

Wileman's Brazilian Review

A JOURNAL OF TRADE AND FINANCE

PUBLISHED WEEKLY TO CATCH BRITISH MAILS.

VOL. 1

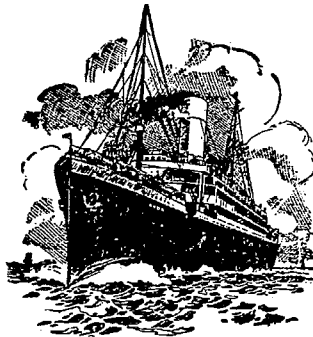
RIO DE JANEIRO, TUESDAY, June 15th, 1915

N. 24

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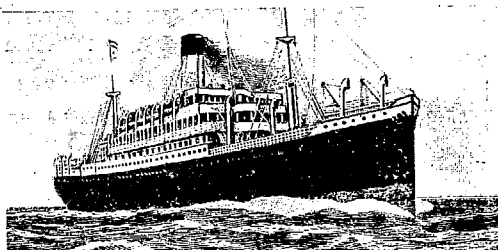
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VASARI.....	27th, July	⋈	VAUBAN.....	5th, October
VERDI.....	24th, August	⋈	VASARI.....	19th, »
TENNYSON.....	7th, September	⋈	VERDI.....	2nd, November

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Rua Candelaria No. 91

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MAIL FIXTURES

FOR EUROPE.

- June 16.—HOLLANDIA, Holland Lloyd, for Amsterdam.
 „ 16.—GARONNA, Sud-Atlantique, for Bordeaux.
 „ 23.—ARAGUAYA, Royal Mail, for Liverpool.
 „ 27.—ORTEGA, P.S.N.C., for Liverpool.

FOR RIVER PLATE AND PACIFIC.

- June 14.—SEQUANA, Sud-Atlantique, for River Plate.
 „ 15.—FRISIA, Holland Lloyd, for River Plate.
 „ 18.—DEMERARA, Royal Mail, for River Plate.
 July 1.—DARRO, Royal Mail, for River Plate.
 „ 1.—ORITA, P.S.N.C., for River Plate and Pacific.

FOR THE UNITED STATES.

- June 22.—TENNYSON, Lamport and Holt, for New York.

NOTICE TO BRITISH SUBJECTS.

New Passport Regulations. — All British Passports issued prior to 5th August, 1914, will become invalid upon 1st August, 1915. Holders of such passports can exchange same for fresh Passports.

Passports issued after 1st August, 1915, which will be valid for two years only, must bear, in each instance, a photograph of the person to whom issued. Duplicate of photograph must be lodged with the office issuing the Passport.

Only wife, and children under sixteen years of age, may be included on holder's Passport. In such cases, photograph of the wife also must be furnished, in duplicate. In case of children over sixteen years of age separate Passport must be obtained in each case. British Consulate General, Rio de Janeiro, 18th April, 1915.

NOTES

The Emergency Issue. The statement for 12th June is as follows:—

Received from Caixa de Amortisação	149.600:000\$
Withdrawn and burnt	10.022:551\$
Balance of authorised issue at Caixa de Amortisação	400:000\$
Loaned to banks	100.000:000\$
Interest deposited to cover expenses of issue	18:502\$

Repaid by banks on account of amort. and int.—

Cash	4.457:522\$
Treasury bills	68.759:100\$
Interest on same	89:329\$
Expenses of issue	26:354\$

333.373:358\$

Alterations since 5th June:—

Increase repayment in cash by banks	616\$
Increase repayment in bills by bank	1.141:300\$
Increase interest on bills	4:438\$

Gold Deposits at the Caixa de Conversão:—

31st December	£9,230,525
31st January	8,600,396
27th February	8,154,394
31st March	7,693,884
30th April	7,165,344
31st May	6,707,238
12th June	6,248,385

Convertible notes in circulation amount to 93,721:788\$, of which 71,904:355\$ are covered by gold and 19,339:776\$ by Government's guarantee.

—The President has asked Congress for a credit of 25,286:847\$ for liquidation of the following obligations:—

To contractors for railway construction up to 31-12-'14	19,995:667\$
Excess payments on account of personnel and materials to May, 1915	4,601:807\$
Floating debt, 1914-1913	606:376\$
Materials furnished for President's Palace	82:987\$

25,286:847\$

An Argentine Loan of £10,000,000 has just been brought out by Baring Bros., with consent of the Treasury, of which half was offered in London and the other half in the United States. Interest is at the rate of 6 per cent. per annum. Of the proceeds £8,000,000 are to be applied to meeting Treasury bills issued by the Government for the drainage works, maturing in London and New York during the current year. There would, therefore, be practically no actual transfer of gold, but merely book entries for the larger part of the loan. In London, where the issue was offered at 99 per cent. of face value, it was an almost complete failure, only 88 per cent. of the £5,000,000 being subscribed. The fiasco is explained by the failure of the City of Buenos Aires to

make good its promises of redemption of its bills, which has reflected on the credit of the Federal Government, but in reality would seem to show indifference on the part of the British public to foreign investments generally and desire to conserve all resources for prosecution of the war.

Value of Paper Money. A friend writes us as follows:—"I have read with much interest your money article in the last number of the "Review." It is the clearest and most convincing exposition that I have seen of the proximate causes which are creating the fluctuations of exchange. But I know you will agree with me when I point out that what you have been discussing in the certain conversations on the subject are the approximate day-by-day causes of fluctuations in the price of bills, while I have been talking of the ultimate causes which alter the general level or the limits within which the daily fluctuations occur.

"The price of those bits of paper which we call bills of exchange is, of course, determined like that of any other commodity, by the relationship between demand and supply. I can not see any difference in this respect between a piece of paper with certain words written or printed on it which give it a commercial value, and, say, piece of canvas with certain lines and colours painted on it which give it a commercial value. The bill of exchange or the painting or any other commodity will have its price determined by the demand and supply for that particular sort of article.

"But this does not at all affect my argument that there are far more fundamental forces at work which, so to speak, determine the field within which demand and supply operate. What I have been discussing are the factors which bring about fluctuations of exchange to-day (as a result of variations in demand and supply) around 12d., while in 1889 it fluctuated around 27d. and in 1898 around 7d.

"It is this general level of prices of all things in which men in the market deal, whether they be bits of paper which have a commercial value or parcels of merchandise which have commercial value, about which I am talking; and the further I go into the subject the more clearly apparent it seems to be that the fundamental cause of these changes of general level is the quantity of money. Of course I do not mean quantity of money in the old crude sense of an actual count of the number of units which have been issued by the mints or the government printing office. I mean the quantity *in use multiplied by its rate of circulation*. A very small quantity in a country where money circulates rapidly might have more effect in raising prices than a much larger actual quantity in a country where the circulation is slow.

"For these reasons I do not altogether follow your argument in regard to the effect of an issue of paper, for the purpose of "valorising" coffee. The large accumulation of funds in the banks seems to me to be merely a symptom and not the disease itself. It is evidence of the fact that the money supply is redundant, and further issues would tend, at least, to increase the illness and aggravate the symptoms; unless, the stimulation of business which you suggest would follow the "valorisation" should be proportionately larger (or at least as large) as the increase of the money supply."

The War. Writing from New York, a correspondent of the "Daily Telegraph" points out how best America can help the Allies in their struggle for freedom. The majority of American bankers, he says, are convinced that the United States will be drawn into the war and that the best way that country could fight Germany would be by assisting the Allies by increasing the exports of munitions and supplies and voting thousands of millions of credit to go where most needed, whether to Russia, France or to Great Britain, Roumania, Italy or Greece. People who do not think in financial terms are disturbed over the inability of the United States to immediately command the means of defence, but they overlook the fact that in the present position America is not only one of the largest bases for war supplies, but soon will be one of the largest bases for credit supplies also. Besides accelerating supplies of munitions to the Allies, Government could throw open its own arsenals and arm factories, now practically closed and so instantly augment the machinery at the base of the war supplies.

Bankers and financiers are unanimous in the opinion that America would indeed be extremely foolish to enter into any arrangements that aided Germany to interrupt the supplies of the Allies. "But, what most people do not see, and what Germany cannot fail to see," declared an English-American financier, well known on both sides of the Atlantic, "is that at this juncture an invitation from Germany to the United States to enter the field is a much more serious matter for Germany than would be an invitation from Germany to Italy or Roumania combined. If Germany can frighten the United States by her Transatlantic submarine warfare, we deserve to be frightened; if we permit our defence to interfere with the defences of others, we had better think before we commit suicide; but if it comes right down to business, it is not our navy yards and arsenals that will do the work, but the credits we can vote by the thousand million. France would, to-day, undoubtedly like to borrow \$500,000,000 at 5 per cent. in the United States. If America had to go to war, I think she might get \$1,000,000,000 at 4 per cent. very quickly and get it direct from the United States Treasury."

Enemy Aliens. The contemptuously tolerant feeling towards Germans has changed of late and is being gradually converted into something very like hate by the wanton sinking of the Lusitania. Nothing better could have served to stir British feeling, as the anti-German riots in London, Liverpool, Johannesburg, Durban, British Columbia and other parts of the Empire conclusively prove.

Property of Germans has already been destroyed to the value of millions, and, scattered as Germans are over the whole Empire, it is symptomatic of the utter lack of judgment on the part of the German Government that they should have exposed their nationals in Great Britain and the Colonies to reprisals on so gigantic a scale!

In South Africa alone the property owned by Germans must run into hundreds of millions. Unfortunately in moments of passion crowds fail to discriminate very nicely between one kind of German and another. There are 19,000 Germans already interned in Gt. Britain and 40,000 yet at large, of whom 16,000 are women.

The British Government has at last been roused by public sentiment to sterner measures and propose that all naturalised adult males shall be interned, as soon as quarters can be provided, with exemptions, particularly as regards women and children, to be granted by a special court. Many Germans become naturalised purely for business purposes; they have not changed their feelings and are quite as strongly in sympathy with Germany as when they were living there. The greater their wealth and the higher the position they occupied, the more power they can yield. This class, says Mr. Bonar Law, is a danger to the community and must be vigorously dealt with.

Though in a moment of passion there might be injustice, it is impossible to believe that the country would approve indiscriminate persecution of naturalised Germans, many of whom have sons as good Britishers as any in the country, fighting against Germany in the defence of British ideals.

The question of treatment of Germans comes home to us here, too; but, unfortunately, in lack of a lead from the home Government, it is left to individuals themselves to decide how to act and whether Germans here should commercially be treated by Britishers as enemies or no? About the prevailing sentiment there can be no question! But as long as the way is legally open to trading between Britishers and Germans in neutral countries, commercial instinct will, in some cases, override patriotic suggestion.

In some parts of Brazil there has been open rejoicing in German circles at the sinking of the Lusitania and, wheresoever they may be, Germans are, with very few exceptions, in sympathy with the barbarous methods of waging war adopted by their country.

Wherever they may be, they are active or potential enemies and in defence of British interests, commercial intercourse between them, even in neutral countries, should be forbidden so far as it is in the power of the British Government to make such a measure effective.

At present Germans are allowed to use British shipping for export and import to and from Gt. Britain itself and her colonies as freely as Britishers themselves.

The goods exported from or imported into this country enjoy no German monopoly, but would be carried and dealt in just the same were Germans here deprived of all facilities for such trading by cutting off every possibility of shipping by in-going or out-going British vessels.

It is probable in such a case some business would be done under cover of neutral firms; but, as the necessity of drawing on London through New York has added to the cost of the operation, so every additional hand through which imports and exports pass must add to the cost to German intermediaries. If strictly put into execution, the declaration of Germans as enemies all the world over would tend to throw German business of all kinds more and more into British hands.

Germans have no monopoly of either imports or exports in this country. They must compete on exactly the same terms in exactly the same markets as British traders. Their marked success, particularly in the export trade, was the result of greater application to business and more thorough and painstaking commercial methods.

To oust Germans permanently, it is necessary not only to obtain temporary control of their oversea trade, but to see that, after the war is over and competition is once more normalised, there be no relapse!

So long, however, as Germans in neutral countries are permitted to trade freely with England and her colonies, it will be difficult for Britishers to oust them, seeing that directly the war is over, Germans will naturally find their profit in dealing in preference with their own country.

What it Costs to Stop a Train. In the campaign which the Ohio railroads have been making for higher passenger rates in that state, all kinds of statistics have been filed with the legislative committee. Probably the statistics which deal with train stops, filed by President Williard of the B. and O., are among the most interesting.

This memorandum asserts that it costs from \$1.35 to \$1.85 to stop a passenger train at a station on the Ohio roads, or at an average of about \$1.60 a stop. In other words, with a train making 17 stops there would be a cost to the railroad of \$27.50 for starting and stopping alone. Among the items entering into the cost of stopping a train the most important is coal, as when a train is stopped the airbrakes are applied and the coal is used to generate the steam which compresses the air.

There is great wear and tear on equipment because of these stoppages and the car wheels, the brake shoes and the rails are worn away because of friction. In starting after a stop there is a great expenditure of steam in getting under headway and there is more wear and tear on equipment. Some railroad men say that President Williard's figures are too low and that taking the train with 17 stops, it would require at least 30 through passengers to pay for the cost of starting and stopping the train.—"The Wall Street Journal."

Aniline Dyes. Here, as in Great Britain and America, the textile industries are in desperate straits because they cannot get German dyes. Plans in both England and America are innumerable for supplanting the Germans by local industries, but, in Gt. Britain at least, seem likely to be more wrecked on the rock of the fiscal policy. Manufacturers naturally hesitate before venturing to lay out large sums of money until they know exactly what is going to happen after the war is over. So far they have refused to put money into the dye industry because they do not see their way to win back the chemical and dye trade without protection. Sentiment alone will never coax money out of British pockets. It seems likely that one of the most momentous outcomes of the war will be a boycott of German industry by the Allies and protection of industries subject to German competition. The Brazilian manufacturers have been warned betimes and, it is to be trusted, are by now in a position to forestall any breakdown by substitution of chemical dyes by indigo and similar vegetable products.

REVENUE

COLLECTED AT RIO DE JANEIRO CUSTOMS DISTRICT.

	1914		1915	
	5 mos. Jan.-May		5 mos. Jan.-May	
Revenue derived from Imports	41,636	7,146	25,726	6,310
Deposits at Customs	735	219	768	209
Inland dues collected at Customs	561	86	514	89
Total per Customs	42,932	7,451	27,008	6,608
Inland revenue, per Inland Revenue Office	12,333	1,977	14,435	2,363
Total Rio Customs District	55,265	9,428	41,443	8,971

	In contos of reis			% Diff. 1914-15
	Customs	Inland	Total	
January	4,062	2,261	6,323	-6,582 63.2
February	4,638	3,899	8,537	-3,678 49.2
March	5,883	3,609	9,492	-1,877 31.6
April	5,816	2,303	8,119	-1,239 13.1
May	6,608	2,363	8,971	- 457 4.9
5 months, 1915	27,007	14,435	41,442	-13,833 25.0
5 months, 1914	42,932	12,333	55,265	
Difference, 1914-15	-15,925	+2,102	-13,833	

Since January, when customs receipts were at their minimum, this class of revenue shows a decided recovery, amounting to 62.7 per cent. Whether the increase of Imports will be maintained seems, however, very questionable in view of the increasing impediments to trade the war is giving rise to, especially with the United Kingdom, where exports of merchandise to this country have, compared with the first three months of last year, fallen off nearly 40 per cent. The embargo on exports of coal and difficulties in obtaining dyestuffs seem likely to considerably curtail shipments of these, the two principal exports to this country, that for the three months, January-March, accounted for over 60 per cent. of the exports specified in the monthly statistics of the Board of Trade.

The decline of exchange and credit difficulties seem likely to exercise a depressing influence on imports, though owing to the depreciation of the currency it may not make itself equally felt in revenue.

The figures for our own statistical department show a decline in the value of imports during the first four months of the current year of £7,972,000 or 48.9 per cent. compared with last year, whilst owing to the depreciation of the currency the fall in local value was only 80.444:000\$ paper or 36.6 per cent.

From 1st May onwards, when the rate for collection of duties, etc., payable in gold, was reduced from 15d. to 14d., revenues calculated on a paper basis will show a proportional increase compared with last year and with the first three months of the current year, when all collections were on the basis of 15d.

For the four months, Jan-April, customs revenues reduced all to paper, show a shrinkage of 42.5 per cent. compared with last year, as against that of only 36.6 per cent. for the value of imports, the difference, as far as the elements at our disposal permit conclusions, being due to the difference between the rate of exchange at which duties were collected (15d. and 14d.) during this period and that of the average rate of exchange at which the value of imports was appraised, as also to the payment of duties on large quantities of goods awaiting clearance for over a year.

The jump of 792,000\$ custom house revenue in May is not for such reasons to be attributable solely to increase in the value of imports, but part at least to the lower rate of exchange at which duties were collected, to the clearance of belated merchandise and the rest perhaps to some real increase in the value of imports, as the statistics for May may confirm.

Now that the service of the foreign debt has been funded and gold payments reduced to a minimum, the necessity of maintaining gold revenue at a high level largely disappears. What seems requisite is that revenue in the aggregate should, whatever exchange may drop to, suffice to meet all engagements, internal and foreign.

Seeing how considerably internal payments now exceed external, such equilibrium would, from the purely financial point of view, seem to be most easily secured by allowing the premium on gold to rise to a point at which the increased cost would be still out-balanced by the increase of revenue in paper for internal purposes.

As a war measure, i.e., one of national salvation, in this emergency, such a course would seem to merit attention so long as measures were simultaneously taken for the withdrawal and valorisation of the currency when the necessity for such measures had disappeared.

Exports (Specified) from The United Kingdom to Brazil.

	Quantity		Value in £	
	Three Months	April	Three Months	April
Coal, all kinds	1915 94,551	1914 98,327	1915 112,605	1914 485,699
Oil, all kinds	1915 188	1914 986	1915 4,125	1914 25,763
Forgings of iron	1915 173	1914 755	1915 1,404	1914 7,160
Wrought iron	1915 25	1914 1,741	1915 932	1914 36,164
Wire	1915 39	1914 739	1915 602	1914 2,039
Wire, manufactures of	1915 7	1914 127	1915 177	1914 5,238
Cutlery	1915 111	1914 728	1915 1,879	1914 14,968
Copper, wrought or manuf'd	1915 30	1914 135	1915 2,946	1914 12,474
Hardware	1915 1,297	1914 10,426	1915 3,749	1914 35,594
Cotton piece goods	1915 2,595	1914 16,184	1915 2,042	1914 8,803
F'lgs, Hdts, shawls, cotton	1915 168,400	1914 368,300	1915 70,145	1914 7,870
Woolen tissues	1915 40,100	1914 479,600	1915 2,087	1914 8,888
Worsted tissues	1915 11,700	1914 178,900	1915 25,476	1914 88,210
Jute yarn	1915 1,489,500	1914 3,912,900	1915 55	1914 1,581
Jute manufactures	1915 3,100	1914 49,600	1915 8,810	1914 34,385
Linon piece goods	1915 196,600	1914 936,400	1915 4,949	1914 24,831
Earthenware and glass	1915 4,165	1914 104,677	1915 3,353	1914 21,487
Cement	1915 1,550	1914 13,352	1915 229,306	1914 1,191,423
Total, April	280,890	2,800,890	189,585	786,768
Total, March	267,889	2,678,889		

Compared with the same month last year, the value of Exports to Brazil for the month of April show a falling off in value of only £1,584 or ½ per cent. and compared with the month of March an increase of £39,821 or 21 per cent.

Exports of coal, copper, cotton flags, etc., jute yarn and linen manufactures all show increase in both quantity and value; those of citlery show increase in quantity, but decrease in value; and all the rest decrease in both quantity and value, excepting manufactures of wire.

TRADE BETWEEN THE UNITED KINGDOM AND BRAZIL. Three Months, January-March.

Value of:—	In £1,000		
	1913	1914	1915
Imports into U.K. from Brazil f.o.b.			
in British port	3,808	3,016	1,808
Exports, on quays, U.K.	3,348	2,164	1,062
Re-exports	127	112	115
	3,475	2,276	1,177
Exports f.o.b. Brazil to all destns	21,308	20,002	18,529
Ratio of British Imports to total exports from Brazil	17.9%	15%	9.1%
Imports into Brazil from all destinations	23,627	16,284	8,312
Ratio of British exports to Brazil and Imports into Brazil from all destinations	15%	14%	22%

The percentage of Exports consigned to the United Kingdom during the first three months shows a steady declining percentage from 17.9 per cent. in 1913 to 9 per cent. in 1915, in consequence, it is to be presumed, of much larger quantities of exports having gone to other countries. As regards Imports from the United Kingdom, the position is reversed and the percentage of British Exports to total Imports was raised from 15 per cent. in 1913, with a relapse to 14 per cent. in 1914 to 22 per cent. for the three months of 1915.

THE SAN PAULO (BRAZILIAN) RAILWAY COMPANY.

Minutes of Proceedings at the One Hundred and Eleventh Ordinary General Meeting of the Proprietors, held at the Terminus Hotel, Canon Street, E.C., on Wednesday, 28th April, 1915.

Rt. Hon. Lord Balfour of Burleigh, K.T., in the Chair.

R E P O R T .

The Chairman: I will ask the Secretary to read the Notice calling the Meeting.

The Secretary (Mr. Wm. H. Moxey) having read the Notice convening the Meeting, the Directors' Report was taken as read.

The Chairman: Ladies and Gentlemen, I hope and believe that, considering the difficulties of the time through which we have passed and are still passing, the shareholders will not regard the report we now present to you as an altogether unsatisfactory one. At any rate I am glad to think that it is not so unsatisfactory as I was apprehensive would be the case on the last occasion when we had the pleasure of meeting you.

The important figures will, as usual, be found in the second paragraph on the first page of the report. You will therefore see that the gross receipts were £779,290 for the past half-year, as compared with £1,334,287 for the corresponding period of 1913, the actual decrease being £555,000. The working expenses were £455,000, or slightly over 58 per cent. of the gross receipts and a net revenue, actually realised at the several rates of exchange at which the remittances for the half-year were made, amounting to £323,000, as against £584,000 in the corresponding period of the year 1913.

The following paragraph deals with the receipts of the Bragantina Railway, which you will see produced a net sum of £4,500 more than in the corresponding period of last year. The average rate of exchange for the half-year was 13.7 as against 16 pence in the corresponding period of last year, and this was much more

favourable to us than I feared would be the case when we met in October, because within a few days before that Meeting, the rate had been as low down as tenpence. But, fortunately for us and for many others interested, a recovery took place which has been fairly well maintained up to the present time. Last year was, as a whole, a period of depression; it had really commenced before the close of the year 1913, and you will recollect a year ago at this time I said that it was common knowledge that the prosperity of the country had received a check, a check which we hoped and believed would be only temporary, although it had affected our net receipts for the year 1913, as compared with those of 1912, to the amount of about £35,000.

I went on to say that, taking all the figures which I had then put before you, there was little doubt that the next year or two would be trying to the resources of Brazil, and in consequence the imports carried by our line would show a considerable reduction.

At the time I used those words, now just a year ago, we were blissfully unconscious of the great calamity which was in store for us in the war which has now been raging on the Continent of Europe for something like eight months. It is obvious that that in itself is far more than sufficient to upset all previous calculations which anyone, however far-seeing, could have made.

I need not develop this aspect of matters. The facts and circumstances are only too well-known to those whom I am addressing. Indeed the published statistics are in themselves sufficiently eloquent; they show a reduction of fifty million pounds in the trade of Brazil as between the years 1913 and 1914, and as a fact about two-thirds of that reduction took place in the last five months of the year.

Taking, however, the actual facts as they stand to-day you will recollect that we brought forward £210,000 from the previous half-year into the period now under review; and the balance of net revenue now available for distribution and after providing for the interest on our debentures, payable last January, is £506,000; that is against a sum of £670,000 which we had to deal with at this time last year. Out of this we have set aside £50,000 as a provision for Income Tax, and you are asked in the second resolution put before you to-day to pay a dividend of 2½ per cent. on the Preference Stock, being at the rate of 5 per cent. per annum, less Income Tax; and on the Ordinary Stock a dividend of 5 per cent., being at the rate of 10 per cent. per annum, free of Income Tax; and to carry forward a sum of a little over £281,000, as against a carry forward of £335,000 at this time last year; so that you will see the carry forward is more than £53,000 less than was the case on that occasion.

I think it right also to mention the fact that while in 1913 we had to find £34,000 for depreciation in value of securities, we have not at the present time and in this account made any similar provision. For present purposes we take the valuation of our securities as at 31st July last.

It has not been usual for us to make provision for Income Tax in the accounts submitted at this period, but the circumstances at present are somewhat abnormal, and even if the Income Tax remains next year at the same rate as during the current year, we shall have to pay next spring the sum of not less than £105,000; for that reason it is expedient to make provision in good time so far as the current half-year is concerned.

If, unfortunately, then, in the future any considerable addition is made to the amount of the income tax, the whole policy involved in our method of dealing with it, and of making the payment of dividend free of tax, might have to be reconsidered, but we are not anxious to raise that point unless the interests involved render it absolutely necessary.

In the General Balance Sheet, on page 14, you will see an item of £150,000 borrowed from our bankers on security. The necessity for this arose from the fact that remittances from the other side were slower in coming over than we expected. The reasons being partly the prospect of exchange and the fact that at the moment the money was required on the other side. The loan was paid off very shortly after the close of the accounts. It is the fact that to-day we have again a small loan to enable us to meet the dividends payable to-morrow, but it is of much smaller amount and we believe it will also very shortly be repaid by remittances from the other side.

You will observe that, as shown in the Balance Sheet, the sum of £281,762, which we are carrying forward, is made up of the following items:—On General Account, £139,000, and on Special Bonus Account £142,000; and this has attracted the attention of at least one shareholder, who, in a courteous letter, has expressed his regret that the Board are not distributing anything from the Bonus Account.

But now, ladies and gentlemen, it does not seem a matter of much importance whether the gross sum carried forward is placed in the accounts under the heading "Bonus Account" or "Earnings from the Main Line." What we have to consider is the policy involved in the sum we should carry forward, and the prospects which lie before us.

It is, as I have indicated, our earnest desire to do nothing which will involve the diminution of return to our shareholders below an average of 10 per cent. I sympathise entirely with the shareholder who has written to me that these are times when everyone wants as large a dividend as they possibly can get, and I take the view that the Directors should perhaps stretch a point in regard to dividends; but, as I said before, we must look to the future, and it is no use paying a higher dividend on this occasion and then having to come to you in the near future and say: We have made a mistake in paying you such a high dividend, and then admit we must materially reduce it.

The gross receipts up to date for the current half-year converted into sterling amount to £460,276, as against £535,629 for this time last year, being a decrease of £75,353.

The coffee receipts in Santos stand at present at 8,899,000 bags, as against 10,231,100 in the corresponding period of 1913.

Now, ladies and gentlemen, so far as it is possible, I will venture upon a forecast of the prospects for the current half-year, with a view to estimating the probable position as at the 30th June, which we shall, of course, have to put before you in detail at the next half-yearly meeting.

The balance carried forward is, as you will see, £281,762. The estimate made upon the other side of the probable Net Revenue for the current half-year is £170,000, from which will have to be deducted charges on this side, the Debenture interest payable on the 1st July, and, if it turns out to be necessary to allow for it, any depreciation that may arise in the value of our securities.

The only item in this which is absolutely certain is the Debenture interest, amounting to about £47,000, payable in July; but making a reasonable allowance for the others so far as it is possible to foresee them, our anticipation is that we may not have so large a sum to carry forward at the end of this half-year as we had at the same period last year.

The estimate of £170,000 Net Revenue, which I have just mentioned, is put forward on the authority of Mr. Speers, and is the best we can make under all the difficulties which surround any such estimate, and no one who considers the circumstances of our Line must omit to take into account that in times of adversity we stand to lose under two distinct headings. We stand to lose in loss of traffic and also in loss by depreciation in exchange on our remittances to this country. We have been for many years accustomed to a standard rate of about 16d., and if that rate had been maintained during the half-year now under review, we should have been, even with the diminished traffics, richer by something over £123,000 on the revenue of the half-year; but I regret to see that the exchange for the current half-year is, at the present time, lower still, and I am afraid that when the accounts for the current half-year are presented to you, you will find that the loss in exchange will be certainly greater. As a matter of fact, from this cause we have already, as shown by the weekly returns up to the actual time at which I am speaking, to take note of a loss of upwards of £75,000; the striking feature in this is that on traffic taken by itself we have made an increase of 285 contos; but notwithstanding this increase in currency, taking the figures at the rate of exchange which has ruled, we have to face a decrease in sterling of £75,063. This is the best example that I can give you of what exchange means to us and to all other English companies operating in Brazil.

Even the matters which I have mentioned do not exhaust the many factors which must be taken into consideration. Some people in the criticisms which they make seem to think that so

long as there is a good crop of coffee, and the coffee has to come down to get to market, the traffic on our line ought to be and will be maintained. In other words, so many people imagine that practically the whole of the traffic of our railway is coffee, and they seem to think the traffics should depend entirely on the crop and that other traffics should not therefore alter to any extent because, as they argue, the coffee being in the country has to come down; but they forget that the export trade is not the only traffic which we carry and on which we depend. Even if it were so, this class of critics forget the importance of the value of the crop as well as its bulk.

Our traffic is really made up of three main elements, there is the export traffic, the import traffic and the local traffic; and it is the fact that these two items of import and local traffic have been greater in volume than the export traffic. Let me illustrate this from the past three years.

In 1912 the receipts from export traffic amounted to upwards of 10,000 contos, whereas the receipts from the other traffic were 16,300 contos. In 1913 the export receipts were 9,700 contos, and the other traffic had risen to 17,600 contos; while for last year the export traffic represented less than 8,000 contos, while the other traffic exceeded 12,000 contos.

The tonnage is perhaps even more remarkable. In 1912 the exports were 570,000 tons, the other traffic over 1,000,000 tons. In 1913 the exports were 669,000 tons, the other traffic nearly 1,300,000 tons; and last year the exports, while upwards of 554,000 tons, were again exceeded by other traffic, which amounted to over 837,000 tons.

It is not possible for me to state the exact earnings from imports, because they are so intermingled with the local traffic. The imports very frequently do not go from Santos direct to their ultimate destination. A consignment may be sent from Santos to San Paulo, which, as you know, is the great distributing centre of the State. When it arrives there the consignment is broken up, some of the goods are consumed locally, and some made up with foreign or local produce for despatch into the interior. The foreign and local goods are mixed together from San Paulo to the interior so that it is not possible to ascertain with any precision the value of the freight on the imported goods over the whole of our line.

The figures I have mentioned will give you some general idea of the traffics and will prove to you that for the last year, although we have suffered to some extent in the export traffic we have suffered considerably more in the other traffic, and it will be obvious to anyone who studies these figures that we are not wholly dependent on coffee for the traffic on our line. On the other hand, when there is plenty of coffee and the price is good, you will appreciate the fact that the purchasing power of the community is increased and the volume of the import traffic naturally takes an upward course.

It is perhaps worth mentioning that the number of passengers carried over our line was smaller last year by 235,000 than the year before, and the number of immigrants was lower by 53,000.

The joint working expenses of the main line and the Bragançina were 58.56 per cent. of the gross receipts, as compared with close on 57 per cent. in the corresponding period of 1913. The slight rise in this proportion has been owing to the sudden drop in receipts, and to the impossibility of as quickly reducing expenses in anything like the same proportion; and I think it is a matter for satisfaction that the relative proportion of expenses to receipts is not larger than it is.

The work of bringing the stone ballasting which was done previous to 1908 up to the proper condition has been temporarily suspended, but it will recommence so soon as circumstances permit.

The overhauling and strengthening of the main line bridges necessitated by the increased weight of our new engines, continues to receive the attention of our staff.

The work on the Serra for protections against slip must be continued, and must be performed without regard to fluctuations in receipts. Improvements in gradient sand curves on the main line which are not absolutely necessary at the present time have been temporarily suspended.

The modification of our wagons, having for its object to enable a larger paying load to be carried, is proceeding gradually, stronger axles and fittings being introduced.

At the present time we are told that coffee is moving fairly freely, and we have an estimate of from 11½ to 12 millions of bags to come down as the produce of the next crop. It is also reported that the harvest of cereals will be a record one this year and we may hope for some benefit from this fact.

There is another matter which I should like to mention, because I think it is a matter which is on the hopeful side. I refer to the industry of chilled beef. I am informed that quite recently a cargo of chilled beef has arrived in this country from San Paulo, and although it was in the nature of a trial consignment, yet it has proved to be very successful; that is to say, the beef is found to be of excellent quality, and no difficulty whatever was found in selling it. I am also informed that as a result of this trial cargo a further consignment has either arrived, or is on its way over, and I am in hopes that this new industry will not only prove of a great advantage to the State of San Paulo, but will also add traffic to our lines, as the shipments are made from Santos and therefore must perforce be carried on our railway.

Again, we know that there are cars being constructed to run over our railway for the purpose of conveying oil to the interior, and if this should develop, there again we may confidently look to a great increase in our traffics, that is to say, the import traffic. Further, there are also cars being built for the purpose of developing an entirely new industry, viz., the export of fruit. These cars will be of the refrigerating class and will run on our line.

In view of the depreciation of exchange and the prospect of a diminished income, and following upon the course taken by the native Railway Companies, it appeared to us expedient to arrange for an increase in our coffee tariff from the 1st January of this year, and, therefore, in accordance with the sliding scale, the average rate on our line has been slightly increased from that date.

You will recollect that even with this increase it does not amount to what it has reached in the history of our undertaking, because we made a reduction in October, 1913, of 15 per cent., following on reductions already made in 1911 and 1909.

You will observe that the Report and Accounts now before you have been signed by Mr. Owen. As you will recollect, Mr. Owen left for Brazil in the spring of last year, and was engaged for the remainder of the year in studying the circumstances of the line, in learning the language and preparing himself for the assumption of the responsibility for which we had selected him. After full consideration, and with the cordial concurrence of Mr. Speers, we were able to put him into complete charge as from the end of last year. All we hear encourages us to believe that we have been most fortunate in our selection, that Mr. Owen has risen well to the occasion and has secured the confidence of those with whom he will have to work and for whose supervision he is responsible.

Mr. Speers and Mr. Gordon are both on their way to this country at the present time. We expected that they would have been here to take part in the meeting to-day and we understand that this would have been so had it not been for the withdrawal of a steamer which was to have sailed early in the present month; but for which untoward event they would probably both have been present with us to-day.

The position as regards the projected works on the old Serra Inclines remains very much where it was when we last met. You will recollect that I then told you that the surveys had been completed and the estimates prepared, but the outbreak of the war in particular, as well as the general circumstances of the time had led us to pause before going further, and that the engineering staff had been recalled. We do not at the moment think it wise to press the matter forward. We have not, therefore, made a fresh application to the present Government of Brazil to approve the plans. We shall do so if it seems expedient, and everything has been left in order to enable us to proceed if the conditions and prospects of the country seem to justify such action. On the arrival of Mr. Speers and Mr. Gordon the position will be reviewed and we shall be ready and indeed anxious to do what is best for the furtherance of the great interests entrusted to our care.

You will also see from the Report that we have lost an old friend by the retirement from the Board of Mr. Hammond. This has been rendered necessary solely and entirely on grounds of health. I can say for myself and on behalf of all my colleagues that we part with Mr. Hammond as a member of our Board with

the most profound regret. Mr. Hammond has been associated with us as a director since 1902, but he had had a connection with Brazil for more than thirty years previously.

I am sure that in his retirement and under the circumstances which have rendered it necessary he may feel that he has the sympathy and the respect of all with whom he has been associated in a long and varied career.

To supply the vacancy caused by Mr. Hammond's retirement we have selected Mr. Oliver Bury, till recently general manager of the Great Northern Railway, and we are confident that his knowledge and experience will be most valuable to us in the decision of the important questions which will engage our attention. He was resident ten years in Brazil, a connection still maintained by his being Chairman of the Leopoldina Railway. You will be asked to confirm the appointment by re-electing him at this meeting.

I now beg to move: "That the Directors' Report and Statement of Accounts for the six months ended 31st December last, now submitted to this meeting, be received and adopted."

Lieutenant-Colonel Sir Gerald Smith, K.C.M.G.: I have much pleasure in seconding that.

The Chairman: I now propose: "That the following dividends for the six months ended 31st December, 1914, be and the same are hereby declared, viz.: On the Preference Stock 2½ per cent., less Income Tax, making 5 per cent. for the year. On the Ordinary stock 5 per cent., free of Income Tax, making 10 per cent. for the year, and that the same be forthwith payable."

Mr. Chapple: I beg to second that resolution.

The resolution was carried unanimously.

Mr. Chapple: I beg to move that the Rt. Hon. Lord Balfour of Burleigh, K.T., be and he is hereby re-elected a Director of the Company.

Sir Gerard Smith: I have great pleasure in seconding that.

The resolution was carried unanimously.

The Chairman: Then, ladies and gentlemen, I have to offer my very warm thanks and acknowledgment for the kindly unanimity with which the resolution has been carried, and I beg to move: "That Lieut.-Colonel Gerard Smith, K.C.M.G., be, and he is hereby re-elected a Director of the company."

Mr. Chapple: I beg to second that resolution.

The resolution was carried unanimously.

The Chairman: I have now to move: "That Mr. Oliver R. H. Bury, be and he is hereby re-elected a Director of the company."

Sir Gerard Smith: I have much pleasure in seconding that.

The resolution was carried unanimously.

The resolution: "That the retiring Auditors, Messrs. Price, Waterhouse and Co., Mr. C. A. Clulow and Mr. W. L. Strian, be and they are hereby re-elected Auditors of the company for the current year at the same remuneration as heretofore" was also carried.

It was unanimously decided, on the motion of a shareholder, to make a donation of £250 to the funds of the Red Cross Society.

The Chairman: That concludes the business of the meeting.

A vote of thanks to the Chairman, Directors and Staff was proposed and carried unanimously.

[The statement of the Chairman of this important undertaking is the clearest and most important we remember.

The falling off of sterling revenue, due to the shrinkage in both tonnage and value, has to a very slight extent (Rs. 285,000\$) been compensated by the depreciation of exchange. Should exchange continue to fall, as seems not unlikely, currency revenue would, in consequence, tend to increase at the cost of that in sterling.

From 1st January last, the tariff on coffee has been raised, but not to the same level as before the reduction of 15 per cent. in 1913.

The impression was general that the San Paulo Railway depended chiefly on the revenue derived from transport of coffee. As a matter of fact, both in 1912 and 1913 the receipts from other classes of the traffic very considerably exceeded that of coffee. Compared with 1913, coffee receipts fell off in 1914 only 17.5 per cent., whilst those of "other traffic" showed a decline of 31.87 per cent.

The decline in "other traffic", in fact, affects the prosperity of the company more than that of coffee and is largely the result of the paralysation of all kinds of business and suspension of construction and fresh undertakings, that the financial world crisis that followed the Balkan war, gave rise to.

But apart from the effect outside conditions may continue to exercise on the traffic and prosperity of the S. Paulo Railway a revival of prosperity can only be the consequence of improvement of the S. Paulo coffee industry and consequently of the purchasing power of the community.

For 1915-16 crop prospects point to a relatively large crop. But whether such a crop can be disposed of at lucrative prices is not by any means so certain.

Were consumption maintained on the same footing as last season, there might, in spite of some increase of quantity, be no absolute relapse of prices, nor on the other hand, could any considerable improvement be looked for. But, as seems extremely probable, should consumption be curtailed to the amount of some 5,000,000 bags during the present season by cutting off supplies entirely from Germany, Austria and Belgium, the fall of prices that would inevitably result could not fail to react on the general prosperity of the State, and, in the absence of financial support, entail a further and perhaps ruinous fall of exchange, unless some means could be found to buy up surplus supplies and store them until after the war.

The gradual but persistent decline of exchange, in spite of the relief afforded by suspension by the Federal and some State Governments of specie payments on their respective foreign debts and the notable reduction in the value of imports, point to the existence of economic deficit that a further fall in the price of coffee can only serve to exaggerate. It is possible that exchange may drop very much lower than so far it has done and that the S. Paulo Railway may be obliged in common with other British enterprises in this country, to consider the advisability of employing currency receipts in purchase of other lines or their shares, or in fresh construction rather than in remitting at ruinous rates.

There is an alternative that may be worth consideration and that is a loan to the State of S. Paulo for withdrawal of surplus stocks and maintenance of coffee prices and exchange, which, if accompanied by satisfactory guarantee against gold shipments from Great Britain, would suit all interests and perhaps meet with the approval of the British Treasury, seeing how indissolubly the interests of all British undertakings in this country are concerned in the maintenance of exchange.

Report of the City of Santos Improvements Company, Limited.

Report of the proceedings at the annual meeting, held on Wednesday, the 21st April, 1915. The thirty-fourth annual general meeting of the shareholders of the City of Santos Improvements Co., Ltd., was held at River Plate House, Finsbury Circus, E.C., Mr. D. M. Fox (the Chairman of the company) presiding.

The Secretary (Mr. E. H. Sulman) having read the notice convening the meeting and auditors' report,

The Chairman said:—Ladies and Gentlemen,—Before moving the adoption of the report and statement of accounts for the past year, which, no doubt, you will allow us to take as read, I should like to make a few remarks thereon, and briefly deal with some matters of interest to you as affecting the working of your company during the year under review.

First of all it is impossible for any of us not to be deeply conscious of the striking contrast in the circumstances under which we now meet, and those under which we had the pleasure of meeting you a year ago. We were then full of well-grounded confidence in the progressive increase in the results of the working of the company's several undertakings—a progress to which we had become accustomed for so many years in succession. It is true that last April we were then somewhat anxious as to the financial position of Brazil, but those best qualified to form an opinion were full of confidence that the trouble "would be short-lived." Indeed, our own returns, then and up to the end of July, were showing a satisfactory increase in the revenue when exchange remained at the official rate of 16d. per milreis, and there was every prospect of financial assistance to the Republic in the shape of a loan on terms practically agreed upon, which would have enabled the

country to recover itself. I need scarcely remind you that all these expectations were completely upset by the declaration of war early in August last—the loan was out of the question, exchange dropped as low as 10d., or thereabouts, the export and import trade was paralysed, and the busy quays of Santos were almost denuded of shipping, except a few interned vessels. But it is surely quite unnecessary thus to dwell upon the disastrous and world-wide effects of this stupendous war upon such an important commercial centre as the City and Port of Santos.

It will, however, give you some idea of the effects of the war on the foreign trade of Santos—the seaport of the rich and prosperous State of S. Paulo and the largest coffee shipping port in the world—if I quote some very interesting and instructive statistics from the "Journal of Trade and Finance," published in Rio de Janeiro, showing the comparative values of import and export trade of Santos for the twelve months, January to December, in 1913 and 1914. These values reduced to sterling, were as follows:

	1913	1914
Imports	£19,206,879	£8,511,686
Exports	32,685,423	21,566,728
	£50,892,302	£30,078,414

During the twelve months, January to December, the foreign trade of the State of S. Paulo underwent the terrible shrinkage in sterling of £20,813,888, as compared with 1913, or 40.9 per cent. You will readily comprehend that a contraction of foreign trade on such a scale, aggravated by the suspension of foreign credit that followed the declaration of war, could not fail to have a paralysing influence on the economic and financial position of such a commercial and industrial centre as Santos, affecting the everyday life of the inhabitants by limiting their spending powers.

The Accounts now submitted to you plainly show what the effect has been upon the Revenue of the company, and with your permission I will now turn to them and offer such comments thereon as may seem to be called for. You will note that the revenue in Santos (after making full provision for bad debts and depreciation) amounts to £101,106, as against £103,323 in the previous year, showing a decrease of £2,217, or, say, 6.66 per cent. This decrease is attributable mainly to the low average rate of exchange since the war declaration in August last, which adversely affected the revenue to about £15,000, and also to the falling off in the passenger and freight traffics on the tramways, and more remotely to the set-back in the results of the working of the gas, water and electric light and power undertakings.

As I have already told you, up to the end of July the revenue of all departments showed a normal and satisfactory increase, quite in accordance with the expectations of the Board, and we are justified in believing that but for the unprecedented and utterly unlooked-for catastrophe of August last we should have been able to pay the usual dividend on the increased Ordinary share capital and make provision for reserve and other capital.

You will see the net revenue in Santos is reduced by general expenses in London, income-tax and sundry incidental items set forth in the account to £82,239 9s. 7d., a decrease of 16.55 per cent. as compared with 1913. These items appears to require some comment on my part:—

First—The income tax shows the large increase of £2,039, due to increased assessment and a higher rate of tax.

Second—Interest amounting to £2,289 is in respect of the loan of £91,000 shown in last year's account, and paid off out of recent issue of capital.

Third—The expenses of issue of capital, viz., £50,000 5 per cent. Tramway Debentures and £175,000 Ordinary shares, amount together to £7,951, expenditure which will not recur.

The Board have considered it advisable to write off the whole of this amount at once, rather than leave the burden wholly or in part on the revenue for the current year.

As before stated, we have, therefore, a net revenue in London of £82,239 9s. 7d., to which must be added £6,529 8s. 11d., brought forward from last year, making a total of £88,768 18s. 6d. After providing for all prior charges, as set forth in the Net Revenue Account, we have a final balance of £30,628 1s. 10d. to deal with,

as against £496529, 8s. 11d. for 1913, being a decrease of £18,901 7s. 1d.

It is, of course, most unfortunate that the present set-back should have occurred so soon after the issue of new capital, as the full return thereon, under existing conditions, must, I fear, be deferred for some time.

Out of the available balance, viz., £30,628 1s. 10d. remaining to be dealt with, the directors have added nothing to reserve, but have set aside £4,000 to Tramways Renewals Account, and they now recommend the payment of a final dividend of 2½ per cent. on the Ordinary share capital, making 5 per cent. for the year, less tax. This will absorb £20,000, and leave a balance of £6,628 1s. 10d. to be carried forward to next account.

The balance sheet shows that the share capital—Ordinary and Preference—has reached the sum of £1,000,000.

The issues of Ordinary shares and 5 per cent. Tramway Debentures were, I am pleased to say, more than fully taken up by the shareholders.

On the other side of the account, the additions to capital expenditure, amounting to £126,696, are in respect of works urgently needed, notably in completion of permanent way and paving, equipment and rolling stock of the tramways, an additional 20-in. trunk water main, vertical retort installation, high-pressure gas mains—opening up new districts of supply—additional electric light and power transmission lines, etc., new workshops and foundry; also gas, water and electric meters, etc.

All further expenditure on Capital Account has, of course, ceased, excepting on works of supreme importance which were in course of construction in July last.

Stores in transit and at Santos stand at a somewhat high total, £108,713 12s. 7d. This, however, is a reduction of just over £40,000 as compared with 1913, and will most probably be still further reduced during this year.

Debtors and debit balances amount to £4,500 more than last year, which, under existing circumstances, is not excessive.

It will be unnecessary for me to enter into any great detail as to the working of the separate undertakings, all of which have more or less felt the effect of the depression in trade caused by the war. I should perhaps mention that the falling off in the tramway passenger and freight traffics mostly occurred in the last five months of the year. This is clearly traceable to the inactivity of the business community following the crisis, and also to the loss in passengers on, what might be termed, the pleasure routes to the Barra Beach. Building is practically at a standstill, with the consequent loss in revenue from the transport of the materials for this purpose.

The supply of water to shipping has fallen off. This was to be expected having regard to the smaller number of ships entering the port since August last.

The quantity of gas delivered for consumption is almost identical with last year. Private lighting shows a reduction, but has been made up by the increase in the demand for gas for cooking and heating purposes. However, when the high pressure system of supply is complete, a still larger increase in consumption of gas for cooking purposes is confidently anticipated.

We are expecting a material reduction in the cost of production of gas when the new installation of vertical retorts and coal handling plant is completed.

The strictest economy is being practised in working expenses. At the same time, all the company's properties are being maintained at the usual high level of efficiency, and full provision has been made for depreciation.

Our relations with the State Government and with the Municipalities of Santos and S. Vicente continue to be of the most cordial nature, and we are assured that both the authorities and the public are satisfied with the manner in which the various services of public utility are carried out under our able and zealous manager and his loyal staff of assistants.

I shall have the pleasure of moving a hearty vote of thanks to Mr. Bernard Browne and his staff in recognition of our appreciation of their faithful services to the company.

I for one, at any rate, have not lost my faith in the future of the City of Santos and the State of S. Paulo, the premier State of the Union, and when the dark clouds that at present overshadow

us have rolled by, as they will, the sun of prosperity will again shine as brightly as ever.

It would be pleasant if I could conclude my remarks on a cheerful note, but all I can say is, I believe that things in Brazil and especially in the State of S. Paulo, are looking better—that the outlook, in fact, is excellent for the coffee plantation industry, and that thus it may be hoped that Brazil will, before long, recover from her serious period of depression.

I now beg to move:—"That the report and statement of accounts for the year ended December 31st, 1914, be received and adopted." I will ask Mr. Henderson to second this resolution, but before putting it to the meeting, if any shareholder has any question to ask, I will do my best to answer them. (Applause.)

Mr. F. Henderson seconded the motion.

Mr. Martin Herzheim said he had been very much interested in the able remarks made by the Chairman, who had given the meeting such a good picture of what had been happening during the past fateful year. He was glad that the Chairman had ended on a hopeful note, and when he (the speaker) looked at the accounts he found that, considering all the circumstances, they were really quite good. As recently as 1912 the revenue was only £92,000, which was £9,000 less than in the past unfavourable year; so that they had nothing to be particularly alarmed about.

Replying to a question put by the last speaker, the Chairman said the fixed assets were brought into the accounts in sterling, while the floating assets—the debtors in Santos and the cash balances—were valued at 14d.

The resolution was then put and carried unanimously.

The Chairman next moved:—"That, after setting aside £4,000 to Tramways Renewal Account, a final dividend of 2½ per cent., less tax, upon the Ordinary share capital of the company, making 5 per cent. for the year 1914, be and is hereby declared payable on May 1st next, and that the sum of £6,628 ls. 10d. be carried forward to the next account."

Mr. H. U. Wollaston seconded the motion, which was unanimously carried.

The Chairman further moved the re-election of Mr. H. U. Wollaston (the retiring director), which was seconded by Mr. H. K. Heyland (Managing Director) and unanimously agreed to.

On the motion of Mr. Stanford, seconded by Mr. A. F. Phillips, Messrs. Deloitte, Plander, Griffiths and Co., were re-appointed auditors.

The Chairman said he had very much pleasure in proposing a hearty vote of thanks to the company's very able manager in Santos (Mr. Bernard Browne) and his staff. He remarked that they had fully appreciated the position and the necessity of making every possible effort in the direction of economy. They had succeeded in reducing the expenses considerably, and deserved the warmest thanks of the shareholders for the zeal and ability with which under difficult circumstances, they had performed the duties devolving upon them.

Mr. Herzheim seconded the vote, which was unanimously accorded.

Mr. Phillips said he did not think the shareholders would wish to part without passing a hearty vote of thanks to the Chairman and Directors, as well as to the London officials, for their services during the past year. (Hear, hear.) Those who were connected with foreign undertakings were aware of the great anxiety which the directors of all companies similar to their own had had to go through during the period under review, and he thought the results which had been achieved at Santos should give the shareholders every possible satisfaction. (Hear, hear.)

Mr. Stanford seconded the motion, which was unanimously adopted, and a brief acknowledgment having been made by the Chairman, the proceeding terminated.

[If any public service company might have expected to have escaped the influence of the crisis and the war, it would certainly be a concern like this that caters for requirements of a population like Santos', bound to use water for domestic purposes, to travel on the tram lines and consume gas and electric light.

But there are some things that no one can escape—taxes and depreciation of the currency—that hit everybody all round, though not always equally.

Increase of taxation and expenses and other incidental expenses, reduced net revenue at Santos to £82,239, or 16.55 per cent. compared with 1913. The falling off of the tramway traffic which occurred mostly in the last five months of the year, is due to the inactivity of the business, stoppage of building and other enterprises and loss of passengers on the pleasure route.

The supply of water to shipping has fallen off in view of the decline of shipping at the port. Private gas lighting shows some reduction, but has been compensated by the increased demand for cooking and heating purposes.

Revenue in Santos amounted to £101,106, as against £108,232, a decrease of £7,217 or 6.6 per cent., attributable mainly to the low level of exchange since the declaration of war.

The possibility of a further fall of exchange has been faced.

The position of the country could scarcely be worse, with an enormous amount of inconvertible paper money in circulation and prospect of further issues; an enormous floating debt that the Government finds no means of really liquidating; an almost certain budgetary deficit to be provided for again this year; depression of foreign trade and it is much to be feared a further ruinous fall in the price of coffee and consequently of exchange. All this goes to make up a picture that would seem hopeless were it not that the decline of sterling revenues consequent on a fall of exchange might find compensation in the proportionate appreciation of currency revenues if only so magnificent an opportunity for reinvestment of profits in the country by purchase of shares, or otherwise, of local railways and other undertakings, could be taken advantage of in these impecunious times by British shareholders.

City of San Paulo Improvements. Separate meetings of the holders of the two Debenture issues, at Winchester House, and of the general body of proprietors of the City of San Paulo Improvements and Freehold Land Company, Ltd., at 2 Broad Street Place, have been convened for the 2nd. ult., to consider successively resolutions for the creation of £750,000 of 20-Year Prior Lien Five and a-Half per Cent. bonds; the discharge of interest coupons in arrear of the Six per Cent. First Mortgage Debentures, together with future payments down to and including 31st March, 1919, by the issue, against surrender of such coupons, of Prior Lien bonds as from the date of each interest payment. In the case of the Six per Cent. Second Mortgage Debentures, it is proposed to definitely postpone the payment of interest arrears down to 30th September, 1914, and of those becoming due up to 31st March, 1919, until 30th September, 1919, "on which latter date the said coupons shall become payable to the intent that, in the meantime, the non-payment of such coupons shall not constitute a breach of the provisions of the trust deed securing the Debentures, or of the terms of the Debentures. Finally, the directors desire to release the company from all liability to make sinking fund payments, which, under existing conditions, become due at any time prior to 31st March, 1925. At the first meeting, which was held for the benefit of the holders of the Six per Cent. First Mortgage Debentures, five resolutions were submitted—(1) Sanctioning the creation and issue of 20-Year Prior Lien bonds for £750,000, carrying interest at the rate of 5½ per cent. per annum and constituting a first specific charge on the immovable property, and a first floating charge on the remaining assets, present and future, including its uncalled capital in priority to the Debentures and the interest thereon, such Prior Lien bonds to be redeemable at the option of the company upon six months' notice at a premium of 5 per cent. (2) The coupons representing the instalments of interest payable on the debentures on 30th September, 1914, and the subsequent instalments of interest down to and including the instalment payable on 31st March, 1919, are to be satisfied by the issue of an equivalent amount of Prior Lien bonds. In order to enable the company to deal with the situation proprietors are asked to sanction the release of the guarantee fund securities deposited to meet instalments of interest down to and including the instalment payable on 30th September, 1916, from all liability, to be applied in or towards payment of such instalments of interest. This meeting will be asked to release the company from all liability to make the payments to the sinking fund, which but for this resolution would become payable at any time prior to 31st March, 1925. At the ensuing meeting of Second Mortgage Debenture holders, the first resolution mentioned

above will again be submitted. Thereafter, the following additional proposal will be voted upon:—"That this meeting sanctions the postponement of the payment of the coupons representing the instalments of interest payable on the Debentures on 30th September, 1914, and the subsequent instalments of interest down to and including the instalment payable on 31st March, 1919, until the 30th September, 1919, on which latter date the said coupons shall become payable to the intent that in the meantime the non-payment of such coupons shall not constitute a breach of the provisions of the trust deed securing the Debentures or of the terms of the Debentures." At the third and final meeting of the general body of proprietors, authority will be asked to create and issue "Priority Lien bonds for £750,000, ranking in priority to the £2,000,000 First Mortgage Debentures and £284,200 Second Mortgage Debentures and £284,200 Second Mortgage Debentures now outstanding."

The Report on the Meeting of the Shareholders of The Brazilian Warrant Company is interesting, but, unfortunately, too long to publish in extenso.

The reduction of the dividend is explained by the necessity of conserving the resources of the company, seeing that its business is now being carried on to a much greater extent than formerly with the resources of the company itself, now that banking credit is so greatly restricted. This method of conducting business naturally means a smaller turnover.

All the capital issued last year has been paid up, excepting £1,350, due chiefly from alien enemies. Bills payable are only £25,861 or £160,000 less than last year, whilst the reserves have been brought up to £100,000.

On the assets side, investments, chiefly representing holdings in the Registradora and Warehouse and Cartage Co.s, are about £16,000 more than last year, of which £10,000 is accounted for by subscription to the War Loan. In view of the Brazilian situation the Board has employed more of the company's funds in home investments than formerly, chiefly in British Treasury bills until such time as the money is wanted to finance the new coffee crop. Bills receivable are down from £69,490 to £44,280 and cash to £158,437 as against £263,315 last year.

Total gross profits were £115,317, an increase of £15,000 over last year, but expenses have been heavier. What the net profits were was not stated by the Chairman.

The starting of the official clearing house seems to have been stopped by the war. On 31st July, at the request of the Santos Commercial Association, the Registradora closed its registers in view of the panic and uncertainty created by the European conflict. It remained closed for some months, but operations have now been tentatively resumed without, however, any movement of consequence. The past year was, of course, a bad one for the Registradora, nor can much revival be looked for until conditions become more normal. There was no pressure to hold coffee as in other years. The even and regular distribution of the crop is favourable for warehousing business and for the trade. The Cartago Co., which is not yet on a dividend footing, suffered much at the beginning of the war from suspension of business, but is now recovering.

Operations connected with the new branch at Rio have been shut down at some loss to the company. Nothing further has been heard of the competing Belgian concern.

The whole of the profits of the company for 1914 were made in the first half of the year. The war has hit the company hard in the past and will continue to do so as long as it lasts. The worst month was September and December the best since the outbreak of war.

From the Chairman's report, it would seem that discrimination is being exercised at the War Office and Admiralty against S. Paulo coffee, which insist on its admixture with high priced Central American and other growths that merely serves to enhance the price.

A resolution declaring a dividend at the rate of 7 per cent. on the Seven per Cent. Cumulative Preference shares and of 3½ per cent. on the Ordinary, thus making 5 per cent. for the year, was carried.

The staff of the company, both in England and Brazil, have responded nobly to the call of their country; besides the Chairman himself, Captain Johnston, thirteen employees have joined the forces.

MONEY

Rio de Janeiro, 12th June, 1915.

Closing Rates were as follows:—

	90 days' Bank	Commercial	Sovs.
Saturday, 5th June	12 5-16	12 3-8	19\$600
Monday, 7th June	12 5-16	12 3-8	19\$600
Tuesday, 8th June	12 17-32	12 5-8	19\$200
Wednesday, 9th June	12 9-16	12 11-16	19\$200
Thursday, 10th June	12 5-8	12 3-4	19\$200
Saturday, 12th June	12 9-16	12 11-16	19\$200

After opening at 12¼d., this morning the market weakened and closed in the evening with banks drawing at 12 9-16d. and money at 12 5-8d., the decline coming from Santos on reports of buying there by the Bank of Brazil. The rise to 12 5-8d. is generally regarded in the market as an attempt on the part of the banks to catch bills; whilst frightening the market from taking by spreading rumours of loans, railway amalgamations, *tutti quanto*, the banks have been steadily taking from 5-8 to 7-8. In the present state of the market with only speculative bills to depend on and very little money offering, there is, it is argued, no difficulty in manipulating rates, especially if the banks see their way to force speculators for the fall to unload.

It may be that there is nothing behind it, but a rise of 3-4d. in a few days seems to be too big to be worked by any foreign bank purely on its own responsibility.

The withdrawal of some £500,000 from the Caixa would seem to point to manipulation of some kind, as also would the repeated interviews with the Minister of Finance and the Bank of Brazil and the manager of the foreign bank that lead the rise.

Treasury payments from now to September are as far as can be calculated as follows:—

Treasury bills due in August	£1,602,000
Ditto, due in September	535,000
Service of Funding Loan of 1898, due in July, about	130,000
Funding of 1914, about	90,000

From now to September, about	2,257,000
Municipal Loan, 1899, August	28,000

Total now to September, about

£2,285,000

It was probably to provide for part of these payments that gold is now being withdrawn from the Caixa. Once the Treasury bills are paid off the requirements of the Federal Government for the service of the foreign debt will be reduced to the maximum of about £900,000 per annum. There are, of course, other gold payments for purchase of materials, armaments, etc., which are not included.

These payments come just at the worst time of the year, when the market is bare of produce bills and, but for recourse to the Caixa, would certainly have given rise to a further decline of exchange. If, therefore, there may have been some manipulation of the rate, the occasion would seem to justify it. The late exodus of gold has reduced the deposits in the Caixa to £6,248,385, of which the greater part would seem to be in private hands. For large lots as much as 10 per cent. premium has been paid.

"The Financial News" of 20th May, says that Brazilian Tractions were depressed by the fall of exchange and doubts as to whether the company will be able to maintain its dividend.

Latest Quotations, June 12th:—

	1915	1914
4 per cent., 1889	48½	76
Funding, 1898, 5 per cent.	98½	100
Funding, 1914	74 3-8	—
1910 ¼ per cent.	50	73
S. Paulo, 1888	91	95
S. Paulo, 1913.	97½	101
Leopoldina stock	36	58½
S. Paulo Railway Ordinary	175	232
Traction Ordinary	54	80
Brazil Railway Ordinary	8	27
Consols	66½	73 1-8
Dumont Coffee Co.	9	10
Gold values	14d.	
Treasury Bills, 20 to 21 per cent. discount.		

Treasury Bills. From Santos it is reported that in view of the depreciation of Treasury Bills, creditors of the Government are refusing to receive any more and that "in imitation of the German Bank, they propose to lodge a judicial protest against the loss that payment in Treasury bills subjects them to."

—In our notice of the new firm of Jessouroun, Irmãos and Co., we neglected to state that both brothers, Vidal and Jacques Jessouroun have powers to sign for the firm.

Ratio of cash to deposits at the Banco do Brazil and principal foreign banks to 31st May, 1915:—

	Deposits at call	Cash	Ratio	Discounts
Banco do Brazil	110 577.246\$	28.383.152\$	26.6%	24.595.608\$
London and Brazilian	14 459.817\$	13.961.665\$	96.6%	988.626\$
London and R. Plate	18.187.772\$	10.198.966\$	56.1%	1.133.080\$
British Bank of S. Am.	15.903.785\$	15.299.016\$	95.2%	4.539.567\$
Brasilianische fur Dd.	9.949.132\$	9.376.987\$	94.2%	4.325.650\$
Alleman Transatlantico	6.619.685\$	5.979.038\$	90.3%	1.227.937\$
Banco Germanico	3.085.836\$	2.345.230\$	75.9%	1.817.994\$
National City Bank	5.735.997\$	5.616.033\$	96.4%	484.129\$
Total, 31st May, 1915.....	184.470.270\$	91.112.387\$	43.4%	39.112.521\$
Total, 30th April, 1915.....	57 177.029\$	85 504.763\$	54.4%	38 288.976\$
Total, 31st March, 1915	193 336.852\$	89 174.564\$	46.1%	39.78.224\$
Total, 28th February, 1915	191 979.797\$	80.411.790\$	42.4%	38 847.339\$
Total, 31st January, 1915	170 367.127\$	87.017.159\$	58.8%	50 344.908\$
Total, 31st December, 1914	150 645.866\$	90.851.543\$	60.3%	51.788.113\$
Total, 30th November, 1914	165 918.950\$	93.495.061\$	56.3%	
Total, 31st October, 1914	160.081.961\$	83.081.961\$	51.9%	
Total, 30th September, 1914	179 008.350\$	90 918.777\$	50.8%	
Total, 31st August, 1914	185 347.845\$	72.316.057\$	39.0%	
Total, 31st July, 1914	156 019.985\$	72.316.356\$	46.4%	

COFFEE

Rio de Janeiro, 12th June, 1915.

Entries during the week ended 10th June fell off again, being only 72,150 bags, as against 94,334 the previous week and 130,236 bags the corresponding week last year.

Very little business is doing in the coffee market, so far very little new crop having come down to Rio; at Santos, it is reported that new crop are 50 per cent. of entries. There is nothing to report as to quality, the entries being too small yet to warrant conclusions. Most of the local stock is medium. The weather is variable, three days' sun and three days rainy during the week. The next Rio crop is expected to give from 2¼ to 3 million bags.

Clearances at the two ports for the week were very small, only 30,704 bags, as against 207,429 bags for the previous week and 175,628 bags for the corresponding week last year.

Clearances for the crop to 10th June were 12,369,737 bags, only 7.6 per cent. under last year's, whilst f.o.b. value for same period was £13,577,365 or 35.5 per cent. smaller.

The f.o.b. value for the week was £1.198 and for the crop to 10th June £2.017 per bag.

Should f.o.b. prices, in consequence of supply being larger than demand in consequence of the curtailment of consumption in Germany, Austria and Belgium, fall 15 per cent. to £1 per bag, even if the whole coming crop of 16,000,000 bags were entirely exported, its export value would be only £16,000,000, as against

£25,000,000 this season and £38,000,000 last and £42,000,000 for 1912-13. Evidently under such circumstances a heavy drop in exchange could not ultimately be prevented, howsoever the fall in value might be compensated during the height of the crop by larger shipments.

Embarques or custom clearances were small, being only 77,929 bags, as against 131,005 the previous week and 176,498 the corresponding week last year.

Sales. There was a slight improvement at Santos, sales for the two ports aggregating 72,463 bags, as against 60,538 for previous week, but 115,323 last year, when entries were much earlier and larger.

Sailings. Of the total of 25,894 bags sailed, 14,702 went to the United States; only 447 to Europe from the two ports; 5,190 coastwise and 4,355 to the Plate and 1,200 elsewhere.

Currency Prices showed an all-round improvement, No. 7 Rio rising from 4\$630 to 4\$834 since the previous Friday; Santos superior from 5\$200 to 5\$500 and good average from 4\$000 to 4\$100. At New York, spot No. 7 and 8 each gained 1-4c. July options show an improvement of 46 points, September of 38 and December 34 points since Friday, 28th May.

Prices are going up in New York, as was to be expected in view of the exhaustion of stocks, which are now reduced to 590,598 bags, of which 218,084 at Rio and 372,514 at Santos. At New York stocks on 10th June were 1,178,000, as against 1,421,000 same date last year.

Correction. Revising the figures for shipments for the month of May, we find there was an error in our number of 25th May, wherein shipments per R.M.S.P. s.s. "Desna" were given as 14,445 in lieu of 1,445 bags and the total overseas from the port of Rio for that week as 30,315 in lieu of 17,315 bags.

—The protest of the "Sociedade Paulista de Agricultura" against treatment of coffee as contraband of war, though, of course, perfectly legitimate, is not likely to exercise much influence on the action of the Allies, who at last seem to have made up their minds to prevent any trading with Germany whatsoever.

As in the case of the United States, subjected to the same disabilities, the only recourse would seem to be to insist on the responsibility of the Allies for any loss that bona-fide Brazilian shippers may incur and reserve settlement until after the war, as is the practice of the United States.

The idea of a London loan which we ourselves have more than once suggested, to buy up and store the surplus stock so long as prohibition of export to Germany and Austria is maintained, is by no means a bad one nor so impracticable as is generally imagined so long as it did not entail export of gold from Great Britain.

Germany's Trade with Holland. A leading authority in Amsterdam writes:—I may say that German trade through Dutch channels is pretty well killed except for some requirements of the Dutch colonies, which are practically only obtainable in Germany, and also contracts entered into before March 1st. Consequently Dutch trade is dwindling, and shipping, especially by the regular lines, will suffer considerably. The country likely to suffer most by the blockade conditions is, however, Brazil, and the effect will be felt with full force when offers for the new crop are made, for coffee prices are likely to fall heavily owing to the exclusion of two of the largest consuming countries. The stocks of coffee in Germany, however, are believed to be sufficient for a long time to come. The cessation of imports into Germany will assist her exchanges and enable her to keep her gold—the indispensable reserve for her excessive borrowing. Although there must now be widespread misery among the German poor, especially in the agricultural districts, the well-to-do and educated classes show but few signs of wavering in their determination to see this war through, and they will doubtless be encouraged by the recent successes in Galicia and the Baltic Provinces. How they will straighten out their finances after the war is a puzzle which I cannot solve.

Coffee Market

ENTRIES.

IN BAGS OF 60 KILOS.

RIO	FOR THE WEEK ENDED			FOR THE CROP TO	
	June 10	June 3	June 11	June 10	June 11
	1915	1915	1914	1915	1914
Central and Leopoldina Ry.....	31,985	46,728	41,764	2,743,632	2,423,494
Inland.....	1,817	997	574	26,442	53,912
Coastwise, discharged..	2,863	—	—	75,711	84,648
Total.....	36,645	47,725	42,338	2,905,785	2,572,054
Transferred from Rio to Nictheroy.....	—	1,094	662	45,006	60,588
Net Entries at Rio.....	36,645	46,631	42,076	2,860,779	2,511,466
Nictheroy from Rio & Leopoldina.....	—	5,706	4,685	377,800	296,859
Total Rio, including Nictheroy & transit.....	36,645	52,337	46,761	3,238,579	2,808,325
Total Santos:	33,505	41,997	83,475	9,245,661	10,635,047
Total Rio & Santos.....	72,150	4,334	130,236	12,484,243	13,433,372

The coast arrivals for the week ended June 10th, 1915, were from:—

S. João da Barra.....	1,571
Caravellas.....	1,292
Total.....	2,863

The total entries by the different S. Paulo Railways for the Crop to June 10th, 1915 were as follows

	Past Jundishy	Per Sorocabana and others	Total at S. Paulo	Total at Santos	Remaining at S. Paulo
1914/1915	7,586,877	1,627,596	9,214,273	9,245,661	—
1913/1914	9,900,479	749,057	10,649,536	10,626,047	—

COFFEE SAILED.

During the week ending June 10th, 1915, were consigned to the following destinations:—

IN BAGS OF 60 KILOS.

PORTS	UNITED STATES	EUROPE & MEDITERRANEAN	COAST	RIVER PLATE	GAPR	OTHER PORTS	TOTAL FOR WEEK	CROP TO DATE
Rio.....	4,500	—	5,120	2,050	—	1,200	12,940	3,167,285
Santos...	10,202	447	—	2,305	—	—	12,954	9,429,705
1914/1915..	14,702	447	5,190	4,355	—	1,200	25,894	12,596,990
1913/1914..	46,734	122,363	4,394	2,137	—	—	176,628	13,383,704

COFFEE LOADED (EMBARQUES).

IN BAGS OF 60 KILOS.

	DURING WEEK ENDED			FOR THE CROP TO	
	1915	1915	1914	1915	1914
	June 10	June 3	June 11	June 10	June 11
Rio.....	40,147	61,373	48,199	2,800,910	2,542,302
Nictheroy.....	—	2,912	4,264	371,825	285,055
In transit.....	—	—	—	—	—
Total Rio including Nictheroy & transit.....	40,147	64,285	52,463	3,221,435	2,827,357
Santos.....	37,782	66,720	124,035	9,464,687	10,941,061
Rio & Santos.....	77,929	131,005	176,498	12,746,122	13,768,918

VALUE OF COFFEE CLEARED FOR FOREIGN PORTS.

DURING THE WEEK ENDING JUNE 10th, 1915.
IN BAGS OF 60 KILOS.

	June 10	June 3	June 10	June 3	Crop to June 10	
	Bags	Bags	£	£	Bags	£
Rio.....	7,750	67,797	12,841	118,221	2,910,032	5,033,569
Santos.....	12,954	139,432	23,989	284,316	9,429,705	19,915,882
Total 1914/1915..	30,704	207,229	36,830	402,537	12,369,737	24,949,451
do 1913/1914..	175,628	127,980	484,221	345,809	13,383,704	38,526,816

FOREIGN STOCKS.

IN BAGS OF 60 KILOS.

	June 10/1915.	June 3/1915.	June 11/1914
United States Ports....	1,178,000	1,265,000	1,421,000
Have.....	—	—	—
Both.....	1,178,000	1,265,000	1,421,000
Deliveries United States	97,000	101,000	99,000
Visible Supply at United States ports.....	1,579,390	1,623,000	1,711,000

SALES OF COFFEE.

DURING THE WEEK ENDING JUNE 3rd, 1915.

	June 10/1915	June 3/1915	June 11/1914
Rio.....	28,423	37,176	25,873
Santos.....	44,040	23,362	89,450
Total.....	72,463	60,538	115,323

OUR OWN STOCK.

IN BAGS OF 60 KILOS.

RIO Stock on June 3rd, 1915.....	81,703
Entries during week ended June 10th, 1915.....	36,645
Loaded «Embarques», for the week June 10th, 1915.....	118,348
STOCK IN RIO ON June 10th, 1915.....	40,147
Stock at Nictheroy and Porto da Madama on June 3rd, 1915.....	27,063
«Afloat on June 3rd, 1915.....	85,618
Entries at Nictheroy plus total «embarques» including transit.....	40,147
Deduct: embarques at Nictheroy, Porto da Madama and Vianna and sailings during the week June 10th, 1915.....	152,623
STOCK IN NICHEROY AND AFLOAT ON June 10th, 1915.....	12,940
STOCK IN 1st and 2nd HANDS and THOSE AT NICHEROY and AFLOAT ON June 10th, 1915.....	139,883
SANTOS Stock on June 3rd, 1915.....	374,791
Entries for week ended June 10th, 1915.....	35,505
Loaded (embarques) during same week.....	410,296
STOCK IN SANTOS ON June 10th, 1915.....	37,782
Stock in Rio and Santos on June 10th, 1915.....	372,514
do do on June 3rd, 1915.....	690,598
do do on June 11th, 1914.....	569,170
	1,009,182

COFFEE PRICE CURRENT.

DURING THE WEEK ENDING JUNE 10th, 1915.

	June 4	June 5	June 7	June 8	June 9	June 10	Average.
RIO—							
Market N. 6 10 kilos	—	—	—	—	4.970	—	—
» N. 7	4.802	4.970	4.970	4.970	5.039	5.039	4.980
» N. 8	4.698	4.766	4.766	4.766	4.766	4.834	4.775
» N. 9	4.426	4.494	4.494	4.494	4.494	4.562	4.503
SANTOS—							
Superior per 10 kilos...	5.200	5.200	5.200	5.500	5.500	5.500	4.585
Good Average.....	4.000	4.000	4.000	4.100	4.100	4.100	3.471
N. YORK, per lb..							
Spot N. 7..... cent.	—	7 1/8	—	—	7 1/4	—	7.19
» 8..... »	—	6 7/8	—	—	7	—	6.94
Options—							
» July..... »	6.68	6.77	6.82	6.83	6.93	6.95	6.82
» Sept..... »	6.68	6.80	6.82	6.84	6.92	6.90	6.82
» Dec..... »	6.08	6.80	6.96	6.84	6.94	6.93	6.85

MANIFESTS OF COFFEE.

RIO DE JANEIRO.

During the week ending June 10th, 1915.

8-VERDI-New York	Norton Megaw & Co.	2,500	4,500
Ditto	Theodor Wille & Co.	2,000	
9-K. VICTORIA-Buenos Aires	Ornstein & Co	950	3,250
Ditto	Stolle Emerson & Co.	100	
Ditto-Valparaiso	Ornstein & Co	500	
Ditto	Stolle Emerson & Co.	400	
Ditto-P. Martinho	Stolle Emerson & Co.	100	
Ditto-Corral	Ornstein & Co	50	
Total overseas			7,750

COASTWISE.

6-GUAHYBA-Cear	Sequeira & Co	410	655	
Ditto	Ornstein & Co	10		
Ditto-Maranhão	Ornstein & Co	150		
Ditto-Maceió	Sequeira & Co	55		
Ditto-Pernambuco	McKinley & Co	10	1,660	
8-ITAJUBA-Porto Alegre	McKinley & Co	800		
Ditto	Castro Silva & Co	650		
Ditto-Pelotas	Castro Silva & Co	160		
Ditto	McKinley & Co	50		
10-MARANHAO-Pará	Theodor Wille & Co.	320		2,535
Ditto	Roberto Schoenn & Co.	255		
Ditto	Eugen Urban & Co	230		
Ditto	Ornstein & Co	210		
Ditto-Manãos	Eugen Urban & Co	295		
Ditto	Theodor Wille & Co.	120		
Ditto	Ornstein & Co	80		
Ditto	Roberto Schoenn & Co.	55		
Ditto	Tancredo Porto	50		
Ditto-Maranhão	Theodor Wille & Co.	405		
Ditto	Ornstein & Co	95		
Ditto	Eugen Urban & Co	50		
Ditto-Ceará	Theodor Wille & Co.	260		
Ditto	Ornstein & Co	50		
Ditto-Obidos	Ornstein & Co	30		
Ditto-Tocantins	Eugen Urban & Co	20		
10-ITAPURA-Rio Grande	Ornstein & Co	150	360	
Ditto-Pelotas	McKinley & Co	75		
Ditto	Ornstein & Co	35		
Ditto-Porto Alegre	McKinley & Co	100		
Total coastwise			5,190	

SANTOS.

During the week ending June 10th, 1915.

-INFANTA TZAEBEL-B. Aires	Société F. Breslienne.	1,038	1,904
Ditto	G. Trinks	544	
Ditto	Stolle Emerson & Co.	150	
Ditto	Nossack & Co	100	
Ditto-Montevideo	Société F. Breslienne.	72	
5-CAMOENS-New York	Naumann Gepp & Co.	4,000	10,202
Ditto	Hard, Rand & Co	2,452	
Ditto	M. Wright & Co	2,000	
Ditto	G. Trinks	1,000	
Ditto	Whitaker Brotero & C.	500	
Ditto	Ed. Johnston & Co.	250	
8-A. R. GENOUILLY-B. Aires	R. Alves Toledo & Co.	401	447
9-ESSEQUIBO-London	Ed. Johnston & Co.	44	
Total overseas			12,954

PER DESTINATIONS.

United States	14,702
South America	5,555
Great Britain	447
Overseas	20,704
Coastwise	5,190
Total	25,894

PER SHIPPERS.

British	9,197
German and Austrian	6,294
American	3,202
French	1,110
Brazilian	901
Overseas	20,704
Coastwise	5,190
Total	25,894

PER SHIPPING COMPANIES.

British	15,149
Swedish	3,250
Spanish	1,904
French	401
Overseas	20,704
Coastwise	5,190
Total	25,894

CURRENT COFFEE FREIGHT RATES.

(Per 1,000 kilos in full if not otherwise stated.)

June 10th, 1915	
Aalesund	168/6
Alexandria	185.00 frs
Algiers	180.00 frs
Arzew	180.00 frs
Amsterdam	110/-
Antofogasta	cargo 115/- & 5%, mail 135/- & 5%
Bergen	165/6
Buenos Aires, per bag	185.00 per bag.
Biserta	180.00 frs
Bône	180.00 frs.
Bougie	180.00 frs
Christiania	164/6
Christiansund	168/6
Coruna	130.00 frs. & 5% direct
Coruna	145.00 frs & 5% with transhipment
Caldera	110/-
Callao	110/-
Corral	110/-
Coronel	100/-
Coquimbo	110/-
Conception	100/-
Casa Blanca	190.00 frs.
Drammen	165/6
Dakar	175.00 frs.
Dedeagatch	195.00 frs.
Gefle	164/6
Gothenburg	163/6
Gijon	130.00 frs. & 5% direct
	145.00 frs & 5% with transhipment
Genoa	140.00 frs. & 10%
Gibraltar	185.00 frs
Halmstad	164/6
Havre, per 900 kilos	125.00 frs. & 10% per 900 kilos
Huelva	130.00 frs. & 5% direct
	145.00 frs & 5% with transhipment
Iquique	110/-
Larvik	165/6
Liverpool	115/- & 5% mail
London	cargo 115/- & 5%, mail 135/- & 5%
Larchoe	130.00 frs. & 5% direct
	145.00 frs & 5% with transhipment
Las Palmas	175.00 frs.
Malmo	164/6
Montevideo, per bag	185.00 per bag.
Malaga	130.00 frs. & 5% direct
	145.00 frs & 5% with transhipment
Malta	180.00 frs
Mostaganem	180.00 frs
Masagan	205.00 frs.
Magador	200.00 frs.
Marseilles	150.00 frs.
New York, per bag	80 cts. & 5% per bag
New Orleans, per bag	80 cts. & 5% per bag
Oran	180.00 frs
Punta Arenas	75/-
Port Mont	110/-
Phillipville	180.00 frs
Piraeus	180.00 frs
Port Said	185.00 frs
Rabat	205.00 frs.
Stockholm	163/6 (16/2 to 15/11) 166/6 (16/11 to 15/2)
Sundavall	166/6
Sevilla	130 frs & 5% direct, 145 frs. trans'm't
Salonica	180.00 frs
Sfax	185.00 frs
Susa	190.00 frs.
Safi	200.00 frs.
Trondhjem	168/6
Taltal	110/-
Tacopilla	110/-
Talenhuano	100/-
Tunis	190.00 frs.
Tangier	190.00 frs.
Umea	172/-
Valencia	130 frs. & 5% direct 145 frs & 5% trans.
Vigo	130 frs. & 5% direct 145 frs & 5% trans.
Valparaiso	100/-
Valparaiso option	110/-
Cape Town	76/-
Mossel Bay	75/-
Algoa Bay	75/-
East London	75/-
Durban	75/-

RUBBER

Quotations for hard fine closed in London on 11th June at 2s. 6 1/2 d. per lb., a decline of 3 1/2 d. since previous Saturday and at Pará at 45000 per kilo, a decline of 200 reis per kilo.

Mail Quotations, London, 13th May: Plantation crepe, 2s. 4 1/2 d per lb.; hard fine spot, 2s. 6 1/2 d., forward June-July 2s. 6 1/2 d. to 2s. 7 d.

From the grower's point of view the market is all that can be desired.

Large arrivals were threatening to spoil the chances of even holding prices to their level, in fact the market had made up its mind that we were in for a fall.

It was just this over-confidence in viewing the position that has caused the very opposite result to come about.

Prices have risen and are rising, and big spot and forward sales have been made, absorbing everything that looked too much a few days ago.

The slow work at the docks has contributed to squeeze the nearby positions as one large vessel that looked like getting her cargo into port for many tenders has disappointed expectations.

A bear raid that looked a sure and comfortable thing has with startling imperceptibility completely turned into a strong bull movement.

—The war does not seem to have affected the output of well-managed estates like the Lanadron, which for 1914 increased its output by 40 per cent. and reduced costs so considerably that in spite of all drawbacks the net profit was nearly doubled.—“The India Rubber Journal.”

—The chances of Pará rubber, unless radical reduction is made very shortly in the export duty, may be gauged by the fact that whilst up to the end of April receipts at Pará were 15,900 tons as against 17,700 tons for the same period 1913-14, a decrease of 10 per cent., the plantation output for the same period shows an increase from 22,000 to 31,700 tons or 44 per cent.

—The contract of 1913 between the Brazilian Government and the Goodyear Tyre and Rubber Co., of South America, which had been in abeyance, has been ratified with the following alterations.

A factory shall be erected on the lines proposed by the Superintendencia de Defeza de Borracha in 1913 and the proposal for modification of same presented by the company on 7th June last and the working of the factory commence within three years dating from same date. The company undertakes to desist from the claim establishing a premium of 500,000\$, as also from rights of expropriation. In case of noncompliance with the terms of this contract, the company shall forfeit whatever real estate may have been acquired and any buildings erected for the use of the factory, as also the security of Rs. 100,000\$ referred to in the original contract, saving cases of “force majeure,” of which Government shall be judge.

Pará is about to celebrate its 300th anniversary of its foundation in 1615 by an expedition sent by the Portuguese from Maranhão.

Railway News

THE LEOPOLDINA RAILWAY COMPANY.

ESTIMATED WEEKLY TRAFFIC RECEIPTS

Year	Week Ended	Receipts for Week			Total from 1st, Jan
		Currency	Exch.	Sterling	
1915	5th June	389,000\$	12 1/32	£ 19,501	£ 661,583
1914	6th "	476,000\$	10 1/16	£ 31,857	£ 691,937
Increase....	—	—	—	—	—
Decrease....	—	87,000\$	4 1/32	£ 12,350	£ 80,354

SHIPPING

Freight Markets. “Fairplay” of 20th March reports chartering to be on a restricted scale; with all homeward markets steady and splendid rates from the Plate, East, U.S. and Canada. Coal charters for Rio de Janeiro were done at 37s. and Santos at 37s. 6d.

Coal. “Fairplay” of 20th May says: The South Wales coal market has been considerably hampered by the prohibition of exports of coal to countries other than British possessions. Permission to ship to neutral destinations may, under certain conditions, be obtained, but delays are causing great inconvenience and interfering with chartering, seeing that it is impracticable to treat for charters until the licence has been obtained. The naval authorities continue to reserve to themselves all the best qualities of Welsh coal, while there is a strong demand for France, Russia, Algeria and South America. Current prices on 20th May were: Second Cardiff coal, 33s. to 35s., nominal; best dry coal, 34s. to 36s.; second dry coal, 29s. to 30s., down to 18s. 6d. and 19s. for large smalls.

Dutch Shipping. The British Ambassador at The Hague has sent an official declaration to the Netherlands Overseas Trust Co. to the effect that shipments of German goods will only be allowed provided these articles arrive in Holland before 15th May and were ordered and paid for by neutrals before the 1st March. Such goods must be accompanied by a declaration of the N.O.T. Co., viz: “that they are all licenced goods as specified in the letter of 15th April, 1915, from the British Legation at the Hague,” extract of which must be attached to the declaration. After the 1st June England will, under no condition whatever, further allow German goods to be sent to neutral countries. The only exception will be made for our East Indies for those articles such as machinery, etc., which are urgently needed.

—Packet privileges have been conceded to the following steamers of the Norwegian-South America Line:—S. José, San Remo, S. André, Estrella, Cometa. Rio de Janeiro, Rio de la Plata and Salerno.

—Mr. Luiz Campos reports engagement of 1,000 bags of coffee for 21st June per s.s. Leon XIII and 1,700 for Amsterdam about 30th June on condition of receiving ghouses being approved by cable by Overseas Trust, also 1,000 bags for about middle July for Genoa for which port there are also enquiries for space for farinha de mandioca, probably for use of reservists returning from Brazil to Italy. He reports prospects for August and September good. No engagements for Scandinavian ports.

Mr. Sampaio reports no further engagements for Royal Mail steamers.

Germans seem at last to have discovered that it does not pay to ship even to neutral ports under their own or names of neutral firms, in view of the difficulties and cost of drawing, telegrams and commission. The manner in which German trade has been harrassed and hampered even in neutral countries helps to explain their attitude with regard to the Lusitania and outrages generally, as it would be almost beyond human nature for Germans to quietly acquiesce first in the destruction of their oversea trade with their own country and now that with neutral countries.

—Certain holdings in the Holland-Amerika Line, originally in the hands of Harland and Wolff, of Belfast, and by them transferred first to the White Star and Atlantic Transport Co. and then to the Hamburg-Amerika and North German Lloyd, have ultimately been acquired by the Dutch interests connected with the undertaking, a very fitting sequel to their frequent change of ownership, seeing how obviously desirable it is that neutral shipping should be controlled by neutral interests.

Losses of vessels entered in the War Risks Association for insurance under State scheme:—Ship entered, 4,421; value of same, £153,464,068; lost to end of April, 114; value of same, £3,771,912;

cargoes carried, value, £1,060,000; cargoes lost value, £549,887; percentage of ships lost, 2.58 per cent.; percentage on value of ships lost, 2.45; cargoes carried, £1,060,000,000; cargoes lost, £5,498,887; percentage of cargoes lost 5.19 per cent.

Losses in May, inclusive of the Lusitania and two Harrison liners, have been heavy, but during the nine months we have kept the sea the percentage of loss has been £4.42 or at the rate of 7s. per month. As against these losses the premium charged by Government on the hulls has averaged 12s. 9d. per cent. per month.

With regard to the cargoes, the rate has been at the rate of 11s. per cent., whilst the average rate of premium was 35s. per cent., though the rate had been reduced to 21s. per cent., there seems no reason, says "Fairplay," for any increase at present in war risks.

The following is interesting as indicating possibilities as regards the acquisition of German ships interned in this country:—According to a Reuter's telegram from New York about a week or so ago, the Hamburg-American Line steamer "Sarnia" (3,402 tons gross, built in 1892) and "Sibiria" (3,535 tons gross, built in 1894) have been purchased by the Atlantic Fruit Company at £30,000 each to ply with the West Indies. It was added that "permission for their purchase for the above purpose is said to have been obtained from Great Britain and France." I have made inquiries regarding this statement, and find that no information as to the transfer in question has been received by the British Board of Trade. It would seem to follow, therefore, that, as in the case of the "Dacia," should these vessels attempt to trade, they will be liable to seizure and condemnation in the same way as the "Dacia." If the Allies allowed German vessels at neutral ports to be sold to trade to different parts of the world, the way would be opened for German shipowners, directly and indirectly, to take full advantage of the good freights ruling, and to the material advantage of Germany and consequently to our disadvantage.

[For our part, we fail to see why sale of interned ships if bona-fide and with the condition of the proceeds of the sale being deposited with responsible parties until after the war and the ships being employed exclusively in trade with neutrals or the Allies, should not, in the congested state of the freight market be useful and feasible.]

The R.M.S.P. s.s. "Essequibo," which passed through this port of her maiden voyage on June 10th, was built for the New York and West Indies service, but has been transferred to the South American route for the duration of the war.

She is not a large vessel, her tonnage being only 8,464 and length 467 feet, but in passenger accommodation she is second to none. Her saloon can seat 200 passengers and the social hall and smoking room are models of comfort. Unfortunately it will be impossible to visit the "Essequibo" in view of fears of some "frightfulness" of local Germans, who are said to be threatening to send British and Italian steamers to the bottom; so intending travellers must take the panegyric the Buenos Aires press has been indulging in on trust, like most other things to-day.

—Apropos of the Royal Mail, we beg to congratulate Captain Gilham of the Demerara, on the sinking of a German submarine. Several voyages in that ship have convinced me that will a good serviceable gun at the poop and well trained men to work it, he would certainly send the enemy to the bottom if only he got the chance!

VESSELS ARRIVING AT THE PORT OF RIO DE JANEIRO

DURING THE WEEK ENDING JUNE 10th, 1915.

June	4.—REGINA ELENA, Italian s.s. 3543 tons, from Genoa
	5.—PLANETA, Brazilian s.s. 878 tons, from Laguna
	5.—ALACRITA, Italian s.s. 1690 tons, from Bahia Blanca
	5.—ALBERT HALL, British s.s. 2737 tons, from Norfolk
	5.—CARANGOLA, Brazilian s.s. 258 tons, from S. J. da Barra
	5.—ARASSUAHY, Brazilian s.s. 6505 tons, from Aracaju
	5.—TUPUY, Brazilian s.s. 1230 tons, from Porto Alegre
	5.—SIRIO, Brazilian s.s. 930 tons, from Montevideo
	5.—P. DE MORAES, Brazilian s.s. 497 tons, from Laguna
	5.—GUAHYBA, Brazilian s.s. 1119 tons, from Santos
	5.—VENUS, Brazilian s.s. 439 tons, from Penedo

5.—OLINDA, Brazilian s.s. 1240 tons, from Manáos
6.—MERITY, Brazilian s.s. 2539 tons, from New York
6.—SIRUS, Dutch s.s. 2594 tons, from Rosario
6.—CAMOENS, British s.s. 2640 tons, from Santos
6.—CALIFORNIA, America s.s. 3717 tons, from Norfolk
6.—K. VICTORIA, Swedish s.s. 2159 tons, from Göteborg
6.—LEON XIII, Spanish s.s. 2718 tons, from Bilbao
7.—ITANEMA, Brazilian s.s. 553 tons, from Pernambuco
7.—PHILADELPHIA, Brazilian s.s. 359 tons, from Punta Areia
7.—VERDI, British s.s. 4482 tons, from Buenos Aires
7.—PIAUHY, Brazilian s.s. 643 tons, from Camocim
8.—OYAPOCK, Brazilian s.s. 515 tons, from Rio Grande
8.—TUPY, Brazilian s.s. 1786 tons, from Mangós
8.—NOVITIO, Argentine s.s. 1941 tons, from Bahia Blanca
8.—JAHUHY, Brazilian s.s. 1180 tons, from Bahia Blanca
9.—KANAWKA, American s.s. 1936 tons, from Norfolk
9.—GOYAZ, Brazilian s.s. 981 tons, from Buenos Aires
10.—ESSEQUIBO, British s.s. 5178 tons, from Buenos Aires
10.—JAGUARIBE, Brazilian s.s. 1103 tons, from Parahyba
10.—PINA, Italian s.s. 1190 tons, from S. J. da Barra
10.—CORDOVA, Italian s.s. 3002 tons, from Genoa
10.—E. PRINCE, British s.s. 1789 tons, from Santos
10.—FREGATA, Danish s.s. 1590 tons, from New York
10.—URANO, Brazilian s.s. 141 tons, from Santos

VESSELS SAILING FROM THE PORT OF RIO DE JANEIRO

DURING THE WEEK ENDING JUNE 10th, 1915.

June	4.—PYRINEUS, Brazilian s.s. 1044 tons, for Natal
	4.—OTAWA, Norwegian s.s. 1583 tons, for Stockholm
	4.—S. J. DA BARRA, Brazilian s.s. 230 tons, for Laguna
	4.—E. BARTHE, Argentine s.s. 390 tons, for Paranaguá
	5.—A. R. GENENILLY, French s.s. 3455 tons, for Buenos Aires
	5.—PEMBROKSHIRE, British s.s. 4968 tons, for Santos
	5.—REGINA ELENA, Italian s.s. 4563 tons, for Buenos Aires
	5.—EMILIA, Brazilian barque, 263 tons, for Florianopolis
	5.—ITAPURA, Brazilian s.s. 978 tons, for Porto Alegre
	5.—ITAITUBA, Brazilian s.s. 717 tons, for Porto Alegre
	5.—URANO, Brazilian s.s. 141 tons, for Santos
	5.—REPUBLIC, American lugger, 680 tons, for Baltimore
	5.—ALACRITA, Italian s.s. 1590 tons, for Dakar
	5.—SAINT LEONARD, British s.s. 2860 tons, for B. Aires
	6.—LEON XIII, Spanish s.s. 2718 tons, for Buenos Aires
	6.—GUAHYBA, Brazilian s.s. 1119 tons, for Pará
	6.—SIRIUS, Dutch s.s. 2594 tons, for S. Vicente
	7.—MUTINHO, Brazilian s.s. 511 tons, for Laguna
	8.—ITAPUHY, Brazilian s.s. 1230 tons, from Cabedello
	8.—ACRE, Brazilian s.s. 1555 tons, for Santos
	8.—VERDI, British s.s. 4482 tons, for New York
	8.—D. PATRICK, American lugger, 235 tons, for Baltimore
	8.—PLANETA, Brazilian s.s. 878 tons, for Laguna
	8.—DORIDE, Italian barque, 1154 tons, for Anserlalia
	8.—KARTEMBOOR, Dutch s.s. 1359 tons, from Buenos Aires
	9.—ARAGUAYA, British s.s. 6634 tons, for Buenos Aires
	9.—ITAOUBERA, Brazilian s.s. 1254 tons, for Porto Alegre
	9.—ITAPERUNA, Brazilian s.s. 1254 tons, for Porto Alegre
	9.—CARANGOLA, Brazilian s.s. 258 tons, for S. J. da Barra
	9.—K. VICTORIA, Swedish s.s. 2159 tons, for Buenos Aires
	9.—MARANHAO, Brazilian s.s. 1303 tons, for Mangós
	10.—CORDOVA, Italian s.s. 3002 tons, for Buenos Aires
	10.—ESSEQUIBO, British s.s. 5178 tons, for Liverpool
	10.—PENA, Argentine s.s. 1190 tons, for Dakar

VESSELS ARRIVING AT THE PORT OF SANTOS

DURING THE WEEK ENDING JUNE 10th, 1915.

June	4.—ITAPUHY, Brazilian s.s. 926 tons, from Porto Alegre
	4.—ARAQUARY, Brazilian s.s. 1465 tons, from Macau
	4.—SIRIO, Brazilian s.s. 654 tons, from Montevideo
	4.—ORIANA, British s.s. 4549 tons, from Liverpool
	5.—CACHALOTE, Argentine s.s. 375 tons, from Buenos Aires
	5.—ASSU, Brazilian s.s. 779 tons, from Porto Alegre
	5.—REGINA ELENA, Italian s.s. 4562 tons, from Genoa
	5.—RAVENSTONE, British s.s. 1945 tons, from Manchester
	6.—A. R. DE ANONOELLA, French s.s. 3458 tons, from Havre
	7.—PEMBROKSHIRE, British s.s. 4968 tons, from Newport
	7.—URANO, Brazilian s.s. 192 tons, from Rio
	7.—ITAITUBA, Brazilian s.s. 613 tons, from Aracaju
	7.—SANTOS, Brazilian s.s. 281 tons, from Paranaguá
	7.—SANTO AMARAL, Portuguese s.s. 834 tons, from B. Aires
	8.—ESSEQUIBO, British s.s. 5177 tons, from Buenos Aires
	8.—LEON XIII, Spanish s.s. 2720 tons, from Bilbao

VESSELS SAILING FROM THE PORT OF SANTOS

DURING THE WEEK ENDING JUNE 10th, 1915.

June	4.—ITAPUHY, Brazilian s.s. 926 tons, for Cabedello
	4.—SIRIO, Brazilian s.s. 654 tons, for Rio de Janeiro
	4.—ORIANA, British s.s. 4549 tons, for Callao
	4.—EASINGWOLD, British s.s. 1980 tons, for Buenos Aires
	5.—CAMOENS, British s.s. 2640 tons, for New York
	5.—DALMATIA, Argentine s.s. 1179 tons, for Paranaguá
	5.—REGINA ELENA, Italian s.s. 4562 tons, for Buenos Aires
	6.—A. R. GENONRELLY, French s.s. 3458 tons, for Buenos Aires
	7.—SANTOS, Brazilian s.s. 281 tons, for Rio de Janeiro
	7.—ITAITUBA, Brazilian s.s. 613 tons, for Porto Alegre
	7.—LORENZA, Italian s.s. 1557 tons, for Montevideo
	8.—ASSU, Brazilian s.s. 779 tons, for Rio de Janeiro
	8.—URANO, Brazilian s.s. 192 tons, for Rio de Janeiro
	8.—BENJAMIN, Argentine s.s. 636 tons, for Paranaguá
	8.—CACHALOTE, Argentine s.s. 375 tons, for Paranaguá
	8.—STRABO, British s.s. 3071 tons, for Buenos Aires
	8.—LEON XIII, Spanish s.s. 3720 tons, for Buenos Aires

The Week's Official War News

The following official communiqués have been received by His Majesty's Minister:—

London, June 5th, 1915.

Following is a summary of Russian official communiqués from June 2nd to 5th:—On June 1st, the battle in Galicia continued with undiminished desperation on whole front between the Vistula and the Nadvorna. On the left bank of the lower San our troops after a powerful advance, pierced the enemy's lines and captured an important position in the region of Rudnik, where we took 4,000 prisoners, guns and machine guns. Our offensive on whole front as far as the mouth of the Wisloka continues to develop successfully.

In view of the state of the artillery and defence works destroyed by the Austrians before its capitulation, Przemysl was recognised as incapable of defending itself. Its maintenance in our hands only served our purpose until such time as our possession of the positions surrounding town on the north-west facilitated our operation on the San. When the enemy captured Jaroslav and Radymno and spread along the right bank of the river, the maintenance of the said positions forced our troops on a difficult and uneven front. In the Shavli region in the Baltic Provinces there were skirmishes leading to little result.

In Galicia, on left bank of lower San, at confluence with the Wisloka, we gained further successes, particularly west of Rudnik. Our troops continued to drive back the enemy in disorderly retreat.

On the right bank of the San, in the valley of the River Wisznia the enemy continued his attack.

Between Przemysl and the Dniester, we again drove back the enemy inflicting enormous losses. During the night of June 2-3 the enemy attempted to rush our entrenchments, but was repulsed, abandoning heaps of bodies in front of our trenches. In the course of a counter-attack, we took 700 prisoners and captured machine guns.

London, June 5th, 1915.

Admiralty makes following statement:—During the night hostile airships visited east and south-east coasts of England. Bombs were dropped at various places, but little or no material damage was done. Casualties so far reported are very few.

London, June 7th, 1915.

Admiralty announce that a Zeppelin visited the East coast during last night and dropped incendiary and explosive bombs causing two fires and resulting in five deaths and forty injured.

This morning at 2-30 an attack was made on the airship shed at Evere, north of Brussels, by Flight Lieutenants Wilson and Mills, R.N. Bombs were dropped and the shed was observed to be in flames. It is not known whether a Zeppelin was inside, but the flames reached a great height, coming from both sides of the shed. Both pilots returned safely.

At 3 a.m. this morning Flight Sub-Lieutenant Warnford, R.N., attacked a Zeppelin in the air between Ghent and Brussels at 6,000 feet. He dropped six bombs and the airship exploded and fell to the ground and burnt for a considerable time. The force of the explosion caused the aeroplane to turn upside down. The pilot succeeded in righting his machine but had to make a forced landing in enemy's country. However, he was able to restart his engine and returned safely to the aerodrome.

London, June 8th, 1915.

Following is a summary of statement made last night in the House of Commons by the Prime Minister:—

"Since the House adjourned at Whitsuntide, a great event has taken place which cannot be passed over without notice and welcome: the accession to the cause of the Allies of the Kingdom of Italy. We in this country watched the formation of United Italy with the keenest sympathy and the most ardent hopes. We have followed its growing fortunes with the interest of sincere well-wishers. There has never during the last half-century been

a shadow of discord between our two nations, as the illustrious Prime Minister, Signor Salandra, reminds us in the message he was recently good enough to address me. Further we recognise in Italy one of the custodians of Europe's free traditions. She has not allowed the intelligence and spontaneity of her people to be fettered and hampered by the State. She has cultivated the worship of other and higher ideals than the reign of force. In virtue, therefore, both of our old and unbroken friendship and of her special title to join in the great emancipating task to which the Allies have set themselves, we warmly grasp her hand and we welcome her gallant sailors and soldiers as fellow combatants in the struggle on which the liberties of the world depend."

London, June 9th, 1915.

Field Marshal Commanding British Forces in France reports as follows:—Situation on our front is unchanged since last communiqué of June 4th and there has been less activity on the part of artillery. On the 6th in front of Ploegsteert Wood we successfully exploded a mine under German trenches, destroying 30 yards of parapet. We have brought down two aeroplanes, one by gun fire and the other in an engagement with a British aeroplane.

London, June 12th, 1915.

Following is a summary of Russian official communiqués:—In the Baltic Provinces we have successfully repulsed German attacks in the Shavli region, on both shores of Lake Rakiejo on a wide front. In Poland between the Orzec and the Vistula, there was an intense artillery duel. On the right bank of the Pelitza the enemy endeavoured to attack us but was repulsed.

In Galicia, the enemy attacked our positions protecting Mosiska with great forces. He opened an extremely active artillery fire, using partly asphyxiating gas shells, and at the end of three hours' cannonade hurled great masses of infantry to assault, reaching our entanglements where they were held up. Enemy having suffered very severe losses was thrown back 2,000 yards from our trenches. On right bank of the Dniester from Gartsberg to Ziaczew, we pressed enemy, capturing about 2,000 prisoners and eight machine guns. On the left bank in Zuravnow region, enemy was unable to extend further and after a fierce fight was driven back behind the railway. We captured some villages, including Raczewko and took 800 prisoners. Later, by heroic efforts, our troops drove back to the right bank of the Dniester important enemy forces which had crossed to left bank near Zurawno and had extended along Zurawno-Siwka front. Enemy sustained severe losses. After obstinate battle, we captured 17 guns, 49 machine guns, 138 officers and about 6,500 German and Austrian soldiers, among prisoners being entire company of Prussian Fusiliers Guard Regiment.

London, June 15th, 1915.

Admiralty makes following announcement:—Within the last few days a German submarine has been sunk and of the crew six officers and 21 men have been taken prisoners. The British torpedo boats numbers 10 and 12 whilst operating off the East Coast were torpedoed by an enemy submarine early this morning and sank. Forty-one survivors have been landed.

London, June 15th, 1915.

Secretary of State for India announces that fuller reports of the advance up the Tigris show that the enemy force which threatened Kubrah became completely demoralised. The Turks endeavouring to escape precipitately in zahalas (?) and steamers. The former surrendered on being overtaken. The Turkish gunboat Marmariss was sunk and the transport Mosul captured. Although our force which arrived at Amara was insignificant, the entire garrison, numbering over 1,000, including Turkish Governor and other officials, surrendered. Shortly after our occupation an advance guard of Daghestanis column, which had hastily retreated from Mushea valley, entered the town and was captured. The remainder of the force, about 2,000, fled, leaving a heavy gun in our hands. Remnants of the enemy are retiring in disorganisation, discarding their arms.