

zilian Government in honor of the American coffee delegation during their recent visit. Mr. Armando Vidal declared that by the end of September, the entire surplus stock at present in the hands of the NCD, not held as guarantee of the £20,000,000 loan, would be destroyed. This means that during this season at least 4,500,000 bags will have been eliminated. Some time ago we learned that the coffee left on plantations from the last crop, estimated at between 1.7 and 2 million bags, would be bought by the NCD, to be destroyed later. In this case, only the port stocks and the interior stocks held in private hands amounting together to 5,463,000 bags, would be on hand to fill any shortage resulting from the smaller Brazilian crop. The announcement by the new Brazilian Minister of Finance, Mr. Arthur de Souza Costa, that the Directors of the NCD had his full confidence, was received very favorably by the entire coffee trade.

#### POSSIBLE DUTY ON COFFEE AND TEA

"Rumors are again circulated that a possible duty on coffee, tea and cocoa is being considered. For a long time it has been wondered why the United States was importing these goods freely, while other countries derive substantial revenues thereby. With the Government seeking new sources of income, attention has again been focused on these commodities, and it is rumored that this will be an important factor in the pending negotiations for reciprocal trade agreements with other countries.

"The following is an excerpt from a letter we have just received from a coffee planter in Brazil, and describes very interestingly the consequences of the drought:

"The present crop everywhere will be smaller than had been expected. In the absence of rain the cherries have not ripened sufficiently, branches are covered with buds, but without rain, there will be no abundant first flowering. We hear that in Noroeste, the first flowering is already considered ruined. If one takes a trip through various coffee plantations, one is overwhelmed with a sense of utter calamity. No rain has fallen since January. The bushes have no leaves, the branches are dried out, and it looks as if they had been swept by fire.

"Pastures are burnt to a crisp, cattle look terrible, even usually large beds of water are dried out.

"On our properties it does not look so bad, as the Serra brings a little moisture to the ground. However, if rain does not come within the next two or three weeks, we shall be stripped of our hopes.

"We are now certain that the present crop will be very small, that a so-called large crop cannot be expected during next season, and that the 1936 crop will again be small. Therefore, we have no reason to expect any overproduction of coffees during the next three or four years."

#### COLOMBIA COFFEE SITUATION

"Shipments from Colombia during the last month were very small, as compared with those of last year. Friends of ours in Medellin write us that only 16,933 bags were exported in July, compared to 42,714 during the same period in 1933. Should the present demand continue, all available stocks will be disposed of in August, leaving only small shipments until the start of the new crop in November. Shipments from Colombia during the last four seasons have been as follows: 1933/34, 3,435,071; 1932/33, 3,348,239; 1931/32, 3,014,552; and 1930/31; 3,000,422.

"While the United States have been importing practically the same quantities during the last four seasons, European consumption of Colombian coffee has increased tremendously.

#### THE PRESENT MARKET

"Since the break in coffee prices last June, when December sold as low as 10.00, and March 10.15, we have seen a steadily advancing market. Crop reports from Brazil, as well as the elimination of surplus stocks, are very encouraging, bringing to the market considerable buying for America as well as European account. Wall Street houses more inclined toward commodities, owing to the new regulations covering Stock Exchange transactions, have also been on the buying side of coffee.

"Our Spot market remains quiet, with demand practically nil. In spite of this, prices have held comparatively steady, with only a decline of about 1/4c. for Colombian, as well as for Brazilian coffees. Manizales Excelsos are quoted from 13 3/4 to 14c., and Medellin Excelsos from 14 3/4 to 15c., while Santos 4's are available on the spot from 11 1/2 to 11 3/4c. Cost and freight offers from Brazil have been most irregular during the past week. There has been very little demand for near shipments, as a result of the poor demand from the interior. It is reported, however, that a fair business has been done in cost and freight for later shipments.

"With the facts before us, the improved Brazilian statistical position, and the smallness of domestic stocks, the outlook seems more promising, and we believe, aside from readjustment periods, the future trend will be toward ultimately higher prices."

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