

We received this morning your telegram inquiring whether it would be necessary to send here the balance of the debentures (£142,800), or whether they could be destroyed in the colony. As stated in our letter of this date, No. 1,245, relating to the issue of the new loan, we have arranged with the bank to cancel the debentures to the whole amount of £242,800 upon the creation of the stock for that purpose; and it will accordingly be necessary for the rest of the bonds to be sent to us as soon as possible. We telegraphed to you to that effect to-day.

We have, &c.,
P. G. JULYAN,
F. D. BELL,
Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

No. 34.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 15th October, 1886.

With reference to the Loan Agents' letter of the 15th instant, No. 1313, reporting the amount tendered for in the new loan, I have to state that the deposits of £78,390 were passed to the Loan Agents' credit to-day, and would, in the ordinary course, have been paid into the Public Account but for the following circumstance: The 31st October falls on a Sunday, and the Loan Agents ought to pay in the amount of the November dividend on the inscribed stock to the bank on the 20th; but as the first instalment of the loan (leaving 70 per cent. to be paid up) will only come in on the 22nd, and could not be at credit at the Public Account before the 24th for retransfer to the Bank of England, the bank might in strictness have required us to pay interest for those days. I have, however, arranged with them not to charge any interest, and the interest lost on the deposits must be set against the interest saved upon the much larger sum.

I have, &c.,
F. D. BELL.

The Hon. the Colonial Treasurer, Wellington.

No. 35.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 21st October, 1886.

I enclose copies of the telegrams which have passed relating to the issue of the new loan of £1,567,800.

On the 6th instant I telegraphed to you that the loan had been announced that day, the minimum being 97, and that as we had arranged with the Bank of England to cancel the District Railway debentures, it was necessary for all the remaining debentures to come to this country. The next day (7th instant) your telegram was received, asking when the time for sending tenders would close, and I replied the same day, stating that the tenders would come in on the 14th instant, and that the loan was then quoted at 1 premium. On the 14th and 15th I sent you telegrams informing you of the amount that had been tendered, and of the average at which the loan was placed. The Loan Agents were very much obliged by your telegram of the 16th in reply.

I have, &c.,
F. D. BELL.

The Hon. the Colonial Treasurer, Wellington.

[For enclosures see *ante* Nos. 22, 23, 24, 27, 28, and 29.]

No. 36.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 15th October, 1886.

We have the honour to report that the tenders for the new loan of £1,567,800 were opened at the Bank of England yesterday, when the applications amounted to £2,094,000, at prices varying from £100 to the minimum of £97. Tenders at £97 received about 1 per cent. of the amount applied for, all above that price being allotted in full. The average price is £97 5s.

We transmit to you herewith copy of a letter from the Bank of England, covering the list of the allotments made, from which you will observe that the total amount payable is £1,524,666 10s., being £43,133 10s. less than the nominal amount of the loan.

Although we had taken care, in our telegram of the 23rd September and our letter of 24th September, No. 1189, to prepare you for hearing that the loan would be placed at a low price, we are quite sensible of the disappointment it must have been to the Government to learn the price at which it was negotiated, and we appreciate all the more the terms of your telegram of the 16th instant.

The morning after the loan was announced it was quoted at 1 premium, and the following extract from Mr. Westgarth's circular of the 15th instant accounts in some measure for the loss of that premium before the tenders were opened: "The prospects of this loan until within a day of the tendering were very favourable, a premium of £1 and upwards over and above the advertised minimum being very generally spoken of; but a reaction set in almost at the last moment, mainly owing to the unfavourable political outlook and the prospects of dearer money; and in the course of the tendering-day the scrip underwent some rapid changes, at one time finding buyers at $\frac{7}{8}$ per cent. premium, while at others there were sellers at par." But Mr. Westgarth does not speak of another cause, namely, the growing dissatisfaction that undoubtedly exists in the City about our