China and Japan.

Quantities shipped to these countries have shown an increase, towards which the Department's system of selling has materially assisted.

Saigon and French Indo-China.

Small quantities of butter are shipped here, but New Zealand is handicapped by being on the maximum rates of Customs duties as against certain foreign countries, notably Lithuania, which enjoy trade treaties with France, and thus pay minimum duties on exports to France and her colonies.

India.

The shipments to this country are small but are well distributed, supplies going to Bombay, Madras, Calcutta, and Rangoon (Burma). The demand is for butter in pats, and is apparently limited to the white population and the well-to-do section of the Indian people. The suggestion made in some quarters that there is a great untapped market for our butter and cheese in India would appear to be based on a standard of living that is at present far ahead of the standard of the great majority of the people of India. Nevertheless, competent observers indicate that it is possible to develop trade in butter with India, although progress will be slow.

United States.

This country's imports of butter have always been irregular, and this year shipments were only 3,888 boxes.

MARKET CONDITIONS DURING 1936–37 SEASON AND TREND OF PRICES.

BUTTER.

The outstanding feature of the market during the 1936–37 season was the sharp decline in price which occurred in February. During that month London quotations touched 83s. per hundredweight, which was the lowest point reached during the season. In explanation of this drop in price, and in answer to criticism that the decline was due to the new marketing-system, the following statement was issued on 24th February, 1937 :—

> " It has been suggested that the present market price of 83s. per hundredweight for New Zealand butter is due wholly or in part to the present marketing-policy. The advices received by the Marketing Department show that the market is dominated by the unusually heavy stocks in store compared with the stocks last year. The unexpectedly heavy imports of Northern Hemisphere butter during December and January prevented any decrease in accumulated stocks. Actually, imports from Northern Hemisphere countries and from the Argentine were 5,700 tons above last year for the five weeks ending 20th January, the principal increases being from—Russia (1,700 tons), Netherlands (1,300 tons), Denmark (1,100 tons), Baltic States (800 tons), Argentine (600 tons), Finland (300 tons), and Sweden (200 tons) ; and small increases have been registered from Poland and two or three of the more unimportant suppliers. While this continental type of butter is available, the increased demand which we look for in the Midlands and the North for New Zealand and Australian butter at this time of the year is retarded, and it is perhaps surprising that the wholesale and retail trader has been willing to buy so much New Zealand and Australian butter recently to hold in store.
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> " The drop in price applies to all butters, and it is expected that the lowering of the retail price of butter in London from 1s. to 11d. per pound will stimulate consumption and result in a better market position.
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> " During the third week in March, 1936, the price fell to 80s. per hundredweight. The retail price was then reduced from 1s. to 11d. per pound, and a better market followed.
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> " Thus, the experience of the market this year is very much in line with the experience of last year, with the difference that the drop in price, due to heavy arrivals, has come a few weeks earlier this year. It should be remembered that during the 1934–35 season the wholesale price of butter fell to 65s. per hundredweight."

Subsequent to February, 1937, prices rose sharply from 83s. to 97s. per hundredweight by 12th March, and then steadily rose without any serious setback to 118s. per hundredweight at 31st July, 1937.

The following table of average monthly prices of butter at London shows, in respect of New Zealand, Australian, and Danish, the movement in price during the season just closed compared with the corresponding period for the previous season. It should be noted that the selling of New Zealand butter under the new marketing-system began in November, 1936.