

MARKETING IN THE UNITED KINGDOM.

The system of marketing in the United Kingdom outlined in the report of the Department for the 1936-37 season has been continued during the 1937-38 season. The number of selling-agents employed has been reduced to twenty, with whom the closest contact is maintained. While unnecessary competition to clear stocks has been eliminated, the regular requirements of wholesale and retail buyers are, and must always be, the first consideration. Save on a few occasions, when the arrival of incoming ships has been delayed, adequate supplies of New Zealand butter and cheese have been regularly available, meeting a steady demand, which has prevented undue accumulation of unsold stocks at any period during the year.

The distribution of butter and cheese in the United Kingdom has been widened by means of direct shipments to the main United Kingdom ports. In particular, regular shipments have been commenced to Cardiff, Southampton, Hull, and Newcastle-on-Tyne. The steady growth of trade in those areas served by *west coast* and *east coast* ports in the United Kingdom is shown in the statistical data and the maps published in appropriate sections in this report. Over one-third of the Dominion's butter and cheese is now distributed from ports other than London. It will be noted that, with the exception of butter to Glasgow, the shipping programme for 1938-39 calls for still greater quantities for *west coast* ports.

The price level of New Zealand butter and cheese has improved substantially during the year in relation to the produce of competing countries, and disturbing fluctuations in price during short periods have been minimized. These trends are shown in the tables of prices published in this report. Attention has already been directed to the narrowing of the price margin for Danish butter over New Zealand butter, and a reference to the table on page 19 will also show, in respect of the 1937-38 season, the favourable average price compared with the price for Australian butter.

INFLUENCES AFFECTING BUTTER-PRICES IN THE UNITED KINGDOM DURING THE 1937-38 SEASON.

At the beginning of October, 1937, stocks in cold store, according to the Imperial Economic Committee's return, were over 10,000 tons less than in 1936, the total being the lowest for the eight years during which cold-store statistics have been published. Imports in September had been unexpectedly light—some 11,000 tons less than in the previous September—and October and November imports were also well below those of the same months of 1936. This shortage of supplies resulted in a very sharp rise in the price of all butter in October, the range of prices being from 127s. to 151s. per hundredweight. The consequent high retail price (1s. 6d. per pound) severely checked consumption, which, up to that time, had been maintained at a satisfactorily high level. It is reliably estimated that weekly consumption fell by at least 1,000 tons per week during November.

Stocks at the beginning of the January-March, 1938, quarter, though showing some recovery from the very low level reached in December, were still much less than normal, but arrivals from the latter part of December onwards, particularly of New Zealand and Australian butter, were well above consumption. In consequence, the price of New Zealand fell almost continuously from 151s. per hundredweight at the end of October, 1937, to 106s. per hundredweight at the end of January, 1938, the average retail price falling at the same time from 1s. 6d. to 1s. 2d. per pound. Consumption responded to some extent to the lower retail prices, but remained well below the level of the previous year. In early February, market sentiment became more favourable, due in a large measure to the substantial reduction in New Zealand gradings, the persistent reports of the widespread incidence of foot-and-mouth disease in France, Belgium, Holland, and Germany, and to the abnormally dry weather in Great Britain, Denmark, and certain areas of Northern Europe.

Notwithstanding these factors, however, imports were maintained at a higher level than in 1937, but the possibility of short supplies during the summer period created a good "stocking up" movement, which enabled sellers to advance prices steadily during February-March.

At the beginning of April, total stocks had increased to nearly 15,000 tons, only about 2,000 tons less than at the same date of 1937. The continued decline in New Zealand production, however, and abnormally dry weather in the European countries referred to above, brought about a further increase in demand with a rising price movement, culminating in mid-May, when New Zealand, Australian, and Danish butter reached 133s., 131s., and 132s. per hundredweight respectively. Retail prices for New Zealand advanced in sympathy from 1s. 2d. to 1s. 4d. per pound., checking the seasonal increase in consumption which invariably occurs in the summer months.

In May the long spell of dry weather was broken by ample rains, and it became evident that Northern Hemisphere production would be maintained at a high level during the season. Prices receded by from 10s. to 12s. per hundredweight for all descriptions during the second half of May, and remained till the end of the season at around 120s. to 125s. per hundredweight for New Zealand, with Danish at about the same price to 4s. premium until mid-August, when the seasonal decrease in Danish production brought about the usual sharp rise in the price of Danish.

The season will close in September with total stocks from 12,000 tons to 14,000 tons higher than at the same date in 1937, and also in excess of that of the two previous years.