

The wool figures will, of course, include a large quantity of the wool sold prior to and immediately following the 31st March, 1937, when prices were considerably above those ruling during the season just closed. A better indication of the trend of the market is given by a comparison of the value of wool exported during the nine months ended 31st March, 1937 and 1938. They were: 1936–37, £11,462,454; 1937–38, £8,701,064.

Taken on an average for the year, the prices received during the past season were about one-third below those received for the 1936–37 year.

Although it is possible that the position of the stocks of raw material held overseas had a bearing on the price offered for New Zealand wool, it seems probable that the drop in prices was caused principally by reduced purchases by Japan and the United States of America (50,493 bales and 64,322 bales respectively below those for the previous year), although this was countered to some extent by the increased purchases by Germany, which increased by 28,000 bales as compared with the previous year's purchases.

6. *Trend of Interest-rates.*—When comparing New Zealand interest-rates with those operating overseas, it is necessary to take into account the economic conditions and other factors having a bearing on the demand for loan-moneys in the countries concerned. The result of recent loan issues shows that there is ample money available in the United Kingdom for investment in acceptable securities, the Home Government loan of £80,000,000 (1954–58) at 3 per cent. and the British local-authority issues for moderate amounts at $3\frac{1}{2}$ per cent. having been readily absorbed. The rates for British Treasury bills, short-term loans, and discounts have been fairly steady at a low rate of interest, but in general long-term borrowing does not appear to be so readily acceptable on the London market owing to uncertainty and lack of confidence as to the outcome of the international situation.

In New Zealand no new Government issues have been placed on the market during the last financial year, but the sales of gilt-edged securities on the Stock Exchange were maintained at a fairly regular rate and the demand for short-dated Government securities was active. Little movement has been evidenced on the Exchange in local-body securities, and it became apparent in the early part of the year that local authorities were finding it difficult to obtain their loan requirements on the open market. A standard rate of $3\frac{1}{2}$ per cent. has been fixed for the loans recently approved, the currency being varied according to the purposes for which the loans have been required. In pursuance of its policy, the Government decided to make available to the Corporation additional funds for the purpose of taking up local-body loans which had been approved by the Local Government Loans Board and which were required for urgent works. Applications involving a fairly considerable sum have been handled by the Corporation, and further applications are being received from time to time. It has been made a condition that the local authorities should show that they have exhausted all means of raising the required funds from outside sources, and, although in the early stages there was very little offering by other lenders, it is pleasing to note that there is some improvement in this direction and parcels of debentures for comparatively short terms have been subscribed for by other institutions.

The interest-rate of the Corporation for loans on land mortgages has been maintained at $4\frac{1}{8}$ per cent. This rate is below that in operation in Australia for a similar class of business.

In last year's report reference was made to the influence of the Corporation in the land-mortgage market, which was illustrated by a table showing new mortgage registrations at respective interest rates for July, 1935 (when the Corporation was established), and for March, 1937. The table is repeated hereunder with the figures for March, 1938, added. The comparison may be more readily appreciated by an examination of the diagram appearing on page 24:—

	July, 1935. Per Cent.	March, 1937. Per Cent.	March, 1938. Per Cent.
Not exceeding $4\frac{1}{8}$ per cent.	6·8	25·7	26·8
Over $4\frac{1}{8}$ per cent. but not exceeding 5 per cent.	78·8	67·8	63·1
Over 5 per cent. but not exceeding 6 per cent.	11·8	5·0	6·0
Over 6 per cent.	2·6	1·5	4·1
	<u>100·0</u>	<u>100·0</u>	<u>100·0</u>