of heavy selling from Brazil on reopening of the Exchange proved groundless, c. and f. offers, in fact, having improved considerably and being now quoted about 9¼ for Santos 4s. In America there seems to be a belief that the improvement is due to the rise of exchange engineered by Rothschilds, whereas, in this instance, at least the rise in coffee is the result of the inherent sound statistical position and that of exchange purely to native genius.

At the meeting of the New York roasters, Mr. Hinchman also advocated the employment of an agent at each port of entry, that the Government should be more rigid as to importations, that a more searching eye should be kept upon the coffee exchange which fostered coffee speculation, which he condemned. Mr. Hinchman also charged that Meenas coffee was shipped to Brazil, rebagged, restenciled and then shipped out as Santos. He also asserted that importers kept a variety of stencils on hand, so that they were in a position to give a roaster any mark which he favoured regardless of the truth of the labels.

**Guatemala.** A report received from the British Consulate-General at Guatemala, dated 17th October, states that business in the Republic has been completely paralysed by the war; on the one hand credits have in some cases been out of, and on the

other orders for supplies, principally from Germany, have not been fulfilled. It also appears that American firms are not allowing the same credit as before, and in many cases stipulate that cash should accompany orders.

Again, there is at present no prospect for a market for the coffee crop, as it is anticipated that when Brazil moves her crop the market will be entirely glutted.

The other principal products of Guatemala are sugar and hides, the former fetching good prices. Local shippers of hides complain that their shipments to the United States are not sold, and one of the principal shippers states that this is due to the tightness of the American money market.

Nearly all stocks in local stores have been reduced by reason of the war, which has caused orders, especially from Germany, to be cut off. It may be said, therefore, that there will be a demand in Guatemala very shortly for all kinds of goods, although perhaps in reduced quantities owing to the tightness of money and the instability of exchange.

The arrival of the belated British steamer with coffee for Canada starts anew the gossip concerning the whole Canadian arrangement whereby railroad securities for Brazil are converted into coffee, sent to New York and there sold in direct competition with Brazil cost and freights. It is rumoured that this coffee will be offered in this market on the basis of 9¼c. for Santos 4s in order to quickly convert it into gold.

As is always the case on any question, there is a diversity of ideas among importers and shippers of Brazils as to the expediency of this movement, and it would not be strange if some warmth of opinion later on was heard not friendly to Canada taking gold from here in exchange for the coffee, and also selling it at a price under Brazil exporters' figures. Of course, as it is coffee held by owners in Canada they have a perfect right to name the terms of sale.

There is one gratifying feature found in the increase of deliveries, which show an increase over last week, being this week 147,500 bags, as against 136,000 last week. In this connection a well known coffee jobbing roaster on Front street remarked he had opened fourteen new accounts last Friday, and country merchants in general were having a good coffee trade.

The only special feature to not in the retail price of coffee is that of the larger retail grocers of New York and department stores who for some reason are making a speciality of roast coffee by the pound at 18c., 20c., and 22c.

Even the smaller retail grocers on the chief avenues are placarding their front windows and outside, near front doors, with special brands as well as bulk roast at above quotations.

Ever since Coffee Week in October there has been more than ever a concerted movement to push the sale of the bean, whether green, roasted in bulk or package brands, in the bean or ground or pulverized.—“The American Grocer.”

## MONEY.

On the 14th, 90 days' drawing rate was pushed to 14¼d. and that for commercial bills to 14 7-8d, it is said, to enable the Bank of Brazil to cover its July bills which it had at length determined to deliver. To supplement the bills already purchased by the Bank, gold was withdrawn from the Caixa, it is said to the value of some £400,000, though only £150,000 of it appear to be manifested.

It is understood that the bills being delivered by the Bank of Brazil correspond to those taken by brokers in July for specified dates, but not those for delivery more or less at option of the Bank without specified dates, but merely for “next mail”.

As soon as withdrawals from the Caixa ceased, though a good deal of gold coin seemed to be offering in the market, rates dropped and closed on Saturday, 90 days, at 14 5-16—7-16d. and commercial bills at 14¼—3-8d. and sovereigns at 16\$500, as against 16\$350 on Saturday, December 12th.

Gold values were posted at 15\$000, as against 14\$000 on Saturday, 12th December.

As we remarked before, any little extra addition to either the effective supply of gold and bills or further restriction of demand reacts on rates and produces a rise or a fall. Now that gold has had its turn the holders of bills are having theirs and by withholding supplies are putting rates down again. This is only the natural higgling of the market. No doubt gold exports of late have been successfully manipulated and the rate not only kept up but raised very considerably with comparatively small loss of gold to the Caixa. That, however, is all very well so long as the de-

mand continues to be restricted by the moratoria and the falling off of exports, bound to recur about March. Unless, however, the price of coffee and rubber should rise very considerably in the interval, we fail to understand how exports can possibly suffice to balance imports or exchange be kept up except by the sacrifice of a large part of the gold yet in the Caixa.

The extension of the time for payment of the agio, or premium on foreign bills, to a maximum of 11 months from due date seems unnecessary and only likely to add to embarrassments later on, when differences come to be paid. It would have been preferable to arrange for partial payments in the same form as for internal or currency obligations. As it is, gold obligations seem likely to reach their maximum about one year from now, that is, just when the market begins to suffer from the annual shrinkage of exports and gold in the Caixa will, if present methods are persisted in, be still further reduced.

However! Sufficient to the day is the evil thereof. Perhaps something may happen to raise coffee or rubber, replenish gold in the Caixa or the war come prematurely to an end.

**Ratio of cash to deposits at call in the Banco do Brasil and principal foreign banks in Rio on 30th November, 1914:—**

Banco do Brasil .....	107.957:361\$	29.074:769\$	26.9%
London and Brazilian .....	14.347:196\$	16.469:030\$	114.9%
London and R. Plate .....	14.608:900\$	14.325:535\$	98.1%
British of S. America .....	14.608:900\$	14.325:535\$	97.1%
Brasilianische fur Dd. ....	7.487:990\$	11.449:818\$	152.9%
Allemao Transatlantico ...	5.086:377\$	5.602:163\$	112.1%
Banco Germanico .....	1.812:226\$	2.248:211\$	124.1%
Total 30 November .....	165.908:950\$	93.495:061\$	56.3%
„ 31 October .....	160.081:961\$	83.081:961\$	51.9%
„ 30 September .....	179.008:350\$	90.918:777\$	50.8%
„ 31 August .....	185.347:846\$	72.316:057\$	39.0%
„ 31 July .....	156.019:985\$	72.316:356\$	46.4%

**The London Stock Exchange**, it is understood, will be shortly opened on the assent of the Government to the following scheme for dealing with the situation:—

The banks agree to continue existing loans on present securities for one year after peace shall have been declared at a rate of 5 per cent. interest.

Borrowers will be allowed to take 25 per cent. of their securities to the Bank of England which will, in turn, open a credit at the borrowers' own banks equal to 25 per cent. of their existing loans, thus enabling the borrowers to resume business by drawing on their new credits upon depositing the new stocks purchased.

To lenders, other than the banks entitled to receive assistance from the Bank of England, will be extended loans equal to 75 per cent. of their claims upon depositing 75 per cent. of their securities which they hold.

All new credits will be subject to the bank approving the securities.

Open speculative accounts may be paid off by very small instalments.

As already arranged no failures are possible unless the committee should deem it wise to assent to the liquidation.

It seems somewhat doubtful when the Government may sanction the proposed scheme, but the plan devised unquestionably represents the basis of settlement.

**“War Taxes in America.** The new taxes affect almost all lines of business except coffee, the lucky exception that proves the rule. There are special taxes on brokers, merchants, theatre proprietors, circuses, bowling alleys and billiard rooms (each alley and table), on dealers and manufacturers of tobacco and cigars; stamp duties on bonds, sales, promissory notes, telegraph and telephone companies, certificates of almost every kind, insurance policies, steamship passages, perfumery, chewing gum, voting powers by

proxy, protests of notes, palace or parlour cars and sleeping car berths; and on all kinds of wines and spirits, but luckily none on either green or manufactured coffee!

#### Financial Positions:—

Bullion in Bank of England, 18th November, 1914 ...	£72,600,000
Coin and bullion at Treasury .....	12,500,000
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Total at Bank of England and Treasury .....	£85,100,000
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Notes of Bank of England in circulation .....	£35,300,000
Currency notes outstanding .....	33,890,000
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	£69,190,000
Less—Balance at Bank of England .....	6,522,000
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Total notes in circulation .....	£62,668,000
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Ratio of gold to notes in actual circulation .....	135.8%
Ratio of Bank of England Reserve to Liabilities, 1914 .....	72.6%
Ditto ditto ditto ditto 1913 .....	36.8%
Consols, 19th December .....	68½%
Cash at Reichsbank, including £24,000,000 from Spandau hoard, November 15th, 1914 .....	£95,744,000
Ditto, November 13th .....	61,606,000
Notes in circulation, November 15th, 1914 .....	£203,000,000
Notes in circulation, November 15th, 1913 .....	96,382,000

With £1,000,000 during the week ended 21st November, the total earmarked for redemption of British Treasury or currency notes amounts now to 12½ millions, as against only £27,368,000 actually in circulation.

Besides the gold in the Bank of England and Treasury, large amounts are held by the London and other Joint Stock Banks.

Money is in immense supply, not only in England, but in many other countries, private deposits at the Bank of England alone amounting to nearly 147½ millions.

With money so abundant and difficult to employ, it is not to be wondered that the British national loan for £350,000,000, the biggest ever floated anywhere, was a gigantic success. The price of issue was fixed at 95 per cent. The loan bears interest at the rate of 3½ per cent. The announcement that the Bank of England will advance on the security of the scrip an amount equal to the issue price, without margin at a rate 1 per cent. below current bank rate, is a valuable concession to small investors.

With part of the loan the service of colonial loans will be funded and put aside for payment of the service of the debt and purchase of materials, whilst the amount thus set free will go to meet internal expenditure connected with the war in the colonies themselves. In this way the necessity of remitting money to and fro is avoided. The following loans have been granted, payable *pari passu* with instalments of the British National loan itself:

Canada .....	£12,000,000
New Zealand .....	5,250,000
South Africa .....	7,000,000
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	£24,250,000

In addition, £10,000,000 of the £20,000,000 loaned to Belgium jointly by Great Britain and France, are payable out of the proceeds of the new loan.

Of the total, £100,000,000 was subscribed by the Bank and the rest by the general public.

#### SPECIFIED EXPORTS FROM GREAT BRITAIN TO BRAZIL.

	10 months January--October				3 months August-October			
	Quantity		Value		Quantity		Value	
	1913	1914	1913	1914	1913	1914	1913	1914
			£	£			£	£
Coal and Coke .....	1,593,692	1,088,214	1,415,240	933,175	418,343	180,107	370,975	161,711
Cotton piece goods, yds. ...	83,715,800	30,435,400	1,422,396	545,804	22,336,900	5,296,800	391,146	93,678
Woollen and worsted, yds..	1,801,400	860,900	253,585	121,327	393,500	120,500	54,333	17,089
Jute yarn, lbs. ....	1,327,600	9,236,900	270,715	206,884	3,304,700	1,269,200	70,081	27,550
Linen manufactures, yds. ...	3,242,000	1,905,800	149,027	77,125	1,096,100	318,000	51,300	14,512
			3,510,963	1,884,315			938,335	314,490

For the 7 months, January-July, previous to the war, value in the aggregate for the above specified exports from Great Britain to Brazil shows a decrease of £2,572,628, or nearly 40 per cent.; for the succeeding three months, August-October, a falling off of £623,845, or nearly 70 per cent.; and for the whole ten months, January-October, a shrinkage of £1,632,648 or 46.4 per cent. compared with the corresponding periods last year.

As pointed out once before, the relation between the movement of the general import trade of Brazil to that of specified exports from Great Britain to this country is pretty close and may be taken, in the absence of complete statistics, as a rough and ready guide to the general value of imports into Brazil from all countries.

The "Jornal do Commercio" of 24th December states that Government has absolutely no intention of suspending the service of the internal funded debt or of paying the interest on apolices or bonds in treasury bills, as was rumoured, and that arrangements for payment of coupons due in January, amounting to some Rs. 20,000,000\$, have, in fact, already been made.

Apart from the terrible hardship that any failure to meet the service of the internal debt would entail on thousands of Brazilian families and orphans, whose entire savings have, in some cases by law, been invested in these securities, the fact that any such proposal would preclude any possibility of further issues of internal bonds or indeed of any kind of internal obligations is sufficient evidence of its improbability.

At the same time it is announced that the outstanding indebtedness of the Federal Government accounted for to date amounts to Rs. 281,000,000\$ or at exchange of 15d. to £18,733,000.

At present and so long as the war lasts and perhaps for some years after, there can be no hope of outside assistance, and the

	Value of 5 specified classes of Exports to Brazil according to the Board of Trade.	Value of total Imports into Brazil from all destinations according to Brazilian statistics.	Difference
Jan.-July .....	£1,570,425	£26,737,017	5.8%
Aug.-Oct .....	314,490	5,470,172	5.7%
Jan.-Oct. ....	£1,884,815	£32,207,189	5.8%

The largest falling off for the ten months was £876,592 in cotton piece goods, followed closely by that of £482,065 in coal; £132,258 in woollen and worsteds; £63,931 in jute yarn; and £71,902 in linen manufactures.

only alternative is an appeal to home credit in the shape of further issues of paper money.

The effect that such issues would have on exchange cannot be questioned, unless, indeed, some means were devised to stop depreciation, at least until the commercial conditions were normalised. This may be difficult, but as the experience of the last few weeks shows, not impossible, if effective measures be adopted betimes.

Two factors, at present, weigh on this market, paralysing initiative, the low price of coffee and the immobilisation of capital due to the failure of the Federal Government to meet its local engagements.

**Foreign Money in Frankfort.** In Frankfort-on-Main, according to the "Kolnische Zeitung," foreign notes and gold changed hands at the following rates: — Dutch notes at 183¼, Belgian at



84.50, Italian at 84.50, French at 86.60, Swiss at 86.50, Austrian at 80.20, English at 21.60, Russian at 207, greenbacks at 4.30. Napoleons cost 17.50, English sovereigns 21.55. Cable payments on New York were 4.48.—"Economist," 21st November.

#### Shipments of Gold:—

January to 31st July .....	£7,317,590
August .....	15,000
September .....	72,700
October .....	113,000
November .....	85,000
December 1-21 .....	204,000
December 23rd .....	150,000
	£7,957,290

#### Extension of the Moratoria established by Law 2,866 of 15th August last, Decree 2,895 of 15th December, 1914.

The President of the Republic of the United States of Brazil hereby makes known that the National Congress has decreed and I hereby sanction the following resolutions:—

Art. 1.—The terms referred to in Art. 1 of law 2,866 of 15th September last are hereby extended for 90 days on the same conditions and for the same effects as Art. 1 of law 2,862 of 15th August last.

Art. 2.—The extension is applicable solely to the obligations subject to the moratoria granted by the above-mentioned laws, of which both capital and interest shall have been paid off in the proportion of 25 per cent. within the first 30 days; 35 per cent. within the next 30 days and 40 per cent. during the remaining 30 days, counted from the date at which they fall due. In case of delay of payment of any of these instalments the debt will become immediately recoverable.

Art. 3.—As regards obligations resulting from foreign bills of exchange or from exchange contracts and from obligations payable in gold in general, affected by the previous moratoria or realised with banks to which monetary assistance had been extended in virtue of the late issue of paper money, the dates on which they fall due are hereby extended for a period of 90 days without the obligation of periodic amortisation referred to in the preceding article.

Art. 4.—Parties responsible for gold obligations, affected by previous moratoria, may, on date of their falling due, pay or deposit the respective values in currency at the exchange of 16d., with the obligation of liquidating the difference arising from the rate of exchange within eight months of the date at which the bill became due.

§ 1.—In the hypothesis foreseen in this article the responsibility as regards bills of exchange shall subsist independent of protest.

§ 2.—The forementioned deposits shall be realised only if creditors should refuse to receive the amounts due to them in accordance with the stipulations of the preceding article, independent of the premium, when the expense entailed by such deposit shall be on account of the respective creditor.

§ 3.—The action requisite for exaction of differences of exchange is the same as that for the principal obligation itself.

Art. 5.—The percentage of withdrawals of interest-bearing deposits in current account is hereby raised to 50 per cent. for the first 30 days, counting from 15th December, and 25 per cent. for each successive period of 30 days.

Art. 6.—The Union, State and Municipal Authorities, as also those of the Federal Capital (Rio) are authorised to withdraw interest-bearing deposits to full value.

Art. 7.—Interest on loans referred to under *a* of No. 2 of Art. 1 of law 2,863, liquidated up to 31st August, 1915, shall be charged up to the date of payment of same at the rate of 6 per cent. per annum.

§ On loans not liquidated up to above date interest shall be at the rates established in § 2 of Art. 1 of said law 2,863.

Art. 8.—The loans referred to in No. 2 of Art. 1 of law 2,863 of 24th August, 1914, their redemption, liquidation and the delivery of the respective securities deposited may be effected by the Bank of Brazil, to which effect Government is hereby authorised

to suspend execution of the measures comprised in §§ 3, 4, 5 of Art. 1 of said law for the time judged convenient.

Art. 9.—Fiscal executions are not to be considered as included in the exceptions of the present law.

Art. 10.—All dispositions to the contrary are hereby revoked, those of the above-mentioned laws not revoked by the present law continuing in force and entering into execution from the date of its publication.

Rio de Janeiro, 25th December, 1914, 93rd of Independence and 27th of the Republic.

(Signed)

Wencesláo Braz Pereira Comes.

Carlos Maximiliano Pereira dos Santos.

\* See p. 135 of 17th August.

[This law has been so loosely worded as to lend itself to different interpretations that, unless corrected, will certainly give rise to litigation. As regards foreign bills of exchange even its legality may, indeed, be questioned on the ground of the discrimination it establishes between debts recoverable in paper and those in gold, the latter, of course, chiefly affecting foreign bills of exchange. It is, of course, a prerogative of Congress or any sovereign government to declare moratoria, but not, it is alleged, to differentiate between one kind of debt and another—or what this law practically amounts to—between home and foreign creditors: this, it is held, is unconstitutional, as also differentiation between the manner and respective dates for payment.

As far as can be made out, the intention of the law, as it affects foreign bills of exchange, was to make payment of the sterling value obligatory at the rate of 16d.—that ruled until about March—90 days after promulgation and of the balance resulting from the premium on gold eight months after that date as a minimum.

Take, for example, a bill drawn for £1,000, falling due on 16th August. By law 2,862 due date would have been postponed to 15th December and by the new law 2,895 to the 15th March, with option to pay part in paper at the rate of 15\$000 per £1 and the rest in £ reduced to paper at the rate of the day on which the debtor opts to make such payments within the period determined by the law. The operation would then work out as follows:—

At 16d. £1 would equal .....	15,000 reis
At 14d. £1 would equal .....	17,143 reis
At 12d. £1 would equal .....	20,000 reis

Supposing that, with exchange at 14d., the debtor were unable to discharge all his debt and opted to pay £850 at 16d. or in currency 15,000 milreis cash and the balance of £150 at the expiration of the 8 months allowed by law, if exchange remained steady at 14d., he would have to pay 2,571 milreis, but if it fell still further, say, to 12d., the difference in currency for which he would be liable would be 3,000 milreis. If, on the other hand, exchange were to rise, say, to 15d. all he would have to pay for discharge of his debt would be 2,400 milreis.

As, however, the prospects are for the fall, not rise, of exchange, the longer debtors put off settlement of sterling engagements the worse it must eventually be for them.

Another interpretation, however, can be put on the law according to which the difference between its value at 15d. and the rate at due date may be payable in paper as follows:—

Payment on due date of £1,000 at 15d. ....	15,000 milreis
Payment of difference if exchange had fallen to 14d. ....	17,143 milreis

Difference in paper money .....

2,143 milreis

Some allege that this is the correct interpretation and that any time within the 8 months the debtor could tender this sum in milreis independent of how exchange might stand at the moment, in which case if exchange were to drop to 14d. the creditor would only get 2,143 ÷ 17\$143, about £125 and if it dropped to 12d. 2,143 ÷ 20\$, only £107½ in lieu of £150 as above.

To avoid complications, it would be advisable to obtain as early as possible an authoritative opinion on the interpretation of this law from either Congress or the Supreme Court.

#### RUBBER.

The "Jornal do Commercio" announces that the Bank of Brazil is considering the advisability of disposing of its large stock of rubber, valued at some £3,000,000.

On 31st October, the rubber in 2nd hands, i.e., belonging either to the syndicate and mortgaged to the Bank or belonging to the Bank itself, amounted to 940 tons, which at £184 per ton, the average f.o.b. value at Pará, would yield £1,819,000 or, say, £2,000,000.

To yield £3,000,000, as the "Jornal do Comercio" predicts, the stocks mortgaged to the bank would have to be sold f.o.b. at £319 per ton or £135 over current prices.

A good deal of this rubber was purchased by the bank at 16\$000 per kilo and must in any case leave a heavy loss.

So large a sale would, naturally, tend to improve exchange as indeed the mere prospect already did, as we pointed out in a late issue.

But it would also tend to abnormally depress prices at Pará and Manáos afterwards, seeing that the requirements of certain importing markets would for a long time have been supplied.

There are only two great markets for Brazilian rubber, U.S.A. and Great Britain. France, of course, takes a lot, but generally through Great Britain as there are no facilities either for direct shipments to or financing at Paris. This may, of course, be got over by opening credits in London, but as shipments from the Amazon are now confined almost exclusively to British and Lloyd Brasileiro steamers, it is difficult to see how any regular trade can be kept up directly with other countries.

The French Government is trying to attract business to French ports by means of a differential tax on direct and indirect imports, but until direct navigation can be depended on, direct shipments from Pará, at least, would not seem likely to assume very great proportions.

The sale of this large quantity of rubber to France is, of course, most opportune, because it will prevent any possibility of its falling into the hands of the enemy.

According to a telegram in the "Jornal do Comercio," prices at Pará have lately been on the ascendant, Ilhas being quoted on 20th December at 3\$000, as against 2\$800 on 9th, and 2\$400 on 7th October last year and Carviana at 3\$300 on 20th, as against 3\$000 on 9th, a rise of 300 reis, due probably to enquiries from U.S.A., following the prohibition of exports of British plantation rubber to that country.

#### NOTICE.

This will be the last number of my weekly letter "Mostly About Coffee," that has been distributed gratuitously to subscribers of "The Brazilian Review" since 14th January of this year, but from 4th January forward will be incorporated with the journal entitled "The New Brazilian Review," subscriptions for which, at the rate of £5 per annum, will be payable half-yearly at the Office of the Imprensa Inglesa, 61-75 Rua Camerino, Rio de Janeiro or Agencies.

