The live-stock position from the statistical aspect shows varied features. The outstanding item is a further decrease of about one million head in sheep, making a total reduction of some four millions in the last four years. The leading factors contributing to this downward movement are largely interdependent, and may be stated as excessive slaughter for freezing and export, the development of the dairy industry, and a decreased carrying-capacity of much sheep-country, hill pastures in particular. An increase of some 335,000 dairy cows has been recorded during the same period of four years (including 125,000 this year), but this does not counterbalance, in grazing equivalent, the decrease in sheep. The full sheep returns of 1922 are not available at date of writing, and thus the present position as regards breeding-ewes, &c., cannot be closely analysed. Last year there was a considerable recovery in the number of breeding-ewes, and the strong demand for ewes this season has been a good sign. It is to be feared, however, that an undue proportion of the season's ewe lambs suitable for reinforcing the flocks has been disposed of by sheep-farmers for freezing, stress of financial conditions being responsible to a great extent. The whole situation demands serious study in all its aspects both by the representative agricultural and pastoral bodies and the Department, with a view to staying this shrinkage in one of our most important sources of wealth. It is satisfactory to note a further increase of some 30,000 in pigs. Horses again show a moderate decline, doubtless corresponding with the continued increase in the use of motor vehicles.

The markets for several of the Dominion's staple primary products experienced remarkable vicissitudes during the period under review. Fat stock slumped heavily towards the end of 1921, corresponding in general with the frozen-meat market in Britain. Fortunately a rapid recovery took place after New Year, and lamb and mutton have since maintained satisfactory values on the average. Beef, however, remains very depressed, and a large number of cattle that would normally have been slaughtered for export during the season remain on the pastures. The markets for butter and cheese, especially the former, have been marked by extreme fluctuations, due largely to post-war and British decontrol factors. The serious crisis in the British market for butter which occurred towards the middle of the past dairying season entailed low advances for milk and cream supplies, with consequent embarrassment for many dairy-farmers. At other periods, however, the market rose to a high level, and in most cases the aggregate return for the whole season should average out at a reasonably satisfactory figure. Fairly good values ruled for dried milk, with special reference to skim-milk powder, the manufacture of which was largely increased. Satisfactory returns were also received for casein. With minor fluctuations the wool-market has continued to rise from the bedrock slump experienced in the previous year. The finer wools have reached very satisfactory figures, and the position of the coarser qualities has also sufficiently improved to enable the minimum prices fixed under the control scheme to be revoked as being no longer necessary. The New Zealand Wool Committee has rendered valuable service in connection with the regulation of the wool-sales and other matters affecting the welfare of the wool industry, and I must express my sincere appreciation of all that it has done. Wheat-growers have received good prices for milling-wheat under the Government guarantee. The disposal of second-quality wheat (of which there is a rather larger quantity than usual this season) is presenting some difficulty, but it is hoped to overcome this by a limited exportation under proper safeguards. The oat-market remains in a somewhat depressed condition. The export of apples to the British market, which was largely increased in volume this year, has, unfortunately, not given satisfactory all-round returns. Prices realized for sound fruit were on the whole good, but some of the shipments opened out in an unsatisfactory condition. It is evident that we have still much to learn as regards the harvesting, cool storage, and carriage of export fruit. The Government guarantee of 1d. per pound net on shipments will be largely drawn on this season.

While the average prices ruling at present for most of our primary products are above the pre-war level, the cost of production and marketing in general remains at a considerably higher comparative ratio. The producing industries are