

Ecuador, in the improvement and preparation of their coffees under government supervision, we cannot help feeling that in Brazil, the problem in its magnitude has hardly been scratched as yet. This is especially true in regard to the output of hardish rioy coffee which seems to increase proportionally as coffee plantations become extended toward the South Western districts. This matter may still prove a severe handicap to Brazil, as the day may not be far off when the Government will withdraw as a buyer of undesirable grades for destruction purposes.

STATISTICS

Friends of ours inform us that estimates of the next crop vary from 14 to 15 million bags for São Paulo alone.

We pointed out in our last market letter that, taking as a basis Dutch estimates of this season's crops, there would be 29,080,000 bags, of which 11,811,000 bags are milds. In the same report, exports from mild producing countries were estimated at 10,950,000 bags, and exports from Brazil at 13,500,000 bags. To begin with, it would appear that Brazilian exports this season will amount to about 16 or 17 million bags. On the other hand, a *quid pro quo* arises in regard to milds, from the fact that these statistics are based on bags of 60 kilos, while monthly statistical figures of world deliveries and arrivals are based on actual bags. Taking this as a basis, we find that exports from mild producing countries, this season, would amount to 9,752,000 actual bags, compared to last year's exports of 9,345,000 bags. According to Lanneville's statistics, 7,682,000 bags of these milds arrived at statistical ports, while something like 1,663,000 bags must have gone elsewhere. Therefore, so as not to get mixed up with figures and technical details, let us remember, that sticking to the old method of figuring, with a possible crop in Brazil next season of 21 million bags, we shall be confronted with a world's coffee output of 30 million bags, against possible requirements of from 24 to 25 million bags, if all goes well. The difference will be Brazil's problem. Under the circumstances, the main point is that Brazil declares herself financially able to cope with surpluses, and we may give her credit for being able to do so as, after all, such financing is an internal matter, made possible through the co-operation of the Government, the Bank of Brazil, the Banco de Redisconto, and the printing press, which make a strong quatuor indeed—especially in a commonwealth still in its pioneer stages, and therefore in a position to outgrow its mistakes. A fact which our Brazilian friends may do well not to overlook is the continually increasing output and offerings of African coffees which, while not very surpassing in aspect, are devoid of rioy flavor, and therefore well suited for blending purposes.

Brazilian exchange remains steady. Having improved on the 8th inst. to a level of 16\$800 for the dollar, it has now returned to about 17\$000.

Friends in Venezuela tell us that the intervention of their Government was rendered necessary in order to stave off almost certain ruin to agriculture, and that their action is not comparable with what happened here regarding cotton, etc. Venezuela, having remained on the gold standard, the dollar declined to the extent of 30%—from 5.17 to 3.90—

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