

QUANTITIES OF BUTTER AND CHEESE FORWARDED TO GRADE STORES FOR YEARS ENDED
31ST MARCH, 1927 AND 1926.

Port.	1927.		1926.	
	Butter.	Cheese.	Butter.	Cheese.
	Cwt.	Cwt.	Cwt.	Cwt.
Auckland	870,946	237,787	759,042	224,948
Gisborne	15,570	..	15,250	..
Napier	18,216	2,453	18,854	1,876
New Plymouth	116,108	306,035	104,137	293,716
Patea	27,718	348,818	21,599	338,990
Wanganui	70,068	84,647	68,174	44,534
Wellington	150,870	241,028	152,866	299,442
Lyttelton	40,483	27,479	40,024	22,852
Timaru	10,735	14,173	10,191	11,735
Dunedin	34,344	36,991	26,662	35,393
Bluff	12,799	215,764	9,460	188,720
Totals	1,367,857	1,515,175	1,226,259	1,462,386

INTRODUCTION OF "FINEST" GRADE.

Since the inception of the grading of dairy-produce in New Zealand three grades have been in use—i.e., "first," "second," and "third." This year it was decided in the interests of the industry to create an additional grade for high-class quality, and as from the 1st September, 1926, "Finest" grade, to include all creamery butter and factory cheese scoring 93 points and over, came into operation. As an incentive to factory-managers to produce "finest" quality, the Dairy-produce Board are advancing a premium of $\frac{1}{4}$ d. per pound for butter and $\frac{1}{4}$ d. per pound for cheese graded "finest" over and above the advance for first-grade quality. That this is a forward move is evidenced by the fact that 68.94 per cent. of the butter graded scored 93 points and over against 45.87 per cent. for the previous year, and 50.16 per cent. of cheese, as against 21.06 per cent. Furthermore the percentage of second grades dropped from 5.46 per cent. in 1926, to 3.95 per cent. this year for butter, and from 3.97 to 3.51 per cent. for cheese.

MARKETING.

The market conditions during the year under review have been comparatively unsatisfactory from the point of view of the New Zealand dairy-farmer. During the latter end of the 1925-26 season many dairy companies, instead of meeting the market, preferred to hold their butter for higher prices, which they considered would obtain during the August-September period. The holding was overdone, and whereas prices ruled from 170s. to 178s. per hundredweight from April to July inclusive, they receded during the August-November period until "price-naming" was commenced by the Dairy-produce Board about the middle of the latter month. At that time prices for butter had reached the comparatively low level of 144s. The coal strike in England, which was followed by the more general strike, commenced in May and lasted some six or seven months. This produced very unfavourable conditions for trade in the United Kingdom, and it is considered a direct and important influence toward the reduction of prices for our dairy-produce. This would refer to the stored butter of the 1925-26 season. Price-naming came in with reference to the new season's butter about the middle of November, and during the December-February period prices ranged from 170s. to 176s.; but between the latter end of February and the middle of March, when the Board discontinued price-naming, prices had receded to 160s. Price-naming was then discontinued by the Board, and immediately prices fell to around 146s. When discontinuing price-naming, however, the Dairy-produce Board stipulated that only 90,000 boxes of butter and 45,000 crates of cheese were to be sold per week. Prices have since gradually recovered, and are now above those named by the Board immediately prior to its recession from price-naming. It would appear that the position respecting demand and supply was much less unfavourable from the New Zealand producers' point of view than was presumed to be the case by those who induced the Board to permit free selling. A special feature in connection with this season's experience is that a larger proportion of butter than usual went to markets other than the United Kingdom. Owing to the unfavourable climatic conditions in Australia the make of the Commonwealth was curtailed, and a considerable quantity of butter was exported to Australia. Considerable quantities have also found their way to Canada, United States, South Sea islands, and the East. Other quantities have been re-exported from the United Kingdom to North America.

Cheese-prices have evidenced a trend in very close sympathy with butter. They were influenced in the same direction and about the same time. It is also considered that the comparatively low prices for meat have had a "bearing" influence on cheese-prices.