The addition of £42,100 in the case of the loan of 1860 consists of debentures which fell due this month, and were sent to me pursuant to instructions by the Union Bank of Australia. The addition of £9,500 to the loan of 1863 (December series) consists of debentures bought by me at par with the December coupon detached. There are now accordingly outstanding of those two loans (1860 and 1863) debentures as follows:—

	£	£
1863 loan, March series	1,600	
" June series	11,000	
" December series	59,900	
		72,500
And 1860 loan		6,200
		£78,700

During the last fortnight a change has come over all the markets upon bank rate being put down to $2\frac{1}{2}$ per cent., and there has been a marked revival of investment in colonial stocks; and the Victorian Government were able to place the last million of their recent loan. The rise has been greatest in our 4-per-cents, which are now at 105–6, and the $3\frac{1}{2}$-per-cents have also risen to $94\frac{1}{2}$. As soon as my limit of 94 for the latter stock was reached I began selling, and the following amounts have been sold for the 15th instant Stock Exchange Account:—

	£
2nd July	25,000 at 94
3rd July	5,000 at 94
3rd July	25,000 at $94\frac{1}{4}$
3rd July	5,000 at $94\frac{1}{4}$
6th July	25,000 at $94\frac{1}{2}$
	£85,000

Copies of the contracts of sale are annexed.

Up to the present time the following amounts of $3\frac{1}{2}$-per-cent conversion stock have been inscribed in the names of the Agent-General and Audit officer, namely:—

	£
Amount originally placed in security to the Bank of England for first advance of £100,000 arranged in April	110,000
For conversion of 1860 bonds sent in	63,544
" 1863 "	16,432
	£189,976

To this will presently have to be added the greater part of the £200,000 stock placed in security to the Bank of England for the second advance arranged for in May, a small sum being kept in reserve to be utilised from time to time for further temporary advances as the conversion progresses, supposing the Government not to desire any change in the scheme as already reported.

No further sale of 4-per-cent. stock has been made by the Sinking Fund Trustees since my letter of 26th June, but £25,000 still remains to be sold out of the last £100,000 ordered. Since then it has been settled that £20,000 should be released and sold, and now a further amount of about £9,500 has to be added, on account of the December series bonds purchased as above mentioned.

Although your Treasury officers have probably made calculations already of the total amount of $3\frac{1}{2}$-per-cent. conversion stock issuable under the prospectus, it may be convenient to supply one from this side. Including an estimate for stamp duty and other expenses, about £951,000 may be issued for the conversion of all the loans, of which about £261,000 is already engaged for debentures actually converted, while about £269,000 will be wanted for debentures of 1863, paid off by the Crown Agents. In a short time the Bank of England Advances Account will be practically closed, and I shall be able to send you a more complete statement on the subject.

The conversion prospectus having reserved the right of bringing in bonds not now converted it becomes necessary to revise the equivalents in the case of the 1867 loan and provincial loans, to provide for the bonds being hereafter sent in. It was, however, sufficient to do this for half-yearly periods up to 1898, and the actuaries are accordingly preparing the revised tables.

The following papers are now enclosed:—

1. Statement showing what the Ultimate Result of the Conversion would be in the Issue of $3\frac{1}{2}$-per-cent. Stock.
2. Statement showing the Amount of Debentures converted up to 10th July, and the Amount of Stock to be inscribed for the same.
3. Statement showing the Amount of Debentures of the 1863 Loan paid off by the Crown Agents.
4. Statement showing the Dates and Amounts of Advances by the Bank of England on Conversion Account.
5. Correspondence between the Executive Trustee of the 1863 Sinking Fund and the Crown Agents as to Further Sale of £20,000 4-per-cent. Stock.
6. Requisitions to Bank of England for Further Conversion Advances of £20,000 (29th June) and £5,000 (2nd July).
7. Instructions to the Actuaries for revising Tables of Equivalents.

I have, &c.,

The Hon. the Premier, Wellington. F. D. BELL.