

feet (amounting to about 25 to 50 cents) or through an established mercantile house which probably handles many other commodities in addition to lumber. In the first case it has been unusual for the representative in Australia to speculate in shipments coming forward. In the latter case the representative being stronger frequently speculated, either purchasing complete cargoes, hoping to sell them before arrival, or in cases where only a portion of the cargo was sold, brought the rest forward for later sale.

The tendency is now for exporters to deal in Australia through representatives financially strong enough to do a little purchasing speculatively on their own account. These representatives usually handle other building materials in addition to lumber, have branch offices in each important Australian port, and have small piling space in each Australian port. Orders may be solicited from merchants, large and small, in each port, the smallest may buy at as favourable terms as the largest. If the whole cargo cannot be placed before being contracted for, or if conditions are tempting for speculation, the representative will bring a part cargo or whole cargo forward and store it if not sold before discharging. As a rule very little is stored.

Occasionally where a rising charter market is indicated the Australian representative brings a cargo forward speculatively, with the option of two or three parts, utilizing his branch office organization to divert the vessel to the port in which the most favourable sale can be made.

Distributing cargoes amongst merchants, large and small, has made it possible for small yard owners, if they are in a position to pay for a small shipment, to secure it on as favourable terms as a large buyer. This encourages the importation by small yard men of Pacific Coast woods which otherwise would only be available to purchasers able to buy in cargo lots, whereas competitive rough lumber from Scandinavian ports may be brought out regularly in parcel shipments on the frequent mail and freight lines.

Buying of Pacific Coast timber is speculative. The merchant issues his inquiry and buys usually six to twelve months before loading and sometimes two years before delivery.

The fluctuations within a few months in normal times have ranged from 17.50 c.i.f. to 29.50 c.i.f. base for Douglas fir. A merchant buying for delivery six to twelve months ahead, as is the custom, is taking a grave risk of paying much more than his competitor, who may catch the market at a more advantageous point. Australian merchants would welcome a fixed export price for Douglas fir, as a relief from one fluctuating market influence, and accustomed to variations of \$5 to \$10 in the level of c.i.f. lumber prices, they would not be affected by an increase of \$3 or \$4 in the export base price.

The fluctuation of f.a.s. lumber prices and the much greater fluctuation of freight rates encourages speculation on the part of the exporter also, who may and frequently does sell c.i.f. before he has acquired either lumber or ship, or who may acquire either lumber or ship, or both, for loading in the distant future, and hold for months without selling.

#### PURCHASES NOT AFFECTED BY HIGH FREIGHTS.

It is a remarkable fact that though the lumber freights from the North Pacific to Australia may vary in peace times from 28 shillings to 70 shillings or more the purchase and use of North Pacific woods on the Australian market is in no way diminished by high freights. Even in war times, with freight rates over 110 shillings, the use of Douglas fir seems almost as great in proportion to the amount of building going on as in normal times.

The Australian merchant is not particular as to any slight variation in the c.i.f. price of Douglas fir, such as 12 or 16 shillings per thousand, so long as he feels sure that his competitor is buying no cheaper than he, and that the price will not fall appreciably after he has stocked up. He always buys more readily on a rising than on a falling market.