

REPORT RELATIVE TO THE STATE OF THE ENGLISH MONEY MARKET, BY THE NEW ZEALAND GOVERNMENT AGENT.

The GOVERNMENT AGENT to the Hon. the COLONIAL SECRETARY, Wellington.

Office of the New Zealand Government Agency,
3, Adelaide Place, King William Street, London, E.C., 24th June, 1865.

SIR,—

The money market has been favorably influenced during the past month by the Directors of the Bank of England on two occasions having reduced the minimum rate of discount, viz., on 1st June, from four to three and a half per cent., and on the 15th instant, from three and a half to three per cent., at which rate it continues.

The reduction of the Bank rate has been followed by the introduction of an increased number of new Companies and financial schemes, the price of money being now lower than it has been since May, 1863.

Notwithstanding this favorable alteration in the state of the money market, it has imparted, I regret to observe no improvement to the sale of New Zealand Debentures.

This has been unfortunately experienced in the non-success which attended the disposal of the balance of the debentures of the Government of Otago.

During the past month these securities were offered to the public by the Bank of New Zealand at the price of £90 for each debenture of £100, with interest from 1st January last.

Although freely advertised (copy herewith enclosed) previous to the 15th instant, on which day the tenders were opened, only £17,200 out of the £300,000 was taken at and above the minimum price. Particulars of the amounts and prices of the tenders are likewise enclosed.

The Bank has again advertised for sale the unallotted debentures, but without obtaining a more satisfactory result.

The extreme apathy the public continue to evince towards investing in New Zealand securities is to be regretted, yet the manner in which the Provincial Loans are forced on the market when it is impracticable to float them unless at a most ruinous discount, partially accounts for this revolution in public estimation.

It is therefore to be hoped the General Assembly may have adopted measures by which all will be withdrawn from the London market, for each effort to realize only unnecessarily depreciates their value, and inflicts damage to the Colony.

I have, &c.,
JOHN MORRISON.

£				£			
1,000	...	...	91 1-4th	200	...	...	90
300	...	...	91 1-4th	1,000	...	...	90
1,500	...	...	101	1,000	...	...	90
500	...	...	101	500	...	...	94
2,100	...	...	90	2,000	...	...	90
1,000	...	...	92	1,100	...	...	90
1,000	...	...	90 2-6th	2,000	...	...	90
2,000	...	...	90 5th				
				<u>17,200</u>			

Since writing the above the balance of the Otago six per cent. debentures has been placed at £80 per cent., which with accrued interest is equivalent to £77 per cent.

The Hon. the Colonial Secretary, Wellington, New Zealand.