

Wileman's Brazilian Review

A JOURNAL OF TRADE AND FINANCE

PUBLISHED WEEKLY TO CATCH BRITISH MAILS.

VOL. 1

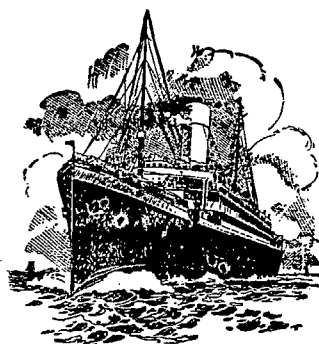
RIO DE JANEIRO, TUESDAY, August 3rd, 1915

N. 31

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P. S. N. C. THE PACIFIC STEAM NAVIGATION COMPANY

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SAILINGS FOR EUROPE

AMAZON.....	11th August	ORISSA.....	23rd September
ESSEQUIBO.....	18th "	AVON.....	29th "
DESNA.....	20th "	DARRO.....	1st October
ORITA.....	26th August	DESEADO.....	8th "
ARAGUAYA.....	1st September	AMAZON.....	13th "
DEMERARA.....	24th "	DESNA.....	20th "

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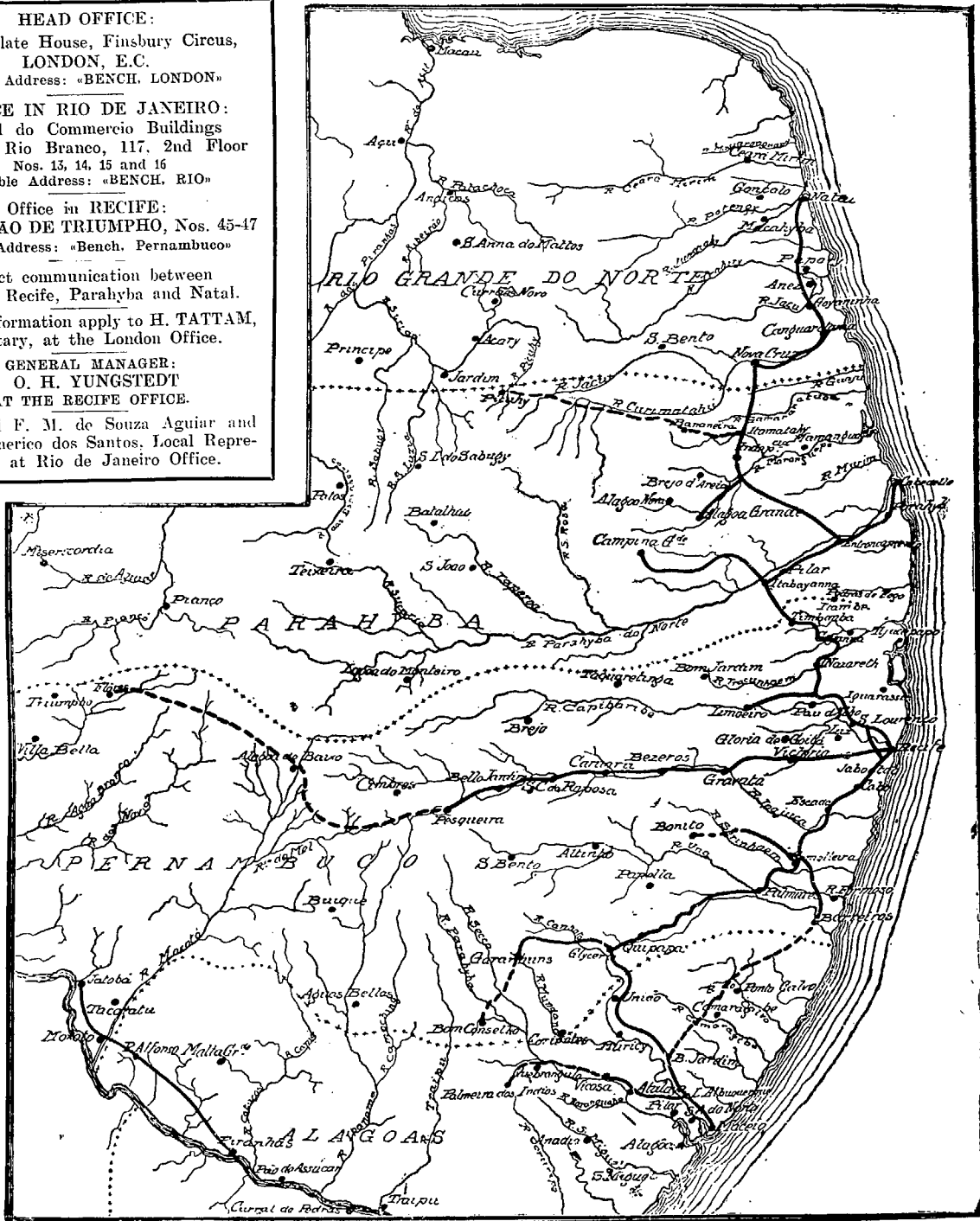
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- 10.25 Express—Petropolis, Sundays only.
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- 17.50 Express—Petropolis, daily.
- 20.00 Express—Petropolis, daily.

EXCURSIONS SPECIALLY RECOMMENDED.

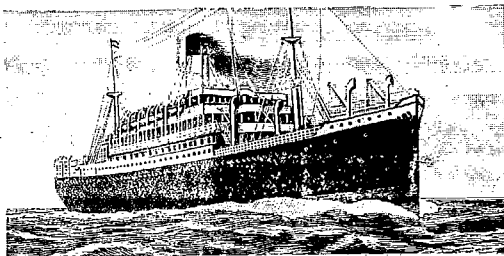
Petropolis—2,700 feet above sea level, magnificent climate, beautiful views during trip; 1 hour, 40 minutes. 1st class return, 4\$800. Stone ballast, no dust. 7 trains per day.

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VERDI.....	24th, August	VAUBAN.....	2nd, November
BYRON.....	7th, September	VERDI.....	16th, »
VESTRIS.....	21st, »	BYRON.....	30th, »
VASARI.....	19th, October	VESTRIS.....	14th, December
		VASARI.....	11th, January

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OSCAR FREDRIK—About 2nd September.
ANNIE JOHNSON—18th September.
DROTTNING SOPHIA—25th September.

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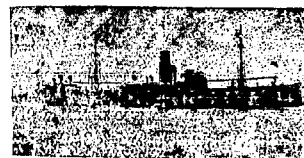
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RIO DE JANEIRO, TUESDAY, August 3rd, 1915

No. 31

THE RIO DE JANEIRO FLOUR MILLS & GRANARIES LIMITED.

Telegrams: General Telephone : 1450 Norte Post Office Box
"EPIDERMIS". Sales departement 165 » No. 486

Flour Mills : Rua da Gambôa No. 1

DAILY PRODUCTION : 15.000 BAGS.

Cotton Mill - Rua da Gambôa No 2. -

450 LOOMS.

DAILY PRODUCTION 27.000 METRES.

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The Mill's marks of flour are:-

"NACIONAL"

"SEMOLINA"

"BRAZILEIRA"

"BUDA-NACIONAL"

"GUARANY"

AND FOR SUPERIORITY
HAVE BEEN AWARDED

Gold Medal Pariz 1889.

First Prize Brazil 1908.

First Prize Brazil St. Louis 1904.

First Prize Brussels 1910.

First Prize Turin 1911.

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Crashley & Co., Rua do Ouvidor, No. 38.

São Paulo—

Hildebrand & Co., Rua 15 de Novembro.

London—

C. Street & Co., Ltd., 30 Cornhill, London, E.C.

New York—

C. R. Fairbanks, 68 Broad Street.

MAIL FIXTURES

FOR EUROPE.

- Aug. 11.—AMAZON, Royal Mail, for Liverpool.
 .. 11.—GELRIA, Holland Lloyd, for Amsterdam.
 .. 18.—ESSEQUIBO, Royal Mail, for Liverpool.

FOR RIVER PLATE AND PACIFIC.

- Aug. 5.—ESSEQUIBO, Royal Mail, for River Plate.
 .. 25.—ORONSA, P.S.N.C., for River Plate and Pacific.

FOR THE UNITED STATES.

- Aug. 24.—VERDI, 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 FINANCE COMMITTEE'S SCHEME.

Stripped of verbiage, the recommendations of the Finance Committee are, briefly,—to authorise Government to issue paper money to the value of Rs. 300,000,000\$, half of which is to be secured by actual coffee and perhaps some rubber, and the other half by deposit with the Treasury of Six per Cent. bonds. There are besides some other recommendations, apparently tacked on to satisfy different political groups that, however, are not essential and, in fact, somewhat incomprehensible.

The significant feature of the project of law is that after holding out so long, Government has, in principle, given way and admitted further issues of paper money to be unavoidable, not so much to pay off back indebtedness as to provide means for carrying on the administration of the country and for emergencies such as the drought in the north and the prospect of speculation taking advantage of stoppage of shipments of coffee to force down both prices and exchange.

Ever since my return from London in November, I have not ceased to draw attention to the critical position of the coffee trade and its inevitable effect on exchange and am happy to see that

the authorities have awakened to a sense of the danger that was threatening and, though at the last moment, propose to deal promptly with it.

It is essential for the welfare of this country that the staple on which our whole financial edifice hinges shall not be permitted to become the mere plaything of speculation and that the sterling value of the product on which foreign exchanges now almost exclusively depends, should not be sacrificed without a determined effort to prevent consuming centres from enriching themselves at our expense.

With the certainty of a relatively large crop and prospect of a serious falling off in consumption should the embargo on German and Austrian imports be made effective, instead of a surplus demand, the coffee industry may this year have to face a considerable surplus supply of perhaps four or more million bags.

For the last two seasons shipments of coffee from this country were as follows:—

	Quantity	Value f.o.b. in £		
	Bags	per bag	Aggregate	Exchge
1913-14	14,611,000	3.13	45,679,000	16d.
1914-15	13,352,000	1.91	26,557,000	10d.-16d.

Should exports fall off this year by 4,000,000 bags, in consequence of the embargo on Germany and Austria, and shipments be consequently reduced to 9,000,000 bags, even at the average f.o.b. value of £1.91 for last crop, their yield in sterling would be reduced to only £17,200,000 and if, in consequence of unceasing effort of holders to dispose of their excess supplies, prices should fall to the extent of only 15%, to £1.63 per bag f.o.b., the yield of 9,000,000 bags in sterling would be reduced still further to £15,000,000!

As f.o.b. value declines, the supply of sterling bills necessarily accompanies it and for 1914-15 showed a shrinkage of £19,000,000, and threatens to drop nearly to half again should pessimistic anticipations be realised.

As regards coffee, at least, there can be no hesitation as to the course to pursue, whether it entails issue of paper money or no. The only alternative being to let both coffee and exchange go altogether.

As regards the part of the project that deals with the Treasury requirements, we can see no possible advantage in the simple deposit with another branch of the Treasury of 6 per cent. bonds or apolices as guarantee of the redemption of an issue of paper money, howsoever the service of such bonds may appear to be secured. If the tobacco tax is really available for redemption of the bonds, why should it not be applied direct to redemption of the paper money itself, instead of in this roundabout way. But if, as seems much more probable, the proceeds of the tobacco tax will be absorbed by the requirements of the administration, it cannot be available for the service of bonds or for redemption of the issues of paper money as well. The idea, in fact, of depositing unissued bonds in guarantee of an issue of paper money seems intended solely to save the face of the Administration, who, after persisting for seven months that under no consideration would they issue more paper money, suddenly give way and accept the inevitable.

As regards the Floating Debt, the bill of the Finance Committee leaves us in doubt as to what Government's intentions really are.

From one point of the scheme it would appear that Government perseveres in its intention to pay off the balance of the floating debt accounted for up to close of 1914 by means of further issues of Treasury bills or Sabinas, and if creditors will accept them, the deficit of 1915 as well; and from another, that the 1915 deficit is to be paid off out of the issue of Rs. 150,000,000\$ for liquidation of the deficit for the current fiscal year.

Of the Rs. 150,000,000\$, that if the plan of the committee be adopted will be available for Government to play with, some 45,000 contos are to be set aside for the Bank and 50,000 more,

so it is rumoured, for aid of the sufferers from the drought in the Northern Provinces, leaving only 55,000 contos to meet this year's deficit, etc., etc.

Clearly there is no intention of even attempting the redemption of "sabinas" already issued or liquidation in any other form of the floating debt yet outstanding and, to speak the truth, from the purely exchange point of view, it may be questioned whether payment in cash might not give rise to such a demand for bills of exchange as to entirely swamp the exchange market.

On the other hand, it is argued that at the rate paper money is being issued, a big fall of exchange is ultimately inevitable and so the sooner it comes the sooner will the market complete liquidations and regain stability if, perhaps, on a much lower basis.

Of the plan to set aside 50,000 contos of the guarantee fund, which is purely a book entry and does not exist at all in reality, we are unable to make head or tail, but suppose it signifies some new scheme for giving a fictitious appearance of security to fresh issues of paper money, which, now the ice has been broken, may be counted on to succeed each other as regularly as the seasons, until the bottom of the tub falls out altogether, as is almost the case in Mexico, where the dollar is down to 4d.

It is not the issue of paper money we object to—that was inevitable in any case—but the failure to provide for methodical redemption in the only way possible by economy and taxation.

The situation of most of the Northern States is so desperate and likely to be still more so when exchange takes another drop, as to make it scarcely worth attempting to righten until the effect of this orgy of issues can be fully appreciated. Otherwise the idea of the intervention of the Federal Government is sound enough and precisely what we have been advocating with regard to Pará and Amazonas for years.

Festival at Quinta da Boa Vista. (Contributed.) Assisted by splendid weather, a festival in aid of the Belgian Refugee Children and of the victims of the drought in the North of Brazil was held in these beautiful gardens on Sunday, the 25th inst. The promoters were the Liga Brasileira pelos Aliados and the arrangements were in the hands of the "Noite." The park was flagged and illuminated for the occasion, there was a popular ball in the building now utilized as a museum—formerly the Emperor's city residence—a programme of athletic events and raffles, etc. was carried through. A really "chic" part of the entertainment was carried out by the same ladies who have lately been so active in the cause of the Red Cross and St. John Ambulance. This consisted of a garden tea party and a sale of roses undertaken by an army of ladies who were in evidence in various parts of the city as well as the park, actively selling their wares. Their activities extended to the grounds of the Rio Cricket and Athletic Association, where the proceedings were under the direction of Mrs. Foy. The tea party was organised by Mrs. Mackenzie, Mrs. Carlos Sampaio and Mrs. Chandler, to whom and their many helpers, comprising ladies of Brazilian, British and American nationality, too much credit cannot be given for the success of the entertainment. Amongst thousands of the elite who gave the festival their patronage we noticed H.E. the British Minister, Mr. Peel, H.E. the Minister of Foreign Affairs, Dr. Lauro Muller, H.E. the Minister of Marine, Admiral Alexandrino de Alencar, and many other eminent personages. The proceedings terminated at 11 o'clock. The results obtained were as follows: From the tea party, seven contos of reis for the victims of the drought and from the sale of roses £400 for the Belgian Refugee Children.

—Exports. On 20th May last I published (p. 248 of this Review), a forecast of the value of Exports for the months of June, July and August. Comparing that for June with the statement of the Statistical Service for same month, with following results: ¼

Forecast for June, value of exports £2,658,101
Real value as per statistical service 2,430,000

Difference of estimated over real value (9.4%)..... £228,101

Books Received. "Caixas Federaes de Desconto," by Labenio de Costa Machado.

EXPORTS OF COFFEE TO ALL COUNTRIES.

for the 11 post-bellum months, August, 1914, to June, 1915.

	June, 1914	Aug, 1913, to June, 1914	June, 1915	Aug '14, to June, 1915
Sweden	7,430	229,373	44,570	1,264,548
Norway	750	33,400	9,385	280,495
Denmark	4,250	43,288	14,001	241,902
Total Scandinavia ..	12,430	306,061	67,956	1,786,945
Holland	67,393	1,588,729	59,462	1,631,167
Total North Sea ..	79,823	1,894,790	127,418	3,418,112
Italy	15,272	223,295	4,994	679,575
Spain	5,930	92,608	2,259	110,986
Madeira	—	208	—	—
Canaries	100	4,445	601	3,946
Mellila	125	2,000	—	2,220
Roumania	875	10,538	—	—
Bulgaria	—	2,000	—	875
Turkey in Europe ..	1,000	65,372	—	2,000
Turkey in Asia ..	2,160	60,489	—	2,550
Greece	1,750	6,500	—	111,175
Crete	—	125	—	8,625
Total, Medit'rn...	27,212	467,580	7,854	921,952
Argentine	31,168	220,112	29,623	235,155
Chile	1,976	23,592	6,956	33,134
Cuba	—	625	—	625
United States ...	390,194	5,536,957	178,306	5,487,882
Paraguay	—	—	—	—
Uruguay	4,125	33,025	3,098	47,635
Peru	—	26	20	20
Total, N.&S. Am.	427,463	5,814,337	218,003	5,804,451
Algiers	4,264	64,470	—	42,800
Canada	550	8,250	—	1,325
Cyprus	—	—	—	250
The Cape	16,710	123,690	31,356	183,457
Lourenço Marques ..	50	1,110	1,500	8,575
France	45,076	1,841,947	7,085	1,736,976
Senegal	—	125	—	500
Great Britain ...	3,753	256,403	60,161	468,956
Gibraltar	750	10,550	125	14,100
British India	—	2	—	3,760
Malta	125	4,265	1,923	6,323
British W. Indies ..	450	700	—	1,575
Japan	—	1,500	—	—
Singapore	—	524	—	—
Morocco	675	4,030	—	3,505
Portugal	296	6,788	1,229	8,468
Russia	1,025	14,888	—	800
Egypt	750	40,945	—	68,560
Tunis	375	4,350	—	4,725
Gt. Britain, order ..	—	7,500	—	—
Total Allies	74,849	2,392,037	103,379	2,555,655
Germany	54,463	1,809,902	—	—
Austria	94,126	982,569	—	—
Belgium	45,113	492,657	—	—
Germany, Austria and Belgium ..	193,702	3,285,128	—	—
Grand total	803,049	13,853,422	456,654	12,700,170

The June Movement. Exports of coffee for June were the smallest for years, only 456,654 bags, as against 803,049 bags for the same month, 1914, and 500,000 in 1912. The United States lead the list with 178,306 bags, as against 390,194 for same month last year, followed by Scandinavian countries with 67,956, of which 44,570 for Sweden only, and next Great Britain with 60,161 bags, and fourth on the list Holland with 59,462 bags, the limit determined by the Trust for that destination. The Cape came next with 31,356 bags and then Argentina with 29,623 bags. France seems to have stopped buying, as exports to that country in June were only 7,085 bags and with the exception of 2,259 bags for Spain and 4,994 bags for Italy, there were no exports to the Mediterranean in consequence of shipping difficulties now that the Italian and French lines as well as the Austrian-Hungarian lines have suspended business with Greece and all the Levant, not a single shipments figured in the list for those destinations. In fact, the total for the whole Mediterranean was only 7,854 bags, as against 27,212 last year.

It is reported, however, that arrangements have been come to with the Transport Maritimes of Marseilles to renew business with the East.

Stocks at Rio and Santos at the close of the crop on 30th June had fallen so low as to make heavy shipments impracticable for the moment. But judging by engagements, there should be a decided improvement in August and September, especially to Scandinavia, unless checked there by some mechanism similar to the Netherlands Trust, said to be in contemplation.

Neither Greece nor Bulgaria, Roumania or Crete, much less Turkey in Europe or Asia received any coffee whatsoever in June direct from Brazil and now that Italy is out of it, seem to have very little chance of doing business in coffee so long as the Allies maintain their present attitude.

Eleven Months, Post-bellum, August, 1914,-June, 1915 compared with same period 1913-14:—

Scandinavia	Inc.	1,480,884
Holland	Inc.	42,438
Mediterranean	Inc.	454,372
North and South America	Dec.	9,886
Allied countries and colonies	Lic.	163,618
Germany, Austria and Belgium	Dec.	3,285,128
Net decrease (8.0 per cent.)		1,153,702

The shortage in Germany would seem to have been made good by the sales of 1,200,000 bags of valorisation stocks at Hamburg and part of the 718,000 bags at Antwerp (See Message of President of S. Paulo in Review) and part, at least, of the increase of exports to Scandinavia, Holland and the Mediterranean, of nearly 2,000,000 bags. It seems pretty certain that Germany and Austria got all they wanted last season. It remains to be seen whether history will repeat itself and Scandinavia be allowed to import without restraint this year.

From what I read in the Swedish papers, the negotiations with the British F.O. or Board of Trade representatives with regard to proposals for establishing an Overseas Trust there and coffee being put on the black list seem to hinge on mutual concessions on the part of the belligerents, Sweden undertaking to facilitate transit of certain goods to Russia on condition of Great Britain allowing coffee to pass through to Germany. This seems improbable on the face of it, and there certainly must be a powerful motive behind the evident indisposition of the Allies to put a check on imports of coffee into Sweden as has been done in the case of Holland. Russia, of course, gets a good deal of our coffee and cocoa, neither of which are contraband through Sweden, which may account to some extent for the evident indisposition of the Allies to proceed to extremes with that country.

Should an Overseas Trust be established for Scandinavia, this need not necessarily prevent trading with Russia, but only with Germany and Austria.

The new crop commenced on 1st July and is expected to be large, probably 16,000,000 bags for Brazil alone and 4,000,000 for other countries, in all 20,000,000 bags for world's supply.

Stocks on 30th June were down to only 7,538,000 bags, lower than any year since 1901. It is difficult to gauge consumption, as all the regular statistical elements in Germany and Austria have been suppressed.

Deliveries were, however, enormous, probably over 20,000,000 bags, but how much of this corresponds to consumption and how much has gone to swell invisible supplies in enemy countries cannot be exactly determined.

For my part, judging from French statistics, there does not seem to have been any positive increase in that country's consumption, but that the alleged increase due to military consumption has been counter balanced by the shrinkage of consumption of the been counter balanced by the shrinkage of consumption of the civil population, particularly in the area occupied by the Germans.

I have not yet received details for entries, deliveries, etc., for whole crop, but up to 31st May the figures were as follows:—

World's stocks, 31st May, 1915	11,607,000
Arrivals to 31st May, 1915	16,745,000
Total supply	28,745,000
Visible supply, 31st May, 1915	8,235,000
Total deliveries, 1914-15	20,117,000
Total deliveries, 1913-14	17,149,000

Difference attributed generally to increase of consumption, but in all probability has gone largely to swell invisible supplies in enemy countries

2,968,000

REPORTS OF COMPANIES

Dumont Coffee. The nineteenth annual general meeting of the shareholders of the Dumont Coffee Company, Ltd., was held on 7th July at Winchester House, Old Broad Street, E.C., Mr. G. A. Talbot, the Chairman of the company, presiding.

The representative of the Secretaries (Messrs. P. R. Buchanan and Co.) having read the notice convening the meeting and the report of the auditors,

The Chairman said: I must first of all express the regret of myself and my co-directors at the absence of Sir Robert Moncreiffe, who has been serving his country in Flanders and cannot be here. He has met with an accident, but we are glad to tell you that he is going on well and is in no danger. He has now returned to England for a short time. The report and accounts having been circulated will, with your consent, be taken as read. It can never be satisfactory to directors to present a report to the shareholders in which a dividend on the Ordinary shares is not recommended. Nevertheless, when the times in which we meet are considered we have cause for congratulation that the business of the company has been carried on without serious interruption during the last ten months. During that period the Continent of Europe has been devastated by war. In most countries business is at a standstill, and if it had not been for the vigilance and power of our Navy the commerce of the world would have been paralysed. I need hardly remind you that we produce the commodity we deal in over 5,000 miles away. All of it has to be carried overseas to be marketed and a large proportion re-exported to find consumption. Any serious interruption of the trade overseas would therefore paralyse our business, not only because we could not sell our produce, but also because we could not finance our property in Brazil, for to provide for the working our representative in Brazil draws against shipments. If, therefore, there are no shipments there are serious difficulties in remitting funds. I should here say that our bankers, the London and Brazilian Bank, have through these troubled times acted loyally to this company, never at any time making difficulties about negotiating bills, and for this consideration we wish to express our full appreciation.

The profit earned in 1914 is, as you see, £54,534 13s. 4d., or some £1,300 in excess of that of last year. The war, however, has placed some heavy charges on us, for we have paid in excess of last year for income tax £1,806 12s. 2d., for war risk insurance £4,034, and for increased freight £5,775, or a total of £11,616, amounting to 3 per cent. on our Ordinary capital. Owing to lower exchange, the rate for 1914 being 14.1d. compared with 16 5.32d. in 1913, and owing to cheaper working, the cost of production in Brazil in 1914 was lower than in the previous year by 5s. 2d. per cwt., being 36s. 11d. compared with 42s. 1d. The higher freight and insurance charges, however, added 2s. 6d. to the cost, making the total cost in 1914 43s. 6½d., against 46s. 2d. in 1913, or a saving in cost of production of 2s. 7½d. The crop, as you see by the report, realised the same as last year—namely, 56s. 4d.—for which we should be extremely thankful, seeing that up to now a large proportion of it has been sold on the Continent. The profit per cwt. was, consequently, higher than that realised last year by 2s. 7½d.—namely, 12s. 9d., against 10s. 2d. in 1913. In speaking to you last year I advised you of the higher rates of wages we had to pay in Brazil owing to the general rise throughout that country. These rates were not reduced during 1914, picking being at the rate of Rs. 600 per alq. and weeding at Rs. 120 per 1,000 trees. Owing, however, to there being a good permanent labour force, and, consequently, few day labourers being employed, the cost in currency of production was less than in the previous year. I am glad to be able to tell you that in the current year the rates have been reduced to 500 reis for picking and 100 reis for weeding, which is a considerable reduction, though a good deal higher than the rates we were paying five years ago. While on the subject of profit, we have been unfortunate in the railway having earned considerably less than it has before, the profit being £2,652, compared with the usual earnings of £7,900, or a reduction of £5,300. This is accounted for partly by some of our neighbours' coffee being diverted to the Mogyana Railway, by coffee being delayed in dispatch till 1915, by the fall in exchange and by less traffic being passed over it generally. We hope this is only a temporary loss and that the lost traffic will return to us. Turning to the balance sheet, I should tell you that we purchased £4,100 Debentures during 1914, and our total holding now is £40,100. In the profit and loss account the item of income tax, £2,665 17s. 5d. represents the balance required to meet the year's assessment after deducting the amount collected on dividends and the balance in hand.

The other items in these accounts do not require explanation, as they do not differ materially from the amounts shown in past years. I should, however, tell you that the upkeep and development of unproductive land, which is often charged to capital, is here included in estate expenditure. It amounts to £3,938, and the area not yet producing is 862 acres, which, when compared with the bearing acreage of 13,261, represents one-fifteenth of the existing bearing area, and should eventually increase appreciably the output of the property. There is a point that may occur to some with regard to our labour force. This is, as you know, mostly recruited from Italy, and the war now entered upon by that country might effect the supply of new labour. We have not any intimation from our manager that there is any unrest among our labour or any desire to return to Italy, so for the present we need not anticipate any trouble in that respect, especially as we are now well supplied with labour, there being some 4,963 colonists on the estate, compared with 4,738 last year, and the present financial stringency in Brazil probably reduces the local demand for labour. I now come to the allocation of profits. These for the year under review are some £1,300 in excess of last year, but the amount brought forward is some £10,000 less. We cannot, therefore, recommend a dividend on the Ordinary shares without further entrenching on our funds in hand. This it would be more than unwise to do. Rather in these troubled times of war and financial stringency we certainly ought to husband our resources, for we know that, among other things, we shall have a heavy income tax to meet. We have seen that in the past year the extra expenditure laid on the company amounted to a sum equivalent to 3 per cent. on the ordinary capital and it is, therefore, only reasonable to strengthen our financial position to meet any eventuality. I would remind you that in the past year we have felt the benefit of having a substantial reserve, for it no doubt went a long way towards maintaining our credit with our bankers during the critical

period when the financing of our business in Brazil might have been a matter of considerable difficulty. I have spoken of the need of providing against possible burdens that may be laid on us by the war that is now raging, which we do not yet see the end of, but we should, on the other hand, not lose sight of the fact that there are some factors in our business that point to cheaper production, and consequently larger profits, provided market conditions remain the same. These are that our property is in good condition, well supplied with labour, that the rates of wages are lower than during the past year, and that the rate of exchange now stands at rather under 13d., compared with 14.1d. in 1914.

Though we cannot look into the future, we may contemplate with some confidence the prospects of the current year. Further, the statistical position of coffee has improved considerably during the past year, for the world production has diminished by 1,700,000 bags, and the deliveries have increased by 2,000,000 bags, the visible supply being some 7,500,000 bags, compared with 11,317,000 last year and now standing at the lowest on record since 1901. Before sitting down, I should like to say that the directors have not contributed anything to the patriotic and charitable funds collected for the assistance of those who are serving their country, or of those who are suffering through the effects of the war, because they do not feel justified in doing so while no dividend is payable on the Ordinary shares. We cannot but recognise that it is owing to the efficacy of the services that the company's business has been possible, and that a gross profit of £62,893 has been earned. The directors would be glad to accept any vote of money that the shareholders may make to be contributed to such funds. I have been asked to mention that we have applied for £10,000 of War Loan from the funds available for that purpose. I now propose:—"That the report and accounts for the year ended 31st December, 1914, now submitted, be and are hereby received, approved and adopted," and I will ask Mr. Buchanan to second this resolution.

Mr. John Buchanan said: In rising to second the adoption of the report and accounts, I desire to state that I regret very much I was not able this year to visit Dumont and so give you, as I usually do every two years, my personal impressions of the property. However, we know, from first-hand sources, that its condition is quite satisfactory and that its capability to yield good crops continues, for although the last two crops were, owing to climatic reasons, below the average, this year we hope to gather the old and very satisfactory quantity of 100,000 cwts, and we are encouraged in this view by the fact that this year to date we have passed 11,000 cwts. more than we had at this time last year. (Hear, hear.) Then it is also encouraging to know that we have some fine fields of young coffee coming on, which will be of great value to us in the future. Another very important matter, as our Chairman has pointed out, is that, notwithstanding an important reduction in contract rates of wages, we still are able to retain an increased and ample supply of labour. Now I come to our staff. I am very proud of them, having engaged all the senior members myself. They have served us for a great many years and have proved themselves thoroughly reliable and hard-working. Our special thanks are due to our manager, Mr. Davy. In a time of great stress and anxiety, when all the banks were closed and difficulties of all kinds arose, he, thanks to his level-headedness, carried on the business of the company with wisdom and calm judgment. (Hear, hear.) I should also like to mention the regret of the directors that from among the shareholders whom we are glad to see here to-day, we miss the presence of one who did a great deal for Dumont and whom we valued very much indeed. I allude to the late Mr. Rucker. (Hear, hear.) We have heard of his death with very great regret. I beg to second the adoption of the report and accounts for the year 1914.

The resolution was unanimously adopted without discussion.

The Chairman: I now have to propose the re-election of Mr. Cecil Parr as a director of the company. I need hardly enlarge on this subject. Those who know the name of Mr. Parr know that we are very lucky indeed to have his services on the board. It constantly comes up to us that his advice is very good and his knowledge of finance is of great assistance to the company. For those reasons alone, besides his level-headedness, I have much pleasure in recommending his re-election.

Mr. H. W. Bryans seconded the motion, which was passed unanimously and Mr. Parr briefly returned thanks.

The Chairman: I have now to propose the re-election of Sir Robert Moncreiffe. As I explained to you, he is not with us to-day but he doing what he can for his country, and I have not doubt that he will be re-elected.

Mr. Parr: It is with very great pleasure that I second this nomination. As you have been kind enough to re-elect me I have not the faintest doubt that you will re-elect him with acclamation. As the Chairman has said, he is serving his country nobly. He began before Christmas licking a new battalion into shape near Aberdeen, and when he had got it into shape, although he is well over 50 years of age, he was not content but that he should take that battalion out, and he has been bearing all the hardships and dangers of trench work. I second his re-election with the utmost confidence that it can be safely left in your hands.

The resolution was carried unanimously.

The Chairman: I should not like this meeting to close without our doing something for the country. It is a very difficult question, of course, but if you have not objection I will ask you to give us leave to vote £500 to patriotic funds, such as the Red Cross Society and others. If there is no objection we will take it that the proposal is accepted and that you leave it to the discretion of the directors.

The proposition was agreed to, and the auditors, Messrs. Jackson, Pixley, Browning, Husey and Co., having been re-appointed, the proceedings concluded with a vote of thanks to the Chairman and directors.

Southern San Paulo Railway Funding. In January last the directors of the Southern San Paulo Railway put forward a scheme for funding the interest on the Five per Cent. First Debentures of the company, but the matter was not proceeded with. A new plan has now been submitted, which provides that the interest on the Debentures due 1st February last and 1st August next shall be discharged by the payment of an equivalent amount of Six per Cent. Income Debentures stock and that the Debenture holders shall give the company the right to pay any part of the interest subsequently falling due also in Income stock. The Debenture holders are to have the right to appoint a sufficient number of directors so that they have control of the board until full cash payments of interest are resumed. The State of San Paulo has guaranteed the interest on the capital expenditure of the company, but this guarantee is payable in currency, and the fall in exchange entails a heavy loss on remittances to this side. The first section of the railway was put into traffic in December, 1913, and the whole line was opened in May last, but owing to the continued depression in Brazil receipts have not come up to expectations, and there was a loss on working for the last six months of £6,000. In these circumstances the necessity for funding is obvious, but the directors are hopeful that if the Brazilian exchange does not fall below an average of 12¼d. and the loss on working the railway is not more than £12,000 per annum, the position of the company's finances will allow of a cash payment of 2½ per cent. on the Debentures as from 1st February next.

MONEY

Rio de Janeiro, July 31st, 1915.

Closing Rates were as follows:—

	90 days' Bank	Commercial	Sovs.
Saturday, 24th July	12 7-8	12 31-32	19\$000
Monday, 26th July	12¾	12 21-32	19\$000
Tuesday, 27th July	12 7-8	13	19\$000
Wednesday, 28th July	12 7-8	12 31-32	19\$000
Thursday, 29th July	12¾	12 7-8	19\$000
Friday, 30th July	12¾	12 27-32	19\$100
Saturday, 31st July	12¾	12 27-32	19\$100

On Monday, 24th July, the market opened with Banks drawing at 12 7-8d., between which and 12 11-16d. it oscillated throughout the week, closing on Saturday, 31st, with banks drawing at 12¾d. and bills at 12 13-16d., with money in the banks at 12 27-32d and bills done at Santos at 12¾d.

The drop on Saturday morning to 12 11-16d. bank, the lowest for the week, is explained by taking by one of the London banks on account of the Mogyana Railway and by a German bank that seems to have got nervous over possible developments of the German-American situation.

Were war to be declared by the United States with Germany, or diplomatic relations between the two countries to be suspended, if it did not entail the immediate stoppage of German banking business, it would, at least, make it extremely difficult and ultimately, should Congress make it unlawful, lead to absolute suspension of banking business of any kind between Germany and the rest of the world, except what little might be carried on through Scandinavia, Holland or Switzerland.

As we pointed out in May, when exchange broke to 11 15-16d., the supply of bills was likely to fall short of requirements even for Imports. As regards the month of June, the statistics just published show that the prediction has been more than verified and that, as a matter of fact, the value of Imports exceeded that of Exports for that month by £135,000, whilst for the month of July it looks as if the balance of trade would be still more unfavourable even without taking into consideration at all remittances on account of dividends and coupons, always at their maximum at this time of the year.

The upward turn of exchange towards the end of May was entirely artificial and largely speculative, due to official manipulation assisted naturally by speculation. A good deal of coffee and exchange must have been sold ahead and as shipments have not come up to anticipations, the supply of bills is insufficient to meet requirements and exchange for the moment is weak.

In August, unless shipments are again artificially restricted by taking large quantities suddenly off the market for valorisation purposes or by further embargoes on shipments to Holland and Scandinavia, the supply of bills should be increased very considerably and be more than enough to meet trade requirements and even, perhaps, to liquidate the over sales of previous months.

Even were the question of valorisation still undecided, expectation of a rise of prices would certainly lead to restriction of exports and the value of coffee shipments in August possibly fall short of anticipations. By that time, however, both the consuming and producing markets would have made up their minds as to the effects of the measure and have prepared, as usual, to discount them. For such reasons we should be inclined to expect an oscillating rate during the earlier part of August around the actual level, with possibly a considerable improvement as soon as the markets awake to the possibilities of the valorisation scheme.

Nothing much can be expected from rubber until the close of the year, when the new crop will again commence to sensibly enhance the supply of bills. Sterling prices are fairly stable around 2s. 6d. per lb. but there seems little or no chance of improvement so long as consumption is practically limited to the Allied countries and the United States.

The rise in the price of money in Europe and particularly in England is a bear feature is so far as it enhances the cost of 90 days' bills and might, in other circumstances, lead to realisation of investments here and, consequently, of remittances to Europe. As it is, low exchange is a powerful counteractive.

There were no withdrawals of gold from the Caixa last week.

City of Santos Six per Cent. Loan. Bonds have been drawn for payment on August 3rd.

The Emergency Issue. The statement for 31st July is as follows:—

Received from Caixa de Amortisação	149,950,000\$
Withdrawn and burnt	10,022,551\$
Balance of authorised issue at Caixa de Amortisação	50,000\$
Loaned to banks	100,000,000\$
Interest deposited to cover expenses of issue	56,378\$
Interest due from banks	9,050\$

Repaid by banks on account of amort. and int.—			
Cash	4,409,068\$		
Treasury bills	73,265,500\$		
Interest on same	136,663\$		
Expenses of issue	38,478\$	77,849,709\$	

337,937,688\$

Alterations since 24th July:—			
Increase received from Caixa de Amortisaçao.....	350,000\$		
Decrease balance of authorised issue	350,000\$		
Increase repayment in cash by banks	108\$		
Increase repayment in bills by banks	847,500\$		
Increase interest on bills	14,587\$		

Latest Quotations:—

	1915	1914
4 per cent., 1889	44	63
Funding, 1898, 5 per cent.	98	94
Funding, 1914	70½	—
1910 4 per cent.	43½	60
S. Paulo 1888	88	95
S. Paulo, 1913 5 per cent.	89½	95
Leopoldina stock	30½	42
S. Paulo Railway Ordinary	164	215
Traction Ordinary	45½	58
Brazil Railway Ordinary	6	15
Consois	65	70
Dumont Coffee Co.	8¼	9
Apolicies	798\$ to 804\$	
Gold vales	14d.	
Treasury bills, 25 to 25½ per cent. discount.		

COFFEE

Entries at the two ports for the week ended 29th July were 41,221 larger than previous week's, of which 3,114 at Rio and 38,107 bags at Santos and 52,948 over those of same week last year.

For the crop entries to 29th July show an increase of 267,771 bags or 24.5 per cent. compared with last year.

Clearances were slightly larger, but for the two ports show a shrinkage in volume up to July 29th of 53,536 bags and in f.o.b. value of £460,814 compared with same period last year. The f.o.b. value per bag for the week was £1.985, as against £2.104 for the week ended July 22nd.

Embarques or coffee loaded at the two ports shows an increase of 86,719 bags compared with previous week and of 86,350 compared with last year.

Of the total coffee sailed from the two ports during the week, only 52,476 left for the States, 68,291 for Europe and 15,167 coastwise and for the River Plate.

Sales of only 147,759 bags were declared, being 41,135 bags less than for previous week, but 82,659 more than for same week last year.

Stocks increased during the week by 138,214 bags and on 29th July stood at 1,302,542 bags.

Prices. Nos. 7 and 8 Rio show an improvement of 68 reis per 10 kilos for the week, but Santos superior a decline of 300 reis and good average of 200 reis compared with Saturday, 22nd.

At New York September options lost 31 points, December 35, and March 32 points compared with prices of Saturday, 22nd.

Rio de Janeiro, July 31st, 1915.

Although the crop is now well under way and coffee entering freely at Santos, neither there nor in consuming markets is there evidence of any definite programme as regards disposal of the current crop, excepting in certain European quarters, where the disposition seems to be to provide against contingencies by importing as much coffee as possible.

Everyone else is, in fact, on the look out to see how the fresh valorisation proposal will materialise and whether planters and commissarios will be encouraged to hold back their produce and importers in America and other consuming markets make up their minds to accept the situation and buy before it is too late.

Judging from the message of Dr. Rodriguez Alves, which we give in extenso elsewhere, the intention of the Government of S. Paulo is not to acquire coffee itself, but to facilitate the means of doing so by lending money to the banks to advance against warrants should the conditions of demand and supply of the commodity make it advisable.

It is just possible, as Dr. Rodriguez Alves trusts, that shipments to neutral countries may not be interfered with and that increased demand may, in the emaciated condition of the world's visible supply, account for most, if not all, this season's production. In that case no valorisation would be necessary either from the point of view of coffee or exchange. But should the proposed issue of 150,000 contos materialise and the banks be put in a position to advance freely on coffee, it may be pretty certainly concluded that part, at least, of this crop would be held back from consumption and currency prices, consequently, be forced up.

Whether sterling prices would likewise rise would, under such circumstances, depend entirely on whether the amount of coffee retained here were sufficient to seriously affect the available supply and upset the equilibrium between it and demand, whilst the ability of local holders of coffee to continue to keep their produce off the market would depend, in its turn, on the cost of the operation.

The possibility of having to withdraw three or four million bags and hold them indefinitely until conditions of supply and demand were normalised, would seem to be somewhat beyond the scope of purely commercial resources, and practicable only with Government assistance.

Against that, however, has to be put the possibility of prohibition of imports of valorised coffees on the part of the United States, the largest consumers of our coffees.

In view of the recognition of the United States Government of the legitimacy of such operations, involved in the tacit acceptance of the late scheme for valorisation of cotton, it seems improbable that any direct official action would be taken to put into execution the penalties of the Norris Bill, which, moreover, does not seem to have been entered on the Statute Book.

There is, of course, the possibility that other foreign governments might seek to counteract valorisation by further taxation of imports of Brazilian coffee.

That would be inoperative in the case of the United States because any reduction of the exports of Brazilian coffees would only lead to heavier withdrawal of supplies from the market, and in the case of the Allies would be most unjust, seeing that the fundamental motive of valorisation is to redress the disequilibrium between demand and supply that the commercial blockade of Germany and Austria by the Allies has given rise to.

The scheme of the S. Paulo Government does not aim at raising prices so much as keeping them from falling, though, in practice, the inevitable speculation that would follow would, unless specially guarded against, lead to precisely that result.

If combinations between producers, holders and bankers were regarded as legitimate in the United States in order to regulate the supply of cotton in the emergency created by the war, there would seem to be no logical objection to our following so notable an example.

There is always, of course, in this country the chance of political obstruction and that the scheme for issue of 150,000 contos in aid of production may be lost in Senate. But as far as public opinion goes, its acceptance would seem to be almost unanimous.

Taking it as a foregone conclusion that the scheme will in one form or another be realised, it remains to be seen by what formula the interests of producers and consumers may alike be best consulted, so as to prevent abuse on the one hand by speculators and official retaliation on the other, neutralising inherent advantages.

The points to be kept steadfastly in view are firstly, that some mechanism is requisite that will allow of stocks being carried without incurring official reprisals on the part of consuming countries; and, secondly, that speculation should be precluded from defeating the real aim of the S. Paulo Government, which is to assist producers to dispose of their produce at reasonable prices.

By fixing a maximum, at which advances would automatically be suspended, speculation, with its deleterious results, might be, if not obviated, at least reduced to modest proportions.

Agua Santa Coffee. Disappointing results are recorded in the second annual report of the Agua Santa Coffee Company, which covers the year ended 31st December. Owing to unseasonable weather the crop only amounted to a little over 6,500 cwts, as against 18,600 cwts. for the previous year, but it was some satisfaction that the average gross price realised was 6s. 2d. per cwt. higher at 58s. 3d. per cwt. Profit from the estate was £3,800, as against £11,100, and after deducting London expenses the net profit was £2,300, as compared with £9,900. The Preference dividend had been paid, but no distribution is made on the Ordinary shares, and £2,500 is carried forward, as against £2,800 brought in. Last year the Ordinary shares received 3 per cent. Want of rain adversely affected the crop prospects for the current year in the early months, but there has since been some improvement and the estimate is placed at 12,000 cwts.

—Messrs. Duuring and Zoon report with date of 30th June:—The coffee market during the month under review continued firm with a good demand for Santos as well as for Robusta, forcing values to advance 2 to 3c. all round. Imports of Java coffee had little to offer, and business in free Santos coffee has been more or less restricted.

Scarcely any imports during this month, 42,800 bags Java and 155,800 bags Santos: deliveries of the latter only amounting to 78,800 bags and leaving our stock at 403,500 bags, as compared with 326,500 bags last month.

Terminal markets have also tended dearer. Values may shortly become nominal when free material will be exhausted. Present quotations are 38½c. per July, 38 5-8c. per September, 37½c. per December and 35¼c. per March. Dealing again have been on a liberal scale, 38,000 bags or 173,500 bags since Jan. 1st. June contracts 14,000 bags and tenders 11,000 bags.

Estimates of Rio and Santos crops have proved almost correct, the outturn having been 3,334,000 bags Rio and 9,466,000 bags Santos. The coming crop is being estimated at 2¼ to 3 million bags Rio and 11½ to 12 million bags Santos. Receipts at Santos so far did not increase much, which either indicates that picking started late or that planters are not in a hurry to market their produce. May be that owing to the interruption to consumption and consequently a limited export, part of this year's crop must be stored and financed in Brazil.

European stocks were 182,000 bags more at the end of May, the visible supply exhibiting a reduction of 766,000 bags.

Quot. of current quality: Santos in Holland (free coffee 31c. to 41c. as against 31½c. to 32½c. 1914; Guatemalas in London, 57s. to 59s. parity of 34s. to 35½c. as against 33½c. to 34½c. 1914; Haiti in Havre, 69fr. to 71fr. parity of 32½c. to 33½c., as against 30c. to 31c. 1914.

Java crop is estimated at 44,000 piculs.

—Options in over thirty days have fluctuated from lowest to highest thirty-seven points and are now resting quietly at about fifteen points above the lowest in that time. While considerable talk has been indulged in over July liquidation it will probably be found a harmless process when through. Deliveries are sound and by their volume indicate not only a very healthy country consumption, but in view of decrease in quantity of cost and freight coffee taken by the roasters, that steady jobbing trade is in progress. The dearth of good cup Santos is very marked and buyers with a discriminating taste are put to it to maintain standards. This was foreseen some time ago and the realised fact comes as no surprise. With the larger knowledge gained in recent years of how coffee should drink, consumers more insistent upon the cup quality, the buyers of coffee find that buying coffee as they would a ton of coal, no longer suffices. The discrimination as to cup and roasting quality is having its effect upon the market values of coffee, a wide variation being created between coffees lacking one or both of these qualities as against those satisfying buyers in both respects. The future price, even the trend of the market, in the absence of

the Norm of things, cannot be intelligently interpreted, therefore we feel that anyone operating in advance of wants is simply taking a gambler's chance, meaning for the roasters "heads I lose, tails you win."—Aborn and Cushman, June 26th, 1915.

—The following extract is from an article on Commercial South America prepared in National City Bank of New York in their Foreign Trade Department:

"The Brazilian press expresses the opinion that the 1915-16 coffee crop of that country will be large, and with the usual markets in Germany, Austria-Hungary and Turkey cut off, there may be difficulty in marketing the entire crop at present prices. This leads us to the suggestion that the valorisation policy may be persevered in with a loan from the Federal Government guaranteed by the surtax now set free by the sales of valorisation stocks at Hamburg and Antwerp."

Commenting on the above, the "American Grocer" remarks that the first valorisation scheme was a success only because of the powerful cooperation of foreign bankers, but if Brazil with a much smaller loan takes up the burden that success will not be repeated.

[The first valorisation scheme was a success because at a critical moment it took off the market and distributed over a period of several years supplies that could not otherwise have found a market. The object of the fresh valorisation scheme is practically the same, to buy up whatever excess supply may appear in the course of the crop and hold it for distribution until the conditions of consumption become normal again. If there is no excess there will be no valorisation. The scheme, as it stands, is merely insurance against the artificial restraint on our shipments of coffee and the manoeuvres of speculators. The visible supply was never so low as at present and if the first scheme was, as is confessed, a success, there seems no fundamental reason why this one should not be equally successful, so long as we keep out of the hands of foreign money lenders and finance the operation ourselves.]

—The following from Messrs. R. J. Rouse's Annual Review of the coffee market will serve to refresh the memory as to the course of events in that market since the outbreak of war and the manner in which the valorisation project is likely to be regarded.

"The 1914-15 Brazilian season opened with cash month 42s., September 43s., May 45s. 3d. Brazilian exchange, 16¼. On Exchange falling to 15 27-32d, prices eased off slightly the first part of the month, but soon recovered and the market remained steady until the end of the month, when, owing to the unfavourable European outlook, prices began to decline. On the 28th July Austria declared war against Serbia, and on the 30th July the market became demoralised, September touching 32s. 7½d. At the afternoon call—the final one—on the 31st July, it was decided to close the market, a state of war being declared by Germany.

August 1st, Germany declared war against Russia.

August 2nd, Germans invaded France.

August 4th, Great Britain declared war against Germany.

And so the Great War began, business became paralysed and an awful state of chaos supervened, but prompt measures were taken in every direction to deal with the situation. A moratorium was officially declared, and out of chaos order to some extent was evolved in a remarkably short time. On this improvement the Committee, which had been appointed at the outbreak of the war to deal with the coffee contracts open in the Clearing House, was able to arrange a scheme by which contracts could be wrung out under certain restrictions, embodying a minimum price, resulting in a considerable reduction in the open account. The scheme worked fairly well and continued with some variations in detail up to the 14th December, when the market reopened for free dealing. Since then some important fluctuations have occurred, influenced chiefly by a greater or less demand for filieres for export, though lately prices have been affected more by some sharp movements in Brazilian exchange. Business in futures throughout the period since the outbreak of war has been very limited and generally most difficult, with buyers and sellers often far apart. Towards the end of March Brazil was strong and with freights very high and

scarce, 53s. was asked for Superior Santos on c.i.f. terms. About the middle of April, the price for May delivery rose here to 45s. 9d. and in Havre to 56¼ francs, and during this period up to about 57s. was paid for a filiere with 9s. on, making cash month nominally 48s. From this point, owing to heavy Brazilian receipts, declining exchange, a slackening of demand for export, and to the difficulties and restrictions connected with that department, the market began to ease off, resulting in great weakness, prices at the beginning of June showing a decline here of about 7s, and in Havre 9 francs. After this there was some recovery, but our market again weakened and the nearest value for cash month at the end of June was 39s 6d.

Valorisation.—The last circular issued by the Committee to the trade intimated that the engagement of the late Committee not to sell any coffee during 1914 would be duly carried out. The war naturally upset these arrangements, the whole of the valorisation stocks in Hamburg, Trieste and Bremen having been liquidated, also part of those in Antwerp, leaving only the following:—Havre, 1,212,000 bags; Antwerp, 500,000 bags; Holland 25,000 bags, and Marseilles 66,000 bags, a total of 1,803,000 bags against about 3,150,000 bags at this period last year, a reduction of 1,347,000 bags.

Recently reports have come to hand that in view of such important buyers as Germany and Austria being shut out of the market, causing a considerable reduction in the exports of coffee from Santos, a new valorisation scheme is to be introduced, based, we understand, on advances to the planters in cash or treasury bills, and as the greater part of the old valorisation coffee is sold, the surtax of 5 francs per bag, levied by the State of S. Paulo, and hypothecated under the old scheme, will now be free and available to support the new project, concerning which there is a great difference of opinion as to the probability of its maturing. In normal times valorisation proved very unpalatable to European financiers, and in present circumstances no assistance in that quarter is likely to be obtained. It has, however, been suggested that America would help, but this might come under the Anti-Trust law. Therefore it appears that Brazil will be left to its own resources, which at present are very limited, and thus it seems doubtful if a valorisation scheme can be carried out, and certainly not approaching the former one in volume or stability.

Coffee Statistics

ENTRIES.

IN BAGS OF 60 KILOS.

RIO	FOR THE WEEK ENDED			FOR THE CROP TO	
	July 29 1915	July 22 1915	July 30 1914	July 29 1915	July 30 1914
Central and Leopoldina	47,952	36,408	59,084	163,538	237,502
Ry.....	1,261	1,325	600	5,647	3,324
Inland.....	1,389	1,737	2,026	6,048	3,537
Coastwise, discharged..					
Total.....	50,605	39,470	62,312	175,233	244,363
Transferred from Rio to Nitheroy.....	—	518	362	1,755	1,791
Net Entries at Rio.....	50,605	38,952	61,950	174,078	242,572
Nitheroy from Rio & Leopoldina.....	—	8,539	12,194	15,103	35,634
Total Rio, including Nitheroy & transit.	50,605	47,491	74,144	189,281	278,206
Total Santos:	379,615	341,508	303,123	1,172,205	815,512
Total Rio & Santos.	430,220	388,999	377,272	1,361,486	1,093,718

The coast arrivals for the week ended July 29th, 1915, were from:—

S. João da Barra.....	1,335
Santos.....	54
Total.....	1,389

The total entries by the different S. Paulo Railways for the Crop to July 29th, 1915 were as follows

	Past Jundiahy	Per Sorocabana and others	Total at S. Paulo	Total at Santos	Remaining at S. Paulo
1915/1916	953,635	46,080	999,715	1,172,208	—
1914, 1915	779,122	53,020	832,142	815,512	—

COFFEE LOADED (EMBARQUES).

IN BAGS OF 60 KILOS.

	DURING WEEK ENDED			FOR THE CROP TO	
	1915 July 29	1915 July 22	1914 July 30	1915 July 29	1914 July 30
Rio.....	54,896	69,376	60,641	2,1166	218,904
Nitheroy.....	—	3,271	6,568	10,804	29,198
In transit.....	—	—	—	—	—
Total Rio including Nitheroy & transit.....	54,896	72,650	70,209	211,970	248,102
Santos.....	241,604	137,131	138,941	567,931	449,278
Rio & Santos.....	296,500	209,781	209,150	779,901	697,380

FOREIGN STOCKS.

IN BAGS OF 60 KILOS.

	July 29/1915.	July 22/1915.	July 30/1914
United States Ports ...	—	—	—
Havre.....	1,939,000	1,933,000	2,900,000
Both.....	1,939,000	1,933,000	2,900,000
Deliveries United States Visible Supply at United States ports.....	—	—	—

SALES OF COFFEE.

DURING THE WEEK ENDING JULY 22th, 1915.

	July 29/1915	July 22 1915	July 30/1914
Rio.....	30,477	38,922	31,383
Santos.....	117,282	149,972	33,717
Total.....	147,759	188,894	65,100

COFFEE SAILED.

During the week ended July 29th, 1915, were consigned to the following destinations:—

IN BAGS OF 60 KILOS.

PORTS	UNITED STATS	EUROPE & MEDITER- RANEAN	COAST	RIVER PLATK	CAPE	OTHER PORTS	TOTAL FOR WEEK	CROP TO DATE
Rio.....	4,000	35,352	11,047	—	—	—	50,399	136,896
Santos...	48,476	32,939	—	4,120	—	—	85,535	379,990
1915/1916..	52,476	68,291	11,047	4,120	—	—	135,934	516,886
1914/1915..	103,782	76,047	4,828	5,724	—	—	190,381	567,371

VALUE OF COFFEE CLEARED FOR FOREIGN PORTS.

DURING THE WEEK ENDING JULY 29th, 1915.

IN BAGS OF 60 KILOS.

	July 29	July 22	July 29	July 22	Crop to July 29	
	Bags	bags	£	£	Bags	£
Rio.....	39,852	15,707	132,748	26,811	116,428	261,478
Santos.....	85,535	121,652	180,162	264,487	379,990	808,941
Total 1915/1916	124,887	138,359	312,910	291,298	496,418	1,070,419
do 1914/1915.	146,553	187,803	481,076	518,040	649,254	1,466,260

**OUR OWN STOCK.
IN BAGS OF 60 KILOS**

RIO Stock on July 22th, 1915.....	35,713
Entries during week ended July 29th, 1915.....	50,605
	86,318
Loaded «Embarques», for the week July 29th, 1915...	54,896
STOCK IN RIO ON July 29th, 1915.....	31,422
Stock at Nictheroy and Porto da Madama on	
• July 22th, 1915.....	24,870
• Afloat on July 29th, 1915.....	159,966
Entries at Nictheroy plus total embarques including transit.....	54,896
	239,232
Deduct: embarques at Nictheroy, Porto da Madama and Visma and sailings during the week July 29th, 1915.....	50,399
STOCK IN NICTHEROY AND AFLOAT ON July 22th, 1915.....	188,833
STOCK IN 1st and 2nd HANDS and THOSE AT NICTHEROY and AFLOAT ON July 29th, 1915.....	220,255
SANTOS Stock on July 22th, 1915.....	944,279
Entries for week ended July 29th, 1915.....	379,615
	1,323,894
Loaded (embarques) during same week.....	241,604
STOCK IN SANTOS ON July 29th, 1915.....	1,082,290
Stock in Rio and Santos on July 29th, 1915.....	1,302,545
do do on July 22th, 1915.....	1,164,325
do do on July 30th, 1914.....	1,193,062

COFFEE PRICE CURRENT.

DURING THE WEEK ENDING JULY 29th, 1915.

	July 23	July 24	July 25	July 27	July 28	July 29	Average.
RIO—							
Market N. 6 10 kilos	5.175	5.175	5.175	5.175	5.175	5.175	—
» N. 7	4.971	4.971	4.971	4.971	4.971	4.971	5.197
» N. 8	4.698	4.698	4.698	4.698	4.698	4.698	4.998
» N. 9	4.426	4.426	4.426	4.426	4.426	4.426	4.720
SANTOS—							
Superior per 10 kilos...	5.500	5.500	5.500	5.500	5.300	5.300	5.433
Good Average.....	4.100	4.100	4.100	4.100	4.000	4.000	4.066
N. YORK, per lb..							
Spot N. 7..... cent.	—	—	—	—	—	—	—
» 8..... »	—	—	—	—	—	—	—
Options—							
» Sept..... »	680	677	675	673	662	654	670
» Dec..... »	689	687	683	682	668	660	678
» Mar..... »	704	699	695	694	685	675	692

**MANIFESTS OF COFFEE.
RIO DE JANEIRO.**

During the week ended July 29th, 1915.

22—PACIFIC—Stockholm.....	Dias Garcia & Co.....	4,000
Ditto.....	McKinley & Co.....	2,875
Ditto.....	Holmberg, Bech & Co.....	2,000
Ditto.....	Hard, Rand & Co.....	2,000
Ditto.....	Castro Silva & Co.....	335
Ditto.....	Pinheiro & Ladeira.....	300
Ditto—Christiania.....	Nordskog & Co.....	2,023
Ditto.....	Norton Megaw & Co.....	875
Ditto.....	McKinley & Co.....	500
Ditto.....	Pinto & Co.....	500
Ditto.....	Galerno Gomes & Co.....	375
Ditto.....	Hard, Rand & Co.....	125
Ditto—Sundswall.....	Dias Garcia & Co.....	2,500
Ditto.....	Hard, Rand & Co.....	500
Ditto.....	Galerno Gomes & Co.....	250
Ditto—Malmo.....	Dias Garcia & Co.....	1,500
Ditto.....	Nordskog & Co.....	1,394
Ditto.....	Ornstein & Co.....	250
Ditto—Gefle.....	Dias Garcia & Co.....	1,000
Ditto.....	Norton Megaw & Co.....	1,000
Ditto.....	Galerno Gomes & Co.....	875
Ditto.....	Holmberg Bech & Co.....	250
Ditto—Halmstead.....	Holmberg Bech & Co.....	2,000
Ditto—Bergen.....	Nordskog & Co.....	1,250
Ditto.....	Louis Boher & Co.....	125
Ditto—Christiansund.....	Pinto & Co.....	550
Ditto.....	A. J. Holleville.....	500
Ditto.....	Louis Boher & Co.....	250
Ditto—Gothemburg.....	Pinto & Co.....	625
Ditto.....	Holmberg Bech & Co.....	500
Ditto.....	McKinley & Co.....	125
Ditto—Hudieksvall.....	Holmberg Bech & Co.....	1,000
Ditto.....	Hard, Rand & Co.....	125
Ditto—Copenhagen.....	Ag. Coop. M. Geraes.....	500
Ditto.....	Galerno Gomes & Co.....	250
Ditto—Drontheim.....	Nordskog & Co.....	500
Ditto—Norkoping.....	Holmberg Bech & Co.....	500
Ditto—Dramen.....	Hard, Rand & Co.....	250
Ditto.....	Nordskog & Co.....	125
Ditto—Osarhamn.....	Norton Megaw & Co.....	250
Ditto—Skein.....	Hard, Rand & Co.....	125
Ditto—Arendal.....	Nordskog & Co.....	125
		35,102

—MINAS. GERAES—New York.....	Theodor Wille & Co.....	—	1,000
—T. DI SAVOIA—Genoa.....	C. Pareto & Co.....	—	250
	Total overseas.....	—	39,352

COASTWISE.

During the week ended July 29th, 1915.

—ITATINGA—Porto Alegre.....	Castro Silva & Co.....	500	
Ditto.....	Sequeira & Co.....	50	
Ditto.....	Eugen Urban & Co.....	20	
Ditto—Pelotas.....	Castro Silva & Co.....	110	
Ditto—Rio Grande.....	Castro Silva & Co.....	60	
Ditto—S. Francisco.....	Sequeira & Co.....	25	
		765	
—ITAPEMA—Porto Alegre.....	McKinley & Co.....	845	
Ditto.....	Theodor Wille & Co.....	194	
Ditto.....	Eugen Urban & Co.....	175	
Ditto.....	Castro Silva & Co.....	50	
Ditto.....	Sequeira & Co.....	26	
Ditto—Pelotas.....	McKinley & Co.....	200	
Ditto.....	Castro Silva & Co.....	150	
Ditto.....	Ornstein & Co.....	130	
Ditto.....	Eugen Urban & Co.....	55	
Ditto—Rio Grande.....	Eugen Urban & Co.....	100	
Ditto.....	McKinley & Co.....	70	
Ditto.....	Theodor Wille & Co.....	25	
		2,020	
18—ITAJUBA—Porto Alegre.....	Castro Silva & Co.....	400	
Ditto.....	McKinley & Co.....	300	
Ditto.....	Stolle Emerson & Co.....	300	
Ditto.....	Eugen Urban & Co.....	250	
Ditto.....	Sequeira & Co.....	60	
Ditto—Pelotas.....	Stolle Emerson & Co.....	105	
Ditto.....	Castro Silva & Co.....	55	
Ditto—Rio Grande.....	Theodor Wille & Co.....	130	
Ditto.....	F. Faffree.....	2	
Ditto—Antonina.....	Sequeira & Co.....	15	
		1,617	
19—ITAUQUEIRA—Rio Grande.....	Sequeira & Co.....	300	
Ditto.....	Theodor Wille & Co.....	50	
Ditto—Porto Alegre.....	Eugen Urban & Co.....	150	
Ditto.....	Castro Silva & Co.....	50	
Ditto—Pelotas.....	Ornstein & Co.....	30	
Ditto.....	Castro Silva & Co.....	35	
Ditto.....	Eugen Urban & Co.....	25	
		690	
20—ITAPUHY—Pernambuco.....	Louis Boher & Co.....	—	100
20—ITAPURA—Porto Alegre.....	Theodor Wille & Co.....	500	
Ditto.....	Eugen Urban & Co.....	250	
Ditto.....	McKinley & Co.....	100	
Ditto—Pelotas.....	Stolle Emerson & Co.....	280	
Ditto.....	Castro Silva & Co.....	75	
Ditto.....	Sequeira & Co.....	50	
Ditto—Rio Grande.....	Eugen Urban & Co.....	300	
		1,555	
20—BAHIA—Pará.....	Theodor Wille & Co.....	800	
Ditto.....	Eugen Urban & Co.....	560	
Ditto.....	Roberto Schoenn & Co.....	80	
Ditto—Maraóas.....	Eugen Urban & Co.....	470	
Ditto.....	Ornstein & Co.....	255	
Ditto.....	Theodor Wille & Co.....	100	
Ditto—Maranhão.....	Ornstein & Co.....	210	
Ditto.....	Eugen Urban & Co.....	145	
Ditto.....	Theodor Wille & Co.....	70	
Ditto—Ceará.....	Sequeira & Co.....	180	
Ditto.....	Theodor Wille & Co.....	140	
Ditto.....	Ornstein & Co.....	70	
Ditto—Pernambuco.....	Eugen Urban & Co.....	110	
Ditto—Natal.....	Ornstein & Co.....	50	
		3,240	
21—MINAS GERAES—Pará.....	Ornstein & Co.....	—	1,060
	Total coastwise.....	—	11,047
SANTOS.			
During the week ended July 29th, 1915.			
23—SALERNO—B. Aires.....	R. Alves Toledo & Co.....	449	
Ditto.....	G. Trinks & Co.....	453	
Ditto.....	Stolle Emerson & Co.....	346	
Ditto.....	Zerrenner Bulow & Co.....	9	
		1,237	
23—GARIBALDI—B. Aires.....	R. Alves Toledo & Co.....	300	
Ditto.....	G. Trinks & Co.....	169	
		469	
24—RUSSIA—Marseille.....	R. Alves Toledo & Co.....	9,378	
Ditto.....	D'Orey & Co.....	1,480	
Ditto.....	Levy & Co.....	1,500	
Ditto.....	Nioac & Co.....	1,000	
Ditto.....	Leite & Santos.....	500	
Ditto—Alexandria.....	R. Alves Toledo & Co.....	5,500	
Ditto.....	Naumann Gepp & Co.....	500	
Ditto.....	M. Wright & Co.....	250	
Ditto—Salonica.....	R. Alves Toledo & Co.....	250	
		20,358	
24—VERUVIHO—New York.....	Hard, Rand & Co.....	7,224	
Ditto.....	Naumann Gepp & Co.....	7,000	
Ditto.....	Whitaker Brotero & C.....	5,000	
Ditto.....	M. Wright & Co.....	4,000	
Ditto.....	Nino Paganetti.....	2	
		23,226	

26—RIO BRANCO—N. Orleans	Leon Israel & Bros.	19,000	
Ditto—	R. Alves Toledo & Co.	1,500	
Ditto—	J. Aron & Co.	1,000	
Ditto—	Levy & Co.	1,000	
Ditto—	Picone & Co.	1,000	
Ditto—	Malta & Co.	1,000	
Ditto—	Arbuckle & Co.	750	25,250
26—AMSTELAND—B. Aires	Eugen Urban & Co.	750	
Ditto—	Ed. Johnston & Co.	737	
Ditto—	F. Lima Nogueira	500	
Ditto—	G. Trinks & Co.	267	
Ditto—Montevideo	Ed. Johnston & Co.	160	2,414
—AVON—London	Geo. W. Ennor	—	6,235
P. de ASTURIAS—Melilla	Eugen Urban & Co.	250	
Ditto—Cadiz	Naumann Gepp & Co.	125	
Ditto—	Société F. Bresilienne.	125	
Ditto—Vigo	Alonso & Co.	200	
Ditto—Malaga	Eugen Urban & Co.	125	
Ditto—Huelva	Naumann Gepp & Co.	125	
Ditto—Barcelona	Naumann Gepp & Co.	125	
Ditto—	Ribas Hermanos	29	1,104
—LUIZIANA—Genoa	Société F. Bresilienne.	475	
Ditto—	Naumann Gepp & Co.	250	
Ditto—	Cia. Prado Chaves	250	
Ditto—	Cia. Puglisi	1	976
—T. DI SAVOIA—Genoa	Cia. Prado Chaves	2,250	
Ditto—	Levy & Co.	1,000	
Ditto—	Leite & Santos	500	
Ditto—	M. Wright & Co.	250	
Ditto—	Oreste Colontari	2	
Ditto—	G. Tomaselli	8	
Ditto—	Cia. Puglisi	1	
Ditto—Naples	Cia. Prado Chaves	250	
Ditto—	Nino Paganetto	5	4,266
	Total overseas	—	85,556
SANTOS—COASTWISE			
During the week ended July 29th, 1915.			
—SATURNO—Rio	Ed. Reis & Co.	298	
Ditto—	Venancio Faria	80	378
24—GOYAZ—Rio	Venancio Faria	—	55
	Total coastwise	—	433

RUBBER

Weekly Cable. Quotations for hard fine closed in London on 30th July at 2s. 7d. per lb., the same as previous Friday and at Para at 3\$700, a drop of 400 reis per kilo.

—"The India Rubber World" reports a smart advance during the week ended July 10th, the main feature of which is the spot demand which overrides speculative conditions and puts the article in a strong position. The market closed on 7th July with crepe spot quoted at 2s. 7½d. and hard fine buyers, July-August, at 2s. 7½d. and August-September 2s. 7 3/8d. and sellers at 2s. 7½d. both positions.

Troubles of an American Rubber Concern in Mexico. The annual report of the Soconusco Rubber Plantations to June 30th last year has just appeared, and its contents form an eloquent testimonial to the difficulties of conducting business enterprise in Mexico under present conditions. Amongst other things the indentured labourers throughout Mexico have been informed by the revolutionaries that advances are illegal, and that they are under no liability to repay them, advice which we may be sure has been readily accepted. Another very serious difficulty which the directors have had to contend with, and have latterly found insurmountable, has been in connection with the remittance of money to Mexico for the service of the estate. All the banks there are reported to be closed, and the only people doing banking business appear to be small agents and discounters, who, with the rate of exchange of the Mexican dollar at 6d. or thereabouts, have refused to discount sterling credit drafts on any better terms than 16d., a loss equivalent to 10d. per Mexican dollar on each transaction. It

would appear that the sterling value of the Mexican dollar in North Mexico has fallen to 2½d. To add to the embarrassments, the Government, or the people in power in Mexico, have recently promulgated a law to the effect that all estates on which work is allowed to cease will be liable to be confiscated, and another providing that all export duties must be paid on a gold basis, the result of which is to practically to quadruple the duty. It is no wonder that the directors of this company are seeking to find a purchaser for the estate.—"India Rubber Journal."

—Federated Malay States Rubber Exports, in tons, for six months. Jan.-June, 1913, 10,481; 1914, 13,850; 1915, 19,190.

Railway News

THE LEOPOLDINA RAILWAY COMPANY

ESTIMATED WEEKLY TRAFFIC RECEIPTS

Year	Week Ended	Receipts for Week			Total from 1st. Jun.
		Currency	Exch.	Sterlin	
1915	24th. July	553,000\$	12 5/16	£ 29,810	£ 834,121
1914	25th. "	685,000\$	15 7/8	£ 38,761	£ 949,828
Increase...	—	—	—	—	—
Decrease...	—	53,000\$	2 15/16	£ 8,911	£ 115,717

Locomotives for the Central. For the first time in years, says the "Wall Street Journal," Brazil has ordered locomotives from this country (U.S.A.), the American Locomotive Co. taking an order for six standard engines for the Central Railway of Brazil. Commenting on this our contemporary says: "It is not the size of this order that counts, but the fact that the larger South American countries are now being compelled to come to this country for equipment which they have for years bought in Europe. Europe has always demanded that roads financed by England, France and Germany buy their equipment in these countries, but under present conditions in Europe placing equipment orders is now impossible. American makers believe that if they got this South American business they can hold it."

[As a matter of fact, for twenty years at least all the locomotives of the Brazil Central Railway have been bought in the United States and chiefly from Baldwins. The Central Brazil Railway is a Government concern and so not controlled by European capital but free to buy when and from whom it pleases. Why the Central should have changed its providers from Baldwins to the American Locomotive Co. is a matter of the railway's domestic economy that may perhaps find its explanation in the effects of the crisis or the penchant of Brazilian to make experiments which like that of the Brook locomotives, cost so dear!]

Baldwin Locomotives. Record No. 80 treats of locomotives for plantation service, of which this number shows twenty-nine different designs, from light four-coupled engines, suitable for switching and short hauls, to large engines of the consolidation type for road service. Information is given concerning the hauling capacity of each locomotive. The frictional resistance at slow speed is announced to be 8 lbs. per ton of 2,000 lbs. This may be greater or less according to the condition of the track, in which case the actual hauling capacity will vary with the loads assigned. The locomotives are all built to gauge and templates, so that when repairs are made duplicate parts can be furnished by the builders guaranteed to fit in detail.

SUGAR

Movement at Pernambuco, in bags:—

	1913-1914			1914-1915		
	Entries	Deliveries	Stock	Entries	Deliveries	Stock
September	25,727	64,161	93,346	16,268	35,966	130,502
October	205,128	172,879	125,595	235,632	221,838	141,996
November	284,594	283,618	126,571	309,479	258,252	190,223
December	317,151	258,702	185,020	300,313	272,398	218,138
January	244,710	258,769	160,951	289,016	207,606	299,548
February	219,725	222,145	158,541	292,254	235,650	356,152
March	193,907	164,323	188,125	234,828	238,004	352,976
April	126,046	129,708	184,463	129,641	111,234	311,393
May	158,978	111,093	232,348	73,081	157,879	226,425
June	45,237	93,059	184,526	25,011	137,961	113,475
Total	1,821,203	1,771,457		1,900,423	1,936,948	

Exports to Foreign Countries:—

Month	1913-14	1914-15
September		6,310
October	1,716	141,771
November	—	33,088
December	372	39,063
January	—	45,558
February	62,017	33,211
March	22,285	126,763
April	11,375	102,444
May	—	110,242
June	—	88,500
	97,765	726,450

Prohibition of Sugar Imports into Great Britain. We have the following report from London under date of 19th June, 1915: The Prime Minister, when asked recently whether, in view of the continued high prices of commodities, the Government could now see its way to permit the free import of sugar into the United Kingdom, except from enemy countries; and, if not, whether he would give a day for the promised discussion of this prohibition at a convenient interval after the report of the Sugar Commission had been issued, replied as follows: "I am advised that the free import of sugar in the exceptional conditions which now exist would facilitate speculation and lead to a rise in price. So far as I am aware, no section of the sugar trade, or any of the allied trades, desires freedom of import at the present time."

Pernambuco market report, 23rd July, 1915:—

Sugar. Dullness has again been the prevailing tone of the market this week, with only very small sales for southern markets. Entries are only about 5-6000 bags a day now, but for those there is good competition in the market, especially if quality is anything like fair and planters have nothing to complain about the prices they are receiving, although many think they should be getting seeing how small stocks are now in dealers' hands.

The total exports to foreign ports from beginning of crop to end of June were 726,450 bags, compared with only 97,765 for previous crop. Of the shipments for present crop, 150,900 bags went to United States ports, 85,750 bags to Portugal and remainder to the United Kingdom.

To-day's quotations continue as under, with poor demand:—

Usinas	6\$000 to 6\$200	per 15 kilos on shore
Crystal (white)	5\$700 to 5\$800	" " "
Ditto (yellow)	4\$300 to 4\$500	" " "
Whites 3a boa	5\$400 to 5\$600	" " "
Somenos	4\$600 to 5\$300	" " "
Bruto Secco	3\$600 to 4\$000	" " "

Clearances have been per s.s. Amstelland for Montevideo 5,836 bags white crystals and s.s. Traveller for Liverpool with 3,422 bags Demerara and 1,300 bruto secco.

Cotton. There has not been much doing this week, but at 13\$800 buyers get nothing and on 19th 14\$000 was again paid by factories here and this price has ruled since, with one or two southern shippers also paying the price, but these are few and far between and to-day 14\$000 is only obtainable from the factories

and they want cotton from certain specified districts. At this price there is rather more cotton than buyers, but holders are very firm and refuse to make any concession to bring about more business.

Rains have continued and some districts have been well watered and matta crop promises to be fair, but from sertão there will be little or nothing to come forward.

Cereals. Prices are unchanged at 9\$500 to 1\$500 per bag for corn, 18\$500 to 19\$000 for beans and 11\$000 per bag of 50 kilos for farinha, with buyers generally holding off in all cases.

Exchange closed on 16th at 12 11-16d. and opened next day at 12 1/4d. rising quickly to 13d., but at close was 1-16 lower. On 19-20th rates opened at 12 1/4d. with 1-8 better during the day; 21st opened 12 1/4d., rising to 12 7-8d. and at close dropped to 12 13-16d., opening on 22nd at this latter rate and closing at same, but decided firmer tendency throughout the day in sympathy with Rio advices.

COTTON

Shipments of Cotton from Pernambuco, September, 1914, to June, 1915:—

Santos	81,689
Liverpool	42,890
Rio de Janeiro	40,654
Lisbon	4,200
Rio Grande do Sul	3,859
Leixões	3,313
Bahia	1,146
Porto Alegre	754
Itajahy	602

	181,354
Cotton factories	30,000
Total	211,354

SHIPPING

Engagements. The Royal Mail report none at all except 15,000 bags per the Amazon for London and Liverpool, leaving Santos on 10th August. The s.s. Carmarthenshire leaves on 14th August for Buenos Aires without so far any coffee having been engaged.

For Havre, 4,000 bags are reported engaged at Santos and 28,000 at Rio per s.s. Almira Kersaint.

Mr. Luiz Campos reports following:—Per s.s. Annie Johnson, for Scandinavia, 20,000 bags from Santos; ditto, 20,000 bags from Rio; s.s. Prinsessan Sofia, for Scandinavia, 25,000 bags, from Rio; ditto, Santos not reported; s.s. Oscar Frederich, for Scandinavia, 40,000 bags from Rio; s.s. P. Umberto, for Genoa, 4,000 bags, from Rio.

—The s.s. Trondhjemsfjord, sunk by German submarines on 30th July, was a Norwegian steamer belonging to the Norwegian-American Line, running between Norwegian ports and New York, under contract with the Norwegian Government.

—The Brazilian market shows little or no change and coasters have some difficulty in filling up at the following rates:—B. A. to Paranagua and San Francisco, \$4 to \$4.50; to Santos and Rio Grande, \$4.25 to \$4.75; to Rio de Janeiro, \$4.75 to \$5; to Pelotas and Porto Alegre, \$8, with 50 cents extra for up-river loading.—"The Times of Argentina."

—The congestion in British ports has decreased materially. In London there are no vessels now waiting berths, while in Liverpool only 29 vessels were waiting for berths and the conditions are daily improving.

Reprisals. One of the plans to get the better of Germany was to confiscate all German steamers in British or Colonial ports until it was found that it would not work as, after we had already

commandeered all the German boats we wanted, the balance would be in favour of Germany. At the outbreak of the war, 71 German steamers were seized in Great Britain, of which only 29 over 1,000 tons, the total tonnage exceeding 58,000 tons gross. In addition 48 German vessels were seized in oversea British ports, inclusive of 28 steamers of over 1,000 tons and upwards, of the total tonnage of 125,890 tons gross. In all we have, therefore, seized 57 German steamers of 1,000 tons upwards and an aggregate of 184,498 tons gross, whilst the Germans seized 36 British steamers, valued at £1,000,000. The value of the German steamers is probably as much as that of the British, but not in any case much more. These steamers are private property and cannot be seized without involving reprisals in the part of Germany, which might extend to other kinds of property.

Coal. Export business in U.S., reports "Shipping Illustrated," of 10th July, is booming, a good deal of the exports being placed through the agency of London and Cardiff exporters unable to supply their own foreign clients with British coal. It is estimated, says our contemporary, that not more than 5 to 10 per cent. of the output of British steam coal is being sold at present high prices and 90 to 95 per cent. is at least 10s. below current quotations. Forty shillings per ton for best Admiralty steam coals is a purely nominal figure, for really none is being sold in the market and 36s. is regarded as an impossible price for even "seconds" in large quantities.

—With a total of 567,251 tons of cargo and bunker coal exported from Norfolk during June, all records have been broken. Of the total amount of coal exported 479,401 tons were cargo and 87,850 tons bunker coal.

—"Shipping Illustrated" of 10th July reports steamer freight market at New York quiet, with increase anticipated towards August. For Petroleum, contracts were available for 45 cents to Brazil. Coals to Rio de Janeiro were quoted at 36s.

—Apropos of the stranding of the s.s. Tasmanian at Durban, we have received a letter that is interesting because it shows how the demands of the British Admiralty are telling on the supply of officers for the mercantile marine.

Though the court found the master's navigation and handling of his vessel off Durban to show incompetence, in the impossibility of obtaining another master in South Africa, his second in command being a Greek engaged speaking no English and the third officer an apprentice of only 17 years of age, it was determined not to interfere with the master's certificate. The wonder, to our mind, is not that he showed "incompetence," but that with such assistance he ever got near Durban at all. Something, we imagine, must under such circumstances be allowed for mental strain.

—"Fairplay" of 8th July says there is little to report in the condition of the freight market. For coal for South America business with U.S. ports can be arranged at 36s. for Pernambuco and about 34s. for other South American ports. Coal rates from Wales are quoted 25s. 6d. for Rio de Janeiro.

Coal. Current values on 8th July were, says "Fairplay," as follows:—Best Cardiff coals nominal, second Cardiff coals nominal, ordinaries 24s. to 26s., best dry coals 25s. to 27s., second dry coals 21s. to 23s., Black Veins (Cardiff shipment) 25s. to 26s., Western Valleys (Cardiff shipment) 24s. to 25s., Eastern Valleys (Cardiff shipment) 19s. to 22s., No. 2 Rhonddas 19s. to 21s., best steam smalls 19s. 6d. to 20s. 6d., second steam smalls 16s. to 17s., cargo smalls 14s. to 15s. All the above prices are f.o.b. Cardiff, Penarth or Barry, payment by net cash in thirty days.

—"Fairplay" says that arrangements have been practically concluded whereby the coal companies will charge an agreed maximum price for coal for home consumption, but that for export coal a free hand will be given to them. It is anticipated that as a result of this agreement, which will do away with the question of licences, the price of coal for export will, owing to the increased demand, show a material increase, and as the demand for tonnage will also increase, there will be an improvement in the rates of freight. An announcement on the point is expected at any moment.

ARRIVALS AT THE PORT OF RIO DE JANEIRO. DURING THE WEEK ENDING JULY 29th, 1915.

July	Ship	Tonnage	Origin
23	DART	877 tons	from Buenos Aires
24	ORION	Brazilian s.s. 957 tons	from Montevideo
24	ITAPURA	Brazilian s.s. 1179 tons	from Porto Alegre
24	SILVERTON	British s.s. 1723 tons	from Rosario
24	ANNA	Brazilian s.s. 364 tons	from Laguna
24	LAURISTON	British s.s. 2133 tons	from Bordeaux
24	RIO PARDO	Brazilian s.s. 957 tons	from Penedo
25	URANO	Brazilian s.s. 141 tons	from Cabo Frio
25	ISMAILIA	British s.s. 2336 tons	from Buenos Aires
25	TOCANTINS	Brazilian s.s. 2500 tons	from New York
25	EDWARD PIERCE	American s.s. 3228 tons	from New York
25	G. HUBBARD	American s.s. 1395 tons	from Gulf Port
25	TEIXEIRINHA	Brazilian s.s. 237 tons	from S. J. da Barra
25	CARMARTHENSHIRE	British s.s. 5946 tons	from London
25	A. ZEDE	French s.s. 3725 tons	from Havre
25	RUSSIA	British s.s. 2879 tons	from Santos
25	ITAPUHY	Brazilian s.s. 1230 tons	from Pernambuco
25	GOYAZ	Brazilian s.s. 981 tons	from Santos
25	GELBIA	Dutch s.s. 2520 tons	from Amsterdam
25	SERGIPE	Brazilian s.s. 990 tons	from Bahia
26	GUAYBYA	Brazilian s.s. 119 tons	from Pará
26	ITAUNA	Brazilian s.s. 401 tons	from Antonina
26	SCOTTISH PRINCE	British s.s. 1794 tons	from New York
26	OLINDA	Brazilian s.s. 1240 tons	from Manaus
27	ITAJUBA	Brazilian s.s. 958 tons	from Porto Alegre
27	VASARI	British s.s. 6352 tons	from Buenos Aires
27	DARRO	British s.s. 7291 tons	from Buenos Aires
27	ALGERIE	French s.s. 2539 tons	from Buenos Aires
27	AMAZONAS	Brazilian s.s. 1220 tons	from Montevideo
27	RESSURREGIONE	Italian s.s. 1896 tons	from Buenos Aires
27	IRIS	Brazilian s.s. 899 tons	from Rio Grande
27	VERDI	British s.s. 4482 tons	from New York
27	VENUS	Brazilian s.s. 439 tons	from Penedo
28	PIAUHY	Brazilian s.s. 645 tons	from Camocim
28	FLANDRE	French s.s. 1377 tons	from Buenos Aires
28	ZELANDIA	Dutch s.s. 4960 tons	from Buenos Aires
28	THAI	Swedish s.s. 741 tons	from Teneriffe
28	AMAZON	British s.s. 6301 tons	from Liverpool
28	L. P. HALBLOD	Danish s.s. 1352 tons	from Santos
28	ASIATIC PRINCE	British s.s. 1792 tons	from Buenos Aires
29	ITAIPIVA	Brazilian s.s. 707 tons	from Porto Alegre
29	LIGER	French s.s. 3531 tons	from Buenos Aires
29	IBIAPABA	Brazilian s.s. 1082 tons	from Amarração
29	ORISSA	British s.s. 3262 tons	from Liverpool

VESSELS SAILING FROM THE PORT OF RIO DE JANEIRO DURING THE WEEK ENDING JULY 29th, 1915.

July	Ship	Tonnage	Destination
23	AUDUN	Norwegian barque, 1891 tons	for Natal
23	PLANETA	Brazilian s.s. 253 tons	for Laguna
23	URANO	Brazilian s.s. 141 tons	for Cabo Frio
23	DON BENITO	British s.s. 2395 tons	for S. Vicente
24	ITAUBA	Brazilian s.s. 978 tons	for Porto Alegre
24	K. VICTORIA	Swedish s.s. 2160 tons	for Stockholm
24	AMSTELAND	Dutch s.s. 2515 tons	for Buenos Aires
24	KENWOOD	American barque, 797 tons	for New York
24	DART	Argentine s.s. 877 tons	for Lisbon
24	SILVERTON	British s.s. 1723 tons	for New York
24	CARANGOLA	Brazilian s.s. 258 tons	for S. J. da Barra
25	PLUTARCH	British s.s. 2587 tons	for Liverpool
25	MUCURY	Brazilian s.s. 1402 tons	for Manaus
25	TAQUARY	Brazilian s.s. 1176 tons	for Santos
25	ITAPUBA	Brazilian s.s. 1179 tons	for Pernambuco
25	GELBIA	Dutch s.s. 8560 tons	for Buenos Aires
25	SATELITE	Brazilian s.s. 892 tons	for Ceará
25	ISMAILIA	British s.s. 2336 tons	for S. Vicente
25	SARK	Norwegian s.s. 2304 tons	for Porto Alegre
25	G. HUBBARD	American s.s. 1395 tons	for Buenos Aires
27	DARRO	British s.s. 7291 tons	for Buenos Aires
27	ALGERIE	French s.s. 2539 tons	for Marseilles
27	HUTTONWOOD	British s.s. 2535 tons	for Buenos Aires
27	CAYO ROMANO	British s.s. 2327 tons	for Montevideo
27	VASARI	British s.s. 6352 tons	for New York
27	GUAYBYA	Brazilian s.s. 1119 tons	for Porto Alegre
27	OREGONIAN	American s.s. 3651 tons	for Baltimore
27	RESURREGIONE	Italian s.s. 1896 tons	for S. Vicente
27	SCOTTISH PRINCE	British s.s. 1794 tons	for Buenos Aires
27	E. M. WILLEY	American schooner, 735 tons	for Haiti
28	ITAPUHY	Brazilian s.s. 1230 tons	for Porto Alegre
28	S. PAULO	Brazilian s.s. 2213 tons	for Santos
28	ZELANDIA	Dutch s.s. 4960 tons	for Amsterdam
28	ANNA	Brazilian s.s. 364 tons	for Florianopolis
28	VERDI	British s.s. 3382 tons	for Buenos Aires
28	AAL. ZEDE	French s.s. 3725 tons	for Buenos Aires
28	ITAUNA	Brazilian s.s. 401 tons	for Antonina
28	URANO	Brazilian s.s. 141 tons	for Cabo Frio
29	LIGER	French s.s. 3531 tons	for Bordeaux
29	COTOVIA	British s.s. 2527 tons	for Rosario
29	PHIDEAS	British s.s. 3356 tons	for Santos
29	GOYAZ	Brazilian s.s. 981 tons	for Buenos Aires

VESSELS ARRIVING AT THE PORT OF SANTOS. DURING THE WEEK ENDING JULY 29th, 1915.

July	Ship	Tonnage	Origin
21	T. DI SAVOIA	Italian s.s. 4895 tons	from Buenos Aires
21	VESUNIA	Italian s.s. 3492 tons	from Buenos Aires
22	ITAITUBA	Brazilian s.s. 613 tons	from Aracaju
22	ITAITUBA	Brazilian s.s. 613 tons	from C.M.P.N.NhS6WUJLD
22	ITASSUCE	Brazilian s.s. 926 tons	from Rio de Janeiro
23	ANNA	Brazilian s.s. 247 tons	from Laguna
23	SATURNO	Brazilian s.s. 515 tons	from Rio
23	ORION	Brazilian s.s. 540 tons	from Montevideo
23	ITAPURA	Brazilian s.s. 926 tons	from Porto Alegre
23	AFGHAN PRINCE	British s.s. 3183 tons	from New York
24	F. MATAZZO	British s.s. 1779 tons	from Rosario
24	GABIBALDI	Italian s.s. 3108 tons	from Genoa
25	IRIS	Brazilian s.s. 887 tons	from Rio Grande do Sul
25	ITAUNA	Brazilian s.s. 403 tons	from Antonina
25	TAQUARY	Brazilian s.s. 654 tons	from Rio de Janeiro

- 25.—AMSTELLAND, Dutch s.s., 3515 tons, from Amsterdam
 26.—ZELANDIA, Dutch s.s., 4959 tons, from Buenos Aires
 27.—GELRIA, Dutch s.s., 8520 tons, from Amsterdam
 27.—ITAIPAVA, Brazilian s.s., 513 tons, from Porto Alegre
 27.—INDEPENDENCIA, Argentine s.s., 619 tons, from Buenos Aires
 27.—SARK, Norwegian s.s., 2304 tons, from New York
 28.—JIGER, French s.s., 3530 tons, from Buenos Aires
 28.—CUBATAO, Brazilian s.s., 882 tons, from Pernambuco

**VESSELS SAILING FROM THE PORT OF SANTOS
 DURING THE WEEK ENDING JULY 29th, 1915.**

- July 21.—T. DI SAVOIA, Italian s.s., 4895 tons, for Genoa
 21.—GURUPY, Brazilian s.s., 599 tons, for Rio de Janeiro
 23.—ITAPURA, Brazilian s.s., 926 tons, for Pernambuco
 23.—ITAIPUBA, Brazilian s.s., 613 tons, for Porto Alegre
 23.—ITASSUCE, Brazilian s.s., 926 tons, for Porto Alegre
 23.—ANNA, Brazilian s.s., 247 tons, for Rio de Janeiro
 23.—SATURNO, Brazilian s.s., 515 tons, for Moontevideo
 23.—SALERNO, Norwegian s.s., 1398 tons, for Buenos Aires
 24.—GARIBALDI, Italian s.s., 3108 tons, for Buenos Aires
 24.—RUSSIA, British s.s., 2879 tons, for Marseilles
 24.—GOYAZ, Brazilian s.s., 790 tons, for Rio de Janeiro
 24.—ESTRELLA, Brazilian lugger, 264 tons, for Cabo Frio
 24.—VESUNIA, Italian s.s., 3492 tons, for New York
 24.—CONSTANZA, Italian s.s., 1547 tons, for Buenos Aires
 24.—RIO BRANCO, Brazilian s.s., 747 tons, for New Orleans
 25.—TAUNA, Brazilian s.s., 403 tons, for Rio de Janeiro
 25.—AFGHAN PRINCE, British s.s., 3183 tons, for Rosario
 26.—IRIS, Brazilian s.s., 687 tons, for Rio de Janeiro
 26.—AMSTELLAND, Dutch s.s., 3515 tons, for Buenos Aires
 27.—L. P. HOLMBIA UD, Danish s.s., 1314 tons, for Copenhagen
 27.—ITAIPAVA, Brazilian s.s., 513 tons, for Aracaju
 27.—ZELANDIA, Dutch s.s., 4959 tons, from Amsterdam
 27.—GELRIA, Dutch s.s., 8520 tons, for Buenos Aires
 27.—AFRICAN PRINCE, British s.s., 1791 tons, for New York
 28.—LIGER, French s.s., 3530 tons, for Bordeaux

not only acknowledge the independence of South Africa but will guarantee it, provided the rebellion starts immediately."

General Botha proceeded to emphasise the value of the territory won, and gave details of terrible atrocities committed by the Germans, announcing the intention of holding an enquiry into the circumstances of the Herero rebellion, where 2,100 were killed in reprisal for the alleged murder of Germans which is now proved never to have occurred.

General Smuts followed in the same strain, saying it was clear to him now that if German South West Africa did not belong to the Union, the Union would have ultimately belonged to German South West Africa.

It was a curious coincidence that, of the casualties suffered by the Union, there figured amongst the dead 126 English names and 126 Dutch names; among the wounded 273 English and 275 Dutch showing how the two races realised the duty of supporting the principles of free Government against the curse of militarism.

London, July 28th, 1915.

Following is summary of Russian official communiqués of July 24th-28th:—¼Baltic Provinces—There is no essential change in Mitau region. South-west of Kovno enemy had made some progress but was driven back during night of July 25th-26th across the River Jussia.

Narew Front—Enemy delivered desperate attacks along eastern banks of the River Pissa, but achieved no success and suffered heavy losses.

Sector Ostrolenka-Rozhan—We repulsed repeated attempts to cross the Narew.

Sector Rozhan-Pultusk—Enemy succeeded in throwing part of his forces across to left bank of river, he also brought up great reserves above Sierok, but we made successful attacks which forced some of enemy's troops to retreat in disorder. At one village we took 700 German prisoners and many machine guns.

Left bank of Vistula.—Successful attacks drove back enemy about 20 miles south-west of Warsaw.

Lublin-Cholm Front—Enemy, by our counter-attacks, was compelled to come to a halt. Ten miles south of Cholm Germans took part of our rebouts, but were afterwards driven out by our counter-attacks. North of Grubieszow Germans attacked vigorously, but are constantly repulsed. Near Annapol our troops made a strong counter-attack.

On Bug there were violent actions in region of Sokal-Potwizyca where enemy passed part of his troops across the river.

London, July 31st, 1915.

Sir John Nixon reports that as the result of the action of 24th July near Nasiriyeh, the disorganised Turkish forces retreated northwards more than 25 miles. Enemies' casualties in killed, wounded and prisoners amounted approximately to 2,500, the prisoners including 41 officers and 690 men, of whom 200 were wounded. The captures of arms and material include one 40-pounder, 12 field and 2 mountain guns, and several machine guns, together with 1,000 rounds of artillery and 300,000 rounds of small arm ammunition, as well as explosives and bombs and other miscellaneous ordnance stores. Our casualties numbered 564. The evacuation of the sick and wounded from Nasiriyeh has commenced.

Sir John French reports:—Active mining operations continued on both sides during last few days, with intermittent artillery engagements, but no infantry attacks. Enemy exploded 3 mines in the neighbourhood of Stoloj and one near Givenchy, only one doing damage and the damage was slight. We exploded a mine on the 26th north of Zwartoleen, which destroyed 20 yards of enemy parapet. On 25th, an English aeroplane shot down a German machine, which fell in our lines east of Zillebeke.

Sir John French reports under date 30th July:—This morning enemy began to bombard our trenches north and south of Hooge, following this with an attack with flame projectors, delivered chiefly against the trenches recently captured by us at Hooge. By this means the enemy succeeded in penetrating our first line of trenches on a front of about 500 yards. Fighting is still in progress

The Week's Official War News

London, July 25th, 1915

Following is a summary of Russian official communiqués of July 21st-23rd:—Baltic Provinces—Some fighting took place west of Mitau, where enemy is concentrating on lines west of the Mitau-Shavli road. Enemy having occupied village of Seanichti, is advancing in a south-easterly direction. On the Tuckum road we took some prisoners, including a patrol of officers.

In the Trans-Niemem district there was desperate fighting on the river Jussia, south-west of Kovno.

Narew Front—Enemy bombarded Ostrolenka and attempted to carry Rozhan bridgehead. These attacks continue with stubbornness up to the present. On the right bank of the Narew we made a local attack and drove back the enemy. During this action the Cossacks fell upon and sabred a German company.

On the left of the Vistula, the Germans attacked without success, suffering heavily.

On the Lublin-Cholm front very desperate fighting rages, villages changing hands repeatedly. Enemy can reckon no success, and on July 20th, 21st and 22nd he was at three points thrown back with fearful losses, the centre of his army, composed of German divisions, suffering particularly.

In Galicia, on the Bug, after fierce fighting, by the 21st we cleared the right bank of enemy forces, taking 2,500 prisoners. On July 22nd the enemy made violent counter-attacks, but was repulsed and pressed back to the outskirts of Sokal. We took many prisoners, including all that was left of the 10th Austrian Jaeger battalion, with its commanding officer. Strong enemy reserves were mown down by our guns and were unable to reach the troops opposing us.

London, July 26th, 1915.

In a remarkable speech delivered in Cape Town, General Botha made some interesting revelations concerning designs on South Africa. He said that one of the most interesting discoveries in German South West Africa was a map showing the redistribution of the world after the "Peace of Rome, 1916." The whole of Africa below the Equator was put as the German Empire, except a small portion segregated as a "Boer Reserve." This and other indications showed the German designs upon the Union of South Africa.

It was now established that Maritz had sent a delegate to German South West Africa in 1913, and had received an encouraging reply. Before the war rebellion had been brewing, and Maritz was enquiring how far help in artillery, arms and ammunition would be sent. Correspondence then took place between the Governor of South West Africa and the Kaiser, the latter replying: "I will

MESSAGE

PRESENTED BY THE PRESIDENT OF THE STATE OF SÃO PAULO,

DR. FRANCISCO DE PAULA RODRIGUEZ ALVES

TO

CONGRESS ON 14TH JULY, 1915.

Gentlemen,

I beg to congratulate you on the auspicious occasion of your reunion and to place before you the following statement of affairs during the last twelve months.

Yet again I have to open my Message with an unhappy announcement, this time of the death in this City of our venerable friend, Dr. Bernardino de Campos, one of the most prominent of the directors of Republican policy and zealous servants of the State.

In the course of his career, Dr. Bernardino de Campos occupied the highest of all offices with the exception of the Presidency of the Republic, to which the blindness with which he was ultimately afflicted was an insuperable impediment.

His death was deeply regretted in every State of the Union and in homage to his invaluable services to the Republic, his funeral was undertaken by the State.

When Dr. Wenceslau Brazil assumed the Government of the Republic, the whole world was already suffering from the tremendous war that still continues in Europe.

It was impossible that we here should escape the effects of this conflagration, coinciding as it did with symptoms of internal political and financial weakness, the causes of which are well known.

The Government of the Nation is awake to the situation and unwearily in its efforts to minimise the effects of this catastrophe.

In view of the difficulty of the situation and fully recognising the responsibility of the State of a political as well as administrative order, and desiring to lend our assistance to the new Government of the Republic in order that it may satisfy national aspirations, it was determined amongst the directors of the Republican party and our representatives in Congress to give the frankest support to the Government of the Union.

To normalise political life, free it from irritating limitations, and give it dignity by making the popular vote a reality is in synthesis the programme of the actual President of the Republic and has always been my own aim also.

Unless this object be kept constantly in view and tolerance and respect for justice made the rules of conduct for the rehabilitation of national character, all we can do is to wait with patience a long time perhaps, for the Republic to fulfil its constitutional mission. Without regulating political life, it will be difficult to regulate the finances of the Republic, that more than ever demand union and judgment.

The state of the Federal finances reflects inevitably on those of the States and, particularly in times of monetary crises, when borrowing abroad is impracticable.

It is in crises like this that the Union stands in need of the heartiest co-operation, not only of S. Paulo, but of every one of the States, in the task of re-establishing stability and tranquility.

Overwhelmed, almost, by the multiplicity of the services that had to be attended to throughout its vast territory, the State of S. Paulo succeeded, at some sacrifice, in maintaining unimpaired its administrative movement.

Estimates calculated, perhaps, on too liberal a scale to allow of the expansion that the uninterrupted progress of the State exacted, resulted, in some cases, in expenditure of an ordinary nature being confounded with extraordinary, that should have been provided for by means of special appropriations. Under such a system deficits were unavoidable. This Government has endeavoured to correct, but only very slowly, after the estimates have been relieved of the burden thus imposed on them by contracts already entered into for costly public works, can the position be radically righted. So serious, indeed, were the complications that the crisis and afterwards the war gave rise to towards the close of last year, that there was no help for it but to suppress some services entirely, postpone others, and reduce to a minimum all extraordinary expenditure that could be suppressed without serious sacrifice.

Amongst the last ranks the construction of the railway to Port Tybiriçá and the completion of the water works of the City of S. Paulo. Owing to repeated droughts, the springs that feed the City's water supply proved insufficient for the requirements of the growing population and factories began to run short of water. Works of this nature could not clearly be suppressed or postponed and had to be continued at all cost.

As regards the Railway, it would have been preferable to suspend construction were it not that the contract entered into stipulated for heavy indemnities which would have entailed greater sacrifices than continuation of the works.

You will find elsewhere detailed particulars regarding the financial position and will be able to appreciate for yourselves the embarrassments that the Government has been subjected to, in consequence, particularly, of the closing of so many markets to coffee, our principal export, and the unjust and exaggerated restrictions imposed on our commerce in this article and the difficulties placed in the way of realisation of valorisation coffees already disposed of.

The position of our stocks at Hamburg was very delicate and exacted energetic action for their protection. The sale of this stock was indispensable and though we succeeded in disposing of the Hamburg stock on good terms, the product of the sale has not yet reached us, but is deposited with one of the great Berlin banks, where it awaits an opportunity for remittance to our bankers in London.

With regard to the Antwerp stock, the sale of which was duly authorised, we have reason to fear similar treatment. This stock, as you know, serves as guarantee for the service of the foreign loans issued by the State. In consequence of the failure to realise the proceeds of the forementioned stock, amortisation has necessarily been suspended.

Sundry proposals on our part for transfer of the deposit have so far given no result.

It will be remembered that by Law 1,461 of 29th December last, the Government of the State was authorised to raise an internal loan of 50,000 contos of reis in 5 per cent. gold aplices or bonds, with interest and capital payable in gold at the rate of 16d. per milreis for the constitution of a special fund in aid of planting and coffee interests generally. For the service of this issue it was proposed to set aside the unaffected moiety of the coffee super tax. The idea of substitution of the bonds of the London loan of £7,500,000 by those of this internal issue to the equivalent of the Hamburg and Antwerp stocks of valorisation coffee disposed of was suggested. In this way we hoped to facilitate transfer through the agency of neutral bankers and should have been then in a position to carry out the objects of the above-mentioned law without benefitting in any way countries at war with Germany. Our proposal, however, was not accepted.

It was then suggested that bonds of the 1913 London loan held in Germany should be paid off and in this way amortisation be, at least, partially effected and the balance, whatever it might amount to, be handed over to the S. Paulo Government through reliable channels.

Communications between the two countries being tardy and, moreover, only practicable through the Brazilian Foreign Office, the assistance of the Minister of Foreign Affairs, always most solicitous of our interests, was requested in order to press acceptance of our last suggestion and obtain payment of the sum of which we are so unjustly deprived.

Seldom, indeed, have circumstances combined to depress the economic conditions of any country, as at present is the case with S. Paulo, nor could the resistance opposed to such disintegrating elements on the part of the factors that stimulate the production of wealth be better appreciated.

Our State, we have always maintained, is a field of most intense labour, in which human energy is manifested as ardently and compensated as liberally as anywhere in the world.

In spite of the difficulties that, in common with S. Paulo's, now embarrass progress, commerce and industry generally, the State of S. Paulo feels no discouragement, but continues to labour and struggle, confident in its future.

It is regretted sometimes that we should have devoted our energies so exclusively to the cultivation of coffee, but that is not now true, and, as a matter of fact, S. Paulo has extended its energies to every practicable branch of industry.

Besides coffee, cereals, cotton, sugar cane and tobacco are now widely cultivated in S. Paulo, as the subjoined statistics of exports showing the value of Rs. 80,000,000\$ (about £5,000,000) in addition to that of coffee, bears testimony.

Meanwhile our manufacturing industries, and particularly cattle farming, are growing all the time and will shortly add powerfully to our resources and prosperity.

There is no room, therefore, for regret that S. Paulo has in the past given such exclusive attention to coffee, the foundation of the wealth that has made other developments profitable.

No area in the world is more appropriate for the cultivation of coffee than S. Paulo, where both soil and climate combine to produce a commodity in demand the world over. To fail to take advantage of conditions so exceptional would be little less than a crime. We may, at times, be inclined to regret not having yet succeeded in entirely crushing the competition of other countries not so blessed as we are as regards soil and climate, but being in the position to produce, almost indefinitely, immense quantities of a commodity of prime necessity, we have only to persevere to conquer all obstacles.

Not that we have not, too, difficulties to overcome. Although the last crop was fortunately exported without great difficulty

and the price obtained was on an average not discouraging and there was no lack of labour last year and plantations have, consequently, been well kept up, the question of how the actual (1915-16) crop is to be disposed of is already preoccupying attention and causing anxiety to both Government and to producers.

From information I have received, it appears that whilst the actual crop will be larger than the last one, consumption has grown more rapidly still and in all probability would, normally, be larger than production, seeing that the world's production is calculated at nineteen million bags and consumption at twenty million.

"The fly in the ointment" is the war, in consequence of which so many European ports are entirely closed to imports of our coffee and some very large consumers, like Germany and Austria, will, perhaps, be unable to receive our coffees as usual.

The conditions of transport are likewise abnormal and rates for freight and insurance have risen in proportion.

Government, however, is on the alert and intent on smoothing away difficulties that at present embarrass the coffee movement and menace the disposal of our product in consuming markets.

Splendid though the actual statistical position is, it would be ineffective were it to be upset by artificial limitation of our exports of coffee and the speculation for the fall that would inevitably follow.

Official vigilance combined with the action of all other interests, and particularly of the Santos market and elements of transport may, doubtless, do much, and it is in this sense that I wish to impress particularly on planters and the directors of railways the advisability of sending down their produce to market less tumultuously in order that sales may not be forced.

My attention has been repeatedly called by firms interested in coffee to the disordered manner in which coffee is invariably remitted to the seaboard during the first half of each crop year and the manner in which prices are thereby affected, particularly when crops are heavy. A little more prudence on the part of planters and railways in sending down their produce would doubtless be most efficacious.

Only last year I received a communication from one of the largest dealers in coffee anywhere and a member of the Valorisation Committee, in which he says: "If the State of S. Paulo, the regulator of the world's coffee market, insists on sending to market 90 per cent. of the crop in the first six months, the result will be a difference of 2 cents per pound or ten shillings per bag, and a total loss of £5,000,000 on a crop of 10,000,000 bags. Is S. Paulo rich enough to stand such a loss, simply because commercial methods are there so unreasonable and opposed to common sense? Brazil might easily arrange for only 60 per cent. of its crop being marketed during the first half of the crop year and 40 per cent. during the second. What ought to be stopped is the habit of selling 90 per cent. during the first half and only 10 per cent. during the second half of each crop and thereby incurring a loss of £5,000,000 per annum. In the United States the sale of the cotton crop is to-day spread over the whole 12 months, not six as in Brazil. Is it not possible for Brazil to negotiate its crops in some other way? Do not planters see that they are all sufferers from such a system and is there not intelligence and judgment enough in the country to put an end to it?"

On 7th June last I called the attention of the Society of Agriculture of the City of S. Paulo to this subject, pointing out that even if some planters were not in a position to hold back their produce, a good many others were undoubtedly in such a position and their example would encourage the rest to follow.

It is intuitive that regular monthly remittances would tend to regulate prices and to check speculation.

On the possibility of escaping the menace of interruption to consumption from the war, it is impossible to count. Were our banking system better organised we might discover therein the elements necessary for self defence, seeing that the possession of a product in such general demand should be sufficient guarantee for any credit operations its movement might entail.

In view of the actual statistical position of coffee, it is just possible that, assisted by diplomatic action, the actual crop may be exported without much difficulty to the usual consuming markets. But if diplomatic action proved to be inefficacious or insuffi-

ent and certain markets continued to be wholly or partially closed to our product. it would be necessary to find means of re-establishing equilibrium between demand and supply of this commodity to prevent its sale and exportation being compromised. As, however, such measures depend, at this moment, more on the action of the Federal than on State Powers, we think it our duty to call the attention of the Federal Government to the facts and the manner in which they may influence the statistical position of coffee and its prices.

National interest being so inextricably involved with our own in this problem, it is permissible to believe that such important factors of prosperity will not be unprotected.

At a meeting in this Capital, on 3rd January, just before assuming the Government of the State, I had occasion to state my views with relation to railway development. "We cannot," I then said, "think for the moment of further extensions in the action condition of the State Treasury, as we have neither money nor credit sufficient to carry them out. What we can do, however, is to endeavour to systematize our railways. I am not personally in favour of trusts as agents for the working of railways. If consolidation is requisite, I prefer that it should be effected by the State."

It is well to call these words to mind. Questions of relative advantage of State or private management have, in my opinion, little bearing on the true issue, which, in newly developing countries like this, must be a question purely of the manner in which the interest may be best served, which, in my opinion, would not be by the incorporation of our principal and successful railways with weaker undertakings.

To avoid such a disaster it would be preferable that the State itself should assume responsibility for their expropriation on terms, of course, of their respective contracts.

Some years ago it was proposed in the State Legislature to authorise the expropriation or redemption of the Paulista and Mogyana railways and to afterwards transfer same to a powerful foreign organisation.

There could be no possible advantage for us in such a proceeding or the transfer of railways constructed with local capital, ably administered by our own people with greater consideration for local interest than foreign companies would be likely to show. Apart from the unhappy experiences of "trusts" in the United States and fears of their reproduction in this country, there seems no motive at all for so dangerous an experiment that from our point of view could bring no advantage whatsoever to ourselves.

As regards the Santos Docks, Dr. Rodrigues Alves maintains his opinion with regard to the extension of the quays from Outer-inhos seawards, to the effect that the Santos Docks Company not being privileged, extension of its docks could, consequently, only be granted by the Federal Government in virtue of public competition by tender, for which the State of S. Paulo is ready to present proposals.

Municipal and federal elections were duly realised without disturbance of any kind.

Two new municipal districts were created in the course of the year.

Public education has been thoroughly attended to in spite of the crisis and shows progress in every branch of the service.

Statistics show that the health of the population has been satisfactory, the death rate has diminished both in the Capital and interior.

There has been no serious epidemic and the Trachoma Commission has been dissolved. The inoculation for typhoid has given excellent results.

Owing to the war, there is a growing demand for meat for supply of the enormous armies and, as local supplies have been greatly reduced by the war, the belligerents have necessarily to look to neutral countries for supplies. An opportunity has thus been offered for the development of this valuable industry that, properly utilised, should help to increase very materially the wealth of the country.

Of all the States, S. Paulo, where for some time cattle farming has entered on its intensive phase, is best prepared to take immediate advantage of the opportunity now offering. If, perchance, its own production is still insufficient for home consumption, by careful preparation it has paved the way, at least, to act as the intermediary for preparation and sale of the cattle from neighbouring States.

The wonderfully rich pasturage on the borders of the neighbouring States of Goyaz, Minas and Matto Grosso has converted that extensive region into a natural halting place for cattle proceeding from those distant provinces, where they may be fattened and prepared for consumption. The district is, moreover, adequately served by railways and roads, whilst three important slaughter houses have been started at Osaca and Barretos for preparation and freezing of meat for shipment to foreign markets, where it has found an easy market. Such an opportunity to put this industry on an immediately paying footing must not be neglected, and though on general lines its future seems assured, there are still some measures that require the attention of Government and are the object of Government's special solicitude.

In July last at a meeting of leading cattle raisers, the necessary measures were fully discussed by which the cattle of other States might be attracted to S. Paulo, the first of which is the immediate opening of inter-State roads converging on the pasturages of S. Paulo at a point in easy communication by rail with the port of Santos. The matter of our breeding was also discussed and the conclusion came to that the rôle of S. Paulo was to supply the elements for improving the type in these three great neighbouring States.

It would, however, be counter-active to propose to supply stock cattle of foreign breeds direct to these distant regions, where they would be subject to the decimating effects of "tristeza" that, in some instances, has been the cause of loss of 90 per cent. of imported cattle.

Breeding of local pure blood stock is necessarily a work of time and expenditure such as could only be undertaken with the collaboration of the Federal Government. The State, on its side, might undertake to found local experimental establishments and aid farmers and planters to import blood cattle for breeding purposes themselves which should be sent to Government stations for reproductive purposes. This, however, would depend on the action of the Federal Government in stimulating the importation of blood cattle.

If this programme were faithfully carried out, within ten years or so herds would show sensible improvement by systematic crossing and the economic results would be very appreciable.

For the present, the programme ought to be the improvement of our pastures and breeds of cattle.

Meanwhile something is being done to improve stock by suppressing disease and improving sanitary conditions, to which end not only has a competent veterinary service been created, but breeding stations for cattle, horses and other animals have for some years been working.

AGRICULTURE.

The season of 1913-14 cannot be reckoned as one of the best for agriculture, in consequence not only of the prolonged drought, but the financial crisis.

In 1913-14 the production of coffee reached 44,289,470 arrobas, equivalent to 11,072,367 bags, derived from 722,420,748 bearing trees, and was larger than that of 1912-13, which amounted to only

9,470,833 bags, inclusive of home consumption. Of the former crop, only 10,855,454 bags arrived at Santos, inclusive of 688,796 bags from the State of Minas Geraes, whilst 86,186 were sent by the Central Railway to Rio de Janeiro.

In consequence of the crisis and the drought, the **Cotton** crop was the smallest for the past six years and yielded only 628,550 arrobas in 1913-14, as against 2,654,497 arrobas for the season previous. This branch of agriculture, which seemed so promising, has experienced a decided set-back and the planted area has been considerably reduced.

The production of **Cotton** for the season 1913-14 yielded 2,828,475 kilos of raw cotton, a quantity insufficient even for the consumption of our own mills, it having been necessary to import from other States 6,388,127 kilos, principally from Pernambuco. It is to be hoped that once the crisis is over production of cotton will once more tend to increase.

The **Tobacco** crop likewise suffered from drought and insects and in the leading districts, S. Bento de Sapucahy and S. Miguel Archango, crops were reduced to half. Even so, the 1913-14 crop yielded in all 149,262 arrobas of tobacco, as against 150,762 for 1912-13. The tobacco consumed in the State is almost all consumed within its borders by the numerous cigar and cigarette factories, and only from one district, S. Bento, is there any trade with other States, 230,869 kilos of the value of Rs. 252,012\$300 having been sent to Rio de Janeiro last year.

The **Sugar** crop produced in the State did not exceed 406,151 bags in 1913-14, as against 414,632 bags in 1912-13, of which 342,404 bags came from large mills, two of them of recent foundation. In spite of the improvement, the production of the State is insufficient to meet consumption and 71,825 tons from other States were imported into S. Paulo in 1914.

The production of **Alcohol and Spirits** reached 116,922,582 litres in 1913-14, a shrinkage compared with the previous season of 7½ per cent.; of the above quantity 2,590,410 litres came from sugar mills.

As was to be anticipated, the prolonged drought did most damage in districts where irrigation has not yet been adopted. Withal, the crop of **Rice** attained in all to 1,476,896 bags of 100 litres, in the husk, for 1913-14, as against only 1,390,733 bags for previous season, of which 4,601 tons were exported in 1914 from the district of Iguape, 355 from Cananea, 20 from Santos, and 8,924 per Central Railway, in all 13,900 tons for consumption in other States.

The **Bean** crop is estimated to have yielded 1,921,000 bags in 1913-14 or almost the same as for previous crop. Along the Central and Sorocabana Railways it was about the same as last year's but larger on the Paulista and Mogyana.

The production of **Indian corn** rose to 11,069,300 bags in 1913-14, an increase of 2.7 per cent. compared with previous season.

As regards the current season, 1914-15, the yield of cereals promises to be larger, in spite of the continuance of the drought.

FOREIGN TRADE.

In spite of the war in Europe, the foreign trade of the State of S. Paulo shows a decided tendency to increase. During the

first five months of 1915 the value of Imports, though below the average, reached Rs. 54,483,956\$ currency, as against Rs. 68,095,708\$ for same period 1914.

Exports, on the other hand, show a very considerable increase from the value of Rs. 149,019,664\$ for the first five months of 1914 to Rs. 185,673,371\$ in 1915.

Inter-State commerce in 1914 shows but an inconsiderable shrinkage compared with the previous year. Imports from other States amounted to 159,085,917 kilos, valued at Rs. 77,186,453\$, as against 166,352,864 kilos, valued at Rs. 77,479,254\$ for the year previous. Exports from S. Paulo to other States of the Union amounted to only 18,841,659 kilos, valued at Rs. 27,527,482\$ as against 22,793,762 kilos, of value of Rs. 29,073,624\$ the year before. In the inter-State trade there was, therefore, a heavy shortage owing to importation of products we might just as well have produced ourselves.

Of the total value imported, alimentary products alone account for Rs. 57,847,000\$, of which sugar imported from Northern States figures for Rs. 29,191,000\$ and cotton for Rs. 7,128,000\$. From Rio Grande and other States 10,088,788 kilos of lard were purchased, of value of Rs. 14,124,000\$, besides xarque (dried meat), rice, pea nuts, potatoes and other goods.

Our Exports from this to other States, on the contrary, consist chiefly of manufactures (textiles, hats, boots and shoes, beer, etc.) and, of course, coffee, for which the inter-State trade is not very considerable. A large part of our favourable balance of trade with foreign countries is, as these figures show, expended in the acquisition of many products we could just as well produce ourselves.

SHIPPING.

There was a big falling off in the shipping movement in 1914. Entries at S. Paulo ports numbered 1,652 of 4,341,097 tons register and departures 1,654 of 4,342,194 tons. The total tonnage was 8,693,291, as against 9,786,255 in 1913 and 8,430,966 in 1912.

In consequence of the suspension of the German and Austrian movement, considerable difficulty was felt during the second half of 1914 with regard to ocean transport and there was an extraordinary rise in freight rates of most merchandise.

The amount of cargo handled at the port of Santos in 1914, overseas and coastwise included, was 997,849 tons for Imports and 570,007 for Exports or 1,567,856 in all, as against 2,220,107 tons in 1913.

EXPORT OF CEREALS.

Encouraged by the measures adopted by Government, the production of cereals, though suffering for the time being from the effects of the prolonged drought, is expected to leave a large quantity available for export during the current season.

The comparative advantages of different consuming markets have been carefully determined and arrangements been come to with the railway for temporary reduction by 20% of actual freight rates, inclusive of the Central of Brazil Railway, by which the greater part of the cereals exported from this State for consumption in the City of Rio de Janeiro is transported. It would be convenient if this temporary concession were made permanent and in this way competition with the high rates ruling at the port of Santos for foreign export trade were facilitated.

STATE AGENTS ABROAD.

The commercial agencies at Paris, Vienna, Berlin and Madrid having been extinguished, the service was concentrated in the hands of a single representative centred at Brussels. Sections for coffee propaganda were established at the London and Lyons exhibitions of 1914, but on the outbreak of war the employees were all withdrawn and the service extinguished.

RAILWAYS.

There was an increase in 1914 of 345 kilometres of line opened to traffic, raising the total length of line in the State of S. Paulo to 6,137 7-10 kilometres actually in traffic on 31st December, 1914, of which 4,250 kilometres are the property of private companies, 1,532 belong to the State and 355 kilometres to the Union.

The revenue of these railways for the past year (excepting the Araraquara, S. Paulo and Goyaz, Pitangueiras, Itatibense, S. Paulo and Minas and Central of Brazil railways and the S. Vicente tramway, (for which the respective returns have not yet been received), amounted in the aggregate to Rs. 93,474,637\$296 and Expenditure to Rs. 59,208,947\$107, leaving, consequently, a balance in favour of Revenue of Rs. 34,265,690\$186.

In the course of the past year only one new concession was granted, for construction of a line of 21 kilometres between Ibitura and Bebedouro.

For completion of the actual railway and road and navigation systems, a project of law has been prepared that awaits the deliberations of Congress.

EXTENSION OF THE LINE FROM SALTO GRANDE TO TYBIRIÇA'.

The construction of the line to the margin of the River Paraná has reached 225 3-10 kilometres, of which the section between Salto Grande and Assis, of 81,954 metres, has been already opened to traffic. In spite of the modifications proposed by the Government of S. Paulo, the route determined by the original surveys was maintained by the Federal Government.

LIGHTING OF THE CITY OF S. PAULO.

The number of gas lamps for public lighting was increased by 153 during the year 194, raising the total to 9,274, of which 8,900 are permanent and 374 subject to alterations.

The number of electric lamps was raised to 846, of which 221 are arc, 159 Westinghouse and 460 incandescent of 75 watts.

TELEPHONES.

During 1914 6 new telephone lines were authorised in accordance with Law 411 of 28th October, 1891.

WATER POWER.

The Bill for regulation of water power and the production of electric energy thereby awaits the deliberations of the Federal Congress.

RIVER NAVIGATION.

On 31st December, 1914, the regular service comprised 977 kilometres, of which 182 kilometres on the rivers Tieté and Piracicaba; 60 between Iguape and Cananea; 100 between Iguape and Ararapira; 23 between Santos and Bértioga and 612 on Ribeira de Iguape and affluents. Improvement of the course of the Tieté, suspended in consequence of deficiency of the respective appropriation, is being again continued.

COASTWISE TRAFFIC.

The State Government does not actually subvention any coast lines, which are under the protection of the Federal Government.

SANITATION OF SANTOS AND S. VICENTE.

The abnormal financial conditions were the cause of the suspension of the construction of the Immigrants' Home and interruption of the work on the projected drainage canals. All the other drainage and sewage works have been completed and handed over to the Santos Municipality.

During the past year two important works were completed: the suspension bridge between S. Vicente and the mainland and the sewage works of that suburb. Judging the task of the Santos and S. Vicente Commission to have been completed, it was dissolved and a new commission appointed under the denomination of the Sanitary Department, to take charge of the maintenance of the works and for fiscalisation of the water supply of the City of Santos Improvements Company.

THE WATER SUPPLY AND SEWAGE WORKS OF THE CITY OF S. PAULO.

The service of this department has been normal, 3,642 new demiciliary connexions having been effected with the water mains, raising the total to 44,322. With the drainage mains 3,672 new buildings were connected, raising the total to 44,143. The sewage extensions at Perdizes, Ypiranga and Barra Funda were likewise completed, as also the construction of the Tumanduatchy Canal, connected with the river Tieté and a bridge at Moóco.

Owing to the prolonged drought, the water service was not satisfactory, the shrinkage of the supply being aggravated by the increase in population and certain defects in the mains that will take some time to rectify. The measures which were promptly adopted resulted in an increase of supply of over 32,000,000 litres per diem.

The works at Cotia for supplementing the supply were pushed ahead as rapidly as the difficulty of importing materials admitted.

Some other accessory works were constructed, inclusive of reservoirs at Villa Mariana and Agua Branca.

In view of future requirements experiments are being made at Belemzinho for utilisation of the water of the river Tieté.

IMMIGRATION.

Compared with the two previous years immigration shows great falling off. In 1914 only 4,841 immigrants entered the State, as against 119,757 in 1913 and 101,947 in 1912. Of the total entries in 1914, 33,028 paid their own passages, for 15,385 the passage was assisted, and for 137 passage was paid by the Union. Of the total 14,903 were Spaniards, 11,706 Italians and 11,697 Portuguese.

Third class emigrants from Santos numbered 41,834 in 1914 as against 39,212 in 1913.

There is reason to fear that this year the immigration will be smaller still.

COLONISATION.

The Patronato Agrícola and all the other services connected with immigration worked with regularity, as also the localisation of "colonos" from whom the sum of 272,338\$515 was received in payment of land in the course of the year.

PUBLIC LANDS AND GEOLOGIC COMMISSION.

The discrimination of public lands by the three commissions appointed for that object continues.

The service of the Geographic and Geological Commission has been suspended for economic reasons. The plan of the City of S. Paulo has been completed as also a map of the State.

PUBLIC WORKS.

Many public works have been suspended and the cost of others greatly reduced.

Several school buildings in different localities were completed in the course of the year.

THE FINANCIAL POSITION.

Since my last Message of 14th July, 1914, financial conditions have suffered from the influence of the war as in most other countries. During the first few months the effects of the war were such as had never before been witnessed. Transport by sea was disorganised, telegraphic communications and banking and stock exchange operations interrupted, and trade between different nations almost entirely paralysed; in fact, complete syncope of the circulatory system, by which international exchanges are maintained, supervened.

The reflex influence of such deplorable occurrences on the interests and finances of this country could not fail to give rise to grave apprehensions.

The financial conditions of the country, already critical, deteriorated profoundly. The declaration of war was succeeded by suspension of foreign credits so complete as to endanger the banking position. In consequence a period of 15 days was declared bank holiday to opportunity to Congress to determine the measures advisable to most adequately meet this crisis, amongst which the declaration of a moratorium was decided to be indispensable to prevent complete commercial collapse.

Naturally affairs in this State could not fail to be affected by such a crisis and in spite of the solidity of our organisation during the months of August and September we passed through very anxious moments.

The difficulties created by the war with regard to oversea transport was, of all the consequences, the gravest, paralysing, as it did, every kind of economic activity and creating almost insuperable difficulties for the Treasury and agricultural and industrial production. Revenues at once fell off and during the month of August only 200,000 odd bags of coffee were cleared at Santos customs in lieu of an average of a million in previous years. Everything, in fact, conspired to prejudice exports—the suppression of part and perturbation of the rest of ocean transport, suspension of foreign credits and consequently of drafts and remittances.

In this emergency Government acted promptly and efficaciously, utilising every resource of diplomacy for as complete re-establishment as possible of maritime and telegraphic communications with consuming markets and re-establishment of credits abroad in all of which the Minister of Foreign Affairs solicitously cooperated.

To facilitate shipments, the S. Paulo Government authorised payment of the gold super-tax on coffee exports in notes of the Caixa de Conversão and paper money, even, at pre-fixed rates of exchange. In consequence of these measures, exports of coffee were renewed, almost the whole of the coffee crop was disposed of and economic and financial conditions in the State, happily, improved.

At the same time Government proceeded without delay to draw up a full statement of obligations already undertaken for public services and to suspend every item of expenditure that could possibly be dispensed with.

Just before the outbreak of war a foreign loan for £10,000,000 had been closed, against which £4,200,000 had already been advanced by Feb., 1914. With the outbreak of war all hopes of completing the operation had to be abandoned and it was found indispensable to have recourse to internal credit, in the shape of an issue of Treasury bills, to make good the shortage of revenue. This issue was opposed in some quarters on the ground that it would injuriously curtail commercial credit. As a matter of fact, the action of the Treasury served to put into circulation deposits that in consequence of the want of confidence found no employment. In this connexion, it is well to remember that Treasury payments attain during certain months to 8,000 or 10,000 contos of reis.

By this means the Treasury has been enabled, with the exercise of strict economy, to successfully pull through the crisis; the service of the internal debt and all other administrative payments have been punctually met.

There is, as I already mentioned, large Extraordinary Expenditure on public works that hitherto has been met out of ordinary or budgetary revenues and are the cause of the repeated deficiency of revenues. It is true that such works increase the patrimony or assets of the State, which now attains to Rs. 255,263,208\$000, but the obligations incurred for contracts already entered into are so considerable as to make it advisable not to undertake any fresh obligations, at least until the former have been either liquidated or consolidated by means of loans repayable at long dates.

To the deficit of 1914, the falling off of revenues due to the crisis likewise powerfully contributed. Government is, however, taking steps to put revenue on a stable basis.

REVENUE.

The revenue collected in 1914 amounted in all to Rs. 65,711:403\$534, of which Ordinary or Budgetary revenues accounted forRs. 58,649:227\$153
Extraordinary Revenue 7,062:176\$381

Total Rs. 65,711:403\$534
As against Estimated Revenue ofRs. 79,195:000\$000

Leaving a shortage of Rs. 13,483:596\$466 due to deficiencies in the following items:—
Transmission of property (inter vivos) tax 8,035:059\$173
Super-taxes 1,072:597\$114
Transmission of property tax (causa mortis) tax ... 914:586\$557
Revenue derived from Indemnities 1,459:330\$262
Sundry revenues 2,484:018\$592

The following items showed increase:—
Water ratesRs. 272:157\$396
Tax on capital employed in loans 60:697\$591
Judicial taxes 17:010\$736
Eventual Revenues 132:129\$509

Deducting this from the above, the net shrinkage of revenue in 1914 was Rs. 13,483:596\$466.

The revenue actually collected is discriminated as follows:—

Ordinary Revenue:—
Export duties 34,854:923\$343
Registration dues 134:693\$359
Transmission dues (inter vivos) 4,964:940\$827
Transmission dues (causa mortis) 885:413\$443
Stamps 905:151\$229
Railway transit tax 1,467:444\$000
Home tax 4,830:894\$624
Water rates 3,672:157\$396
Matriculation school fees 296:500\$009
Sale of public lands 238:770\$604
Back debts, collection of 964:092\$142
Surtaxes 1,427:402\$886
Tax on rural real estate exclusive of coffee plantns 154:533\$582
Tax on commercial capital 788:603\$517
Tax on industrial capital 140:285\$002
Tax on Joint Stock Companies capital 1,090:130\$471
Tax on capital employed in loans 960:697\$591
Tax on spirits 535:582\$401
Tax on judicial costs 317:010\$736

Extraordinary Revenues:—
Indemnities 4,540:669\$738
Eventual 1,132:129\$509
From Public services 639:377\$134
Lottery tax 750:000\$000

Grand total 65,711:403\$534

EXPENDITURE.

Ordinary Expenditure, estimated by the Budget Law No. 1,411 of 30th December, 1913, at Rs. 79,174:694\$668, attained to Rs. 100,154:860\$773 or Rs. 20,985:166\$105 more, owing to the following extraordinary items:—

Water supply and sewage works of the City of S. Paulo 6,740:956\$268
Construction of new prison 1,969:080\$706
Extension of the Salto Grande to Tybiriçá branch of the Sorocabana Railway 1,288:609\$542

Construction of school buildings	2.230:937\$367
Sundry services for which special and supplementary credits were opened	14.880:608\$212
	<hr/>
	27.110:142\$095
Less balance on some other appropriations	6.125:025\$996
	<hr/>
Net extraordinary expenditure	20.985:166\$105

Total Expenditure was distributed amongst the different Ministries as follows:—

Interior	26.208:102\$890
Justice	21.183:587\$493
Agriculture	26.105:938\$121
Finance	26.662:232&269
	<hr/>
	100.159:860\$773

VALUE OF EXPORTS.

The total for 1914 amounted to Rs. 505,834,821\$740, discriminated as follows:—

Subject to export Duties:—

Coffee	386.217:930\$700
Hides	236:600\$000
Tobacco	303:339\$800
Firewood	2:372\$000
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	386.762:242\$500

Duty free:—

Goods transmitted by Central of Brazil Railway	59.822:471\$550
Ditto, shipped at port of Santos	27.332:061\$590
Ditto, at other ports of State. In transit:—	1.104:481\$300
	<hr/>
611,053 bags of Minas coffee...	29.331:068\$800
10,052 bags of Paraná coffee.	482:496\$000
	<hr/>
	29.813:564\$800

Total

Of the above value, Rs. 386,214,930\$700 for coffee exports, corresponding to 8,046,207 bags, the duties on exports provided for in the budget to meet ordinary expenditure amounted to 34,854,923\$343, whilst the surtax on coffee exports applicable to special purposes yielded 40,209,726 fcs. 75 centimes.

THE FOREIGN FUNDED DEBT.

At the close of 1914 the outstanding foreign debt, exclusive of that for Coffee Valorisation, amounted to £6,821,351 ls. 11d., as follows:—

1885 Loan, issued by British Bank of S. America	£138,600	0	0
Ditto, issued by Louis Cohen and Sons	385,000	0	0
1904 Loan, issued by London and Brazilian Bank	822,740	0	0
1905 Loan, issued by Dresdner Bank, for purchase of Sorocabana Railway	3,513,800	0	0
1907 Loan, issued by Sorocabana Railway for account of S. Paulo	1,961,210	9	5
	<hr/>		
	£6,821,351	9	11

INTERNAL FUNDED DEBT.

On December 31st, 1914, stood as follows:—

Apolices (bonds) 3rd series outstanding	Rs. 4.829:000\$000
" " 4th " "	3.884:000\$000
" " 5th " "	3.884:000\$000
" " 6th " "	7.879:000\$000
" " 7th " "	10.000:000\$000
" " 8th " "	10.000:000\$000
" " 9th " "	10.000:000\$000
" " 10th " "	9.879:000\$000
" " issued in aid of agriculture	950:000\$000
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	Rs. 61.806:500\$000

THE FLOATING DEBT.

On the close of the fiscal year 1914 was as follows:—

Orphans and absentees funds	Rs. 14.601:667\$926
Treasury bills	27.176:029\$492
Debit balances with banks and correspondents abroad	5.827:018\$607
Sundry	933:485\$899
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	Rs. 48537:611\$944

ASSETS RECEIVABLE.

The amount due to the State on 31st December, 1914, was as follows:—

From the Federal Government	6.015:548\$726
" different municipalities	8.812:030\$625
" sundry railways	2.084:909\$139
" Banco Credito Real, S. Paulo	2.820:000\$000
" Santa Casa (Hospital)	1.000:000\$000
" Bancos de Custeio Rural	950:000\$000
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	21.742:488\$490

The value of property and other assets belonging to the State of S. Paulo on 31st December, 1914, was as follows:—

Sorocabana Railway	93.943:621\$710
Funilense Railway	3.729:315\$480
Cantareira Tramway	2.307:336\$480
Water and drainage works, City of S. Paulo	67.400:000\$000
Real estate in City of S. Paulo	49.915:000\$000
Ditto, at Santos	12.099:613\$440
Ditto, at Campinas	825:000\$000
Ditto, in interior of State	25.043:320\$500
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	255.263:208\$000

VALORISATION OF COFFEE.

I am unable to present definite figures for this part of the foreign debt, in view of the Treasury not having so far received the accounts showing the exact position of the stocks of coffee. Government disposed of the whole of its stocks at Hamburg, Trieste and Bremen to the amount of 1,200,000 bags and expects to shortly liquidate the stock of 717,931 bags at Antwerp. These sales should yield about £7,000,000.

There still remain 1,216,585 bags at Havre. Judging from the statistical position, the final liquidation should yield a total of £11,000,000, by means of which the State would be in a position to pay off the two valorisation loans of £7,500,000 and £4,200,000 entirely, in which case the whole of our foreign funded debt, excepting the Dresdner Bank loan for which the Sorocabana Railway is responsible, would be reduced to little over £3,000,000; a very favourable position.

Funds for the service of the £7,500,000 and £4,200,000 valorisation loans derived from the super tax on coffee have been regularly remitted, £1,343,525 being in the hands of our bankers in London for this service.

The valorisation loan contracted in 1908 with the Federal Government on 31st December had been reduced to £2,157,359.

THE COFFEE POSITION.

The coffee position was never more favourable. Competent authorities report consumption to have exceeded production. The world's visible supply by 30th June, 1915, had been reduced to only 7,538,000 bags, the lowest for fifteen years. The world's production of coffee for the current crop, 1st July, 1915, to 30th June, 1916, should be as follows:—

S. Paulo	12,000,000	bags
Rio, Bahia and Victoria	3,000,000	"
Other countries	4,000,000	"
	<hr/>	
	19,000,000	bags

For 1913 consumption was 17,200,000 bags and 18,500,000 bags for 1914, and in the opinion of the leading authorities has reached 21,000,000 for the current crop year. Supposing, however, that consumption for the current season be calculated on the basis merely of the average for the last three years, the 1915-16 crop would, in any case, be barely sufficient for requirements of consumption. That the statistical position is highly satisfactory is undeniable, so long as sales of our coffees are not impeded. It is essential that all parties interested should unite in defence of production, the first step towards which should be to regulate supplies and put a stop to the precipitancy with which coffee is now sent to market, and is the cause of such losses.

Other measures of defence must be adopted, in which the co-operation of the Federal Government has been invited. To-day, more than ever, the defence of S. Paulo's production has become a national question. At the average price of the last two years, the 1915-16 crop should yield £50,000,000, whilst the value of Imports for the whole of Brazil will in all probability not exceed £30,000,000 and leave a balance of £20,000,000 in favour of Exports, sufficient to, at least, ensure monetary stability. This alone should induce the Federal Authorities to adopt the necessary measures for the defence of our coffee industry, the mainstay of the country's finances.

BANKS.

The banks working in the State of S. Paulo are as follows:—
Banco do Commercio e Industria de S. Paulo, Commercial do Estado de S. Paulo, Credito Hypothecario Agricola of S. Paulo, Banco de S. Paulo, Banco de Construções e Reservas, Banca Italiana e Francese per l'America del Sud, Banque Française pour le Brésil, Banque Italo-Belge, British Bank of South America, London and Brazilian Bank, London and River Plate Bank, Brasilianische Bank für Deutschland, Banco Allemão Transatlantico and Banco Espanol del Rio de la Plata.

The movement of these banks on 31st May last was as follows:

Shareholders	13.872:050\$000
Bills discounted	75.607:932\$927
Bills receivable	73.068:724\$191
Bills and values deposited	177.570:039\$101
Accounts current	128.511:386\$963
Correspondents in Brazil	23.164:123\$361
Values deposited	277.387:243\$198
Correspondents abroad	22.989:848\$530
Cash in hand	108.335:577\$040
Collateral	110.124:994\$708
Branches and agencies	20.558:201\$151
Sundry	39.534:307\$921
Total	1.071.054:729\$081

THE HYPOTHECARY BANK.

With the object of extending the operations of this bank in furtherance of planting and agricultural interests generally, the organisation of the bank has been remodelled. The capital that the bank disposed of had been all employed in loans or mortgage of rural estate to supplement which and in accordance with the federal law 2,863 of 24th August, 1914, a loan was contracted by the Banco de Credito Hypothecario e Agricola, that for some time previous had been struggling with difficulties, with the National Treasury with guarantee of the Government of the State.

The bank in this way was able to advance some Rs. 10,000,000\$ for upkeep of plantations at a critical moment.

Shortly the bank will receive further assistance in accordance with the terms of law 1,412, of 20th December, 1913, and certain modifications of its regulations will be effected with the object of facilitating operations and particularly of putting advances on a currency in place of gold basis and at the same time extending the dates for amortisation of loans.

It was precisely to facilitate these changes that Government acquired 6,000 out of 20,000 shares that compose the bank's capital, raising the number in the hands of Brazilian shareholders to 13,000 and so putting them in a majority. In view of which the new directorate included three Brazilian and two French directors. As the bank has now a considerable capital at its disposal, it will shortly be in a position to lend efficacious assistance to agriculture in S. Paulo.

In spite of all drawbacks, the financial position of S. Paulo has been maintained unimpaired. The greater part of the stocks of valorisation coffees have been disposed of and as soon as the proceeds are realised, the foreign debt of the State will be reduced to little over three million sterling and its credit maintained at a level that justifies the repeated honourable appreciations by financial authorities.

What is indispensable is to endeavour not only to regulate the financial position by means of a loan repayable at easy dates, but that at the same time the Legislature should co-operate by insisting on the equilibrium between annual Expenditure and Revenue.

Such, Gentlemen, is the information I have the honour of now putting before you.

FRANCISCO DE PAULA RODRIGUEZ ALVES.

S. Paulo, 14th July, 1915.