No. 55.

The Loan and Stock Agents to the Colonial Treasurer.

Sir,— 7, Westminster Chambers, London, S.W., 26th January, 1886.

We have given full attention to the last paragraph of your letter of the 1st December, No. 1,837, referring to the North Island Trunk Railway Loan, and we shall hope to receive by an early mail, or by cablegram, an intimation of the final decision to which the Government may have come. In the meantime we beg leave to call your attention to a statement which appeared in the City Article of the *Times* of the 25th instant, to the effect that New Zealand would soon be wanting a loan of a million and a half. It appeared to us necessary, with especial regard to the coming conversions, to take notice of this statement at once, and we requested the Agent-General to send a letter to the *Times* accordingly, copy of which we transmit herewith.

We have, &c.,
P. G. Julyan,
F. D. Bell,
Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Enclosure in No. 55.

[Extract from the *Times*, Monday, 25th January, 1886.]

In the market for Colonial Government securities the chief feature was the announcement of the issue of a Victorian Government 4-per-cent. loan for £1,500,000, referred to below, the dividend being payable in January and July, and not in April and October, as had been expected by the dealers. They had consequently to repurchase the stock which they had speculatively sold during the past few days in view of the new issue. The April and October issue advanced from 103¾ to 104⅝, closing firm. New South Wales 3½-per-cent. inscribed closed at 94½, Queensland 4 per cent. at 102⅝. The lately issued harbour loans also continued firm. We believe that none of the other new colonial issues known to be impending will be made just yet, probably not before the end of March. It is rumoured that Tasmania may ask for a loan of about a million. That needed by South Australia will probably amount to £1,300,000, while New Zealand is believed to want £1,500,000, and Queensland something under two millions. The Egyptian 3-per-cent. Guaranteed Stock rose 3-16 to 98½.

[Extract from the *Times*, Tuesday, 26th January, 1886.]

We have received the following communication from Sir F. Dillon Bell with reference to the finances of New Zealand:—

"7, Westminster Chambers, S.W., 25th January.

"Sir,—Adverting to the paragraph in your city article of to-day, to the effect that New Zealand may soon want a loan of £1,500,000, I beg permission to say that the only loan at present authorized is the North Island Railway Loan of £1,000,000, and that it is not yet certain whether this loan will be offered before the New Zealand Parliament meets in June.

"I am, your faithful servant,
"F. D. Bell, Agent-General."

No. 56.

The Loan and Stock Agents to the Colonial Treasurer.

Sir,— 7, Westminster Chambers, London, S.W., 26th January, 1886.

We have to acknowledge the receipt of your despatch of the 1st December last, No 1,837, on the subject of conversion, and also your cablegram of the 20th instant referring to that letter. Although we are now daily expecting to receive such ciphers as you may be pleased to send us after receipt of our letter of the 18th December, No. 1,545, we do not like to lose a mail in answering your present despatch.

I.—Guaranteed Loan of 1856.

It is perhaps unnecessary for us to remark further upon this loan, as the questions relating to it have practically been settled by the arrangement made with the Imperial trustees.

II.—Loan of 1863.

As the mistake in the transmission of that part of your telegram of 23rd September which related to this loan has now been rectified, we need only express our complete accord with you as to the expediency of giving liberal terms to holders. We subjoin a few remarks on the two series of Fives and Sixes.

(a). Fives of 1914.—Since we mentioned the offer we had received of thirty thousand pounds' worth of these bonds at 112, the market has gone up, and a few days ago we learnt that 114 had been offered to a large holder for a parcel of £50,000. The same day we were sounded respecting £100,000 at 114, but the same holder decided to wait for the expected announcement of the coming conversion. The bonds are quoted to-day at 113 @ 115, and the Actuaries have computed the equivalent at £116 18s. 3d. of inscribed stock for a £100 bond. The question will be how much less than that, coupled with the offer of a seven years' new 5-per-cent. bond, will be likely to bring in the holders.

(b.) Sixes of 1891.—These bonds are quoted to-day at 108 to 110 and 109 to 111, and the Actuaries compute the equivalent at £109 15s. 9d. of inscribed stock for a £100 bond.

III.—Consols of 1867.

You are, of course, perfectly correct in saying that if we offered the same rates now for consols as last year, we should really be giving better terms than we did then; and there can be no doubt that *primâ facie* such a course must seem unnecessary. The Actuaries' table enclosed in our letter of the 26th February last, No. 233, gave you the "life" of consols for each succeeding year, and perhaps after writing your letter you may have had your attention called to it; but, broadly speaking, as you say, the "life" is of course shorter now by nearly a year, and therefore it is of