

the importation from New Zealand had to face a declining market. Within five weeks prices dropped 13s. per hundredweight. From the middle of May there was a recovery, and until the sale of the last parcels of New Zealand butter on the market, about the middle of July, prices had climbed to 101s. Throughout the summer the butter-market kept firm, and, with the expectation of no accumulation of stocks in cold-store, prospects for the coming season's shipments of New Zealand butter were very hopeful. The first of these to arrive from the colony realised, on average, 114s., and steadily until January prices rose to 118s. on average, which was then reached for choicest quality.

The collapse of prices in the beginning of February, when they dropped suddenly to 106s., apparently caused some excitement in the colony, where the fact evidently was overlooked that quotations had been abnormally high, and that 106s. was an unusually good quotation for the time of year. The cablegrams that had been sent out just prior to that time should, however, have prepared shippers in the colony to anticipate the fall that occurred. As so generally happens, immediately the market took a turn downwards efforts were made on the part of "bear" speculators to still further depress it. In this these operators were assisted by the arrival at that time of large shipments of butter from Australia, which affected the market unfavourably. The Danes at the same time reduced their butter-quotation. By the beginning of February weak holders of New Zealand butter had begun to get nervous, and were anxious to sell. Noting this, traders refrained from buying more than they found absolutely necessary, and keeping off the market succeeded in bringing about the collapse in prices, and in getting them reduced until the average quotation for choicest New Zealand butter was 106s.—a fall in three weeks of 11s. to 12s. per hundredweight. At the time, however, supplies of best butter were moderate. This was stated in the weekly cable to the colony.

American renovated butter and mixtures were, owing to the very high prices that had been ruling in the early part of the season, coming forward in large supply. These seriously hurt the market for butter, not perhaps so much by the actual sale of them to the consuming public as by the inclusion of these lines in the estimates that were published of butter-receipts into this country. For instance, in one circular which was issued to the trade, the *increase* in imports of butter to the United Kingdom in January, 1906, compared with those of the corresponding month of 1905, was shown as 8,639 cwt. On analysing the figures, however, it was found that while the chief increase (35,234 cwt.) in imports was from the United States and Holland, both of which countries were sending renovated butters or mixtures, there was a *decrease* in the amount of butter received from the butter-producing countries—Denmark, New Zealand, Australia, and Argentina—of 31,747 cwt., so that was no reason for the slump that occurred.

The primary cause for the unsettled state into which the market had drifted was the very high price that had been ruling for all best butters. While the market was excited and prices for colonial butter about 118s., many outside speculators came into the market and bought rather heavily. These people had no legitimate trade outlet, and, as extreme prices naturally caused a reduction in consumption, immediately prices eased off these speculators had to sell as best they could. The market went from one extreme to the other, for, as always happens—no matter what the commodity—when prices are pushed too high, they have to come below their proper level before trade becomes healthy again.

The season now running has, however, been the best ever experienced in the New Zealand butter trade. Shippers, whether speculative buyers or consigning factory companies, must have been satisfied. The steady improvement noticeable during recent years in the quality of New Zealand butter has been maintained. With the exception of a few minor complaints, I have met with none but favourable comments from every one handling it with whom I have come into contact. The shipping companies have continued to carry the dairy-produce in a satisfactory condition, and deliveries are now made with much greater regularity than was the case a few years ago. Delay in discharge from ship has not been complained of so greatly this year.

#### *Cheese.*

As in the case of butter, the market for cheese at the commencement of the official year opened well. Finest quality was fetching 58s. per hundredweight then, and although the market was quiet, buyers being naturally chary of giving such a high figure, holders were firm in their demands. For a short time during summer there was an uneasy feeling and the market grew unsettled. The price, however, did not go below 50s., on reaching which buying brightened and the value again recovered, rising steadily 1s. per week until the previous price was quoted.

Since the first shipments of New Zealand cheese for this season arrived, the market has been good. Opening at 63s. per hundredweight there has been little fluctuation, the value remaining between that figure and 60s. throughout.

One outstanding feature of the cheese-market this season has been the premium paid for coloured cheese, supplies of which have been very light. I understand that statements made by merchants and agents to cheese-makers in Canada and New Zealand, representing that the demand for coloured cheese has been decreasing in this country, had induced makers to confine their attention to the production of white cheese only. While it is perfectly true that the inquiry for coloured cheese is not quite so great as it was some years ago, there is still a very considerable demand for it. I believe it would be advisable, therefore, for cheese-makers in the colony not to confine themselves to making one class of cheese only. In my reports I have frequently alluded to this subject. It is quite impossible to give any indication at the beginning of the season as to whether white or coloured cheese will command the higher price. It would, therefore, be well for all cheese-makers in the colony to make half their output white and the other half coloured. In this way they would be certain to strike a fair average price for their product. It has been simply owing to the short supply from all sources, and to the consequent difficulty of filling consumers' orders, that higher prices have been obtained for it than for