

No. 4.

The LOAN AND STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 8th February, 1889.

The Stock Agents have for some time had under consideration the advice they ought to offer to the Government with respect to a conversion of the ten-forties. You are aware that six months' notice to call these bonds in for payment has to be given from the 1st March or the 1st September in any year, so that if any operation were contemplated now notice must very soon be given. For several reasons, we think it would be best not to attempt an operation at the present moment, but to postpone it at any rate until September; and by an early mail we shall submit to you the grounds on which we have come to that conclusion.

I have, &c.,

F. D. BELL,

The Hon. the Colonial Treasurer, Wellington.

For the Stock Agents.

No. 5.

The LOAN AND STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 22nd February, 1889.

We have frequently had under our consideration of late the question of whether it would be advisable to make any operation in the conversion of the ten-forties a present, and our conclusion is in the negative.

Your inscribed stock, which at the end of 1888 was at par, revived after the turn of the year, and touched 104; but the market has since been highly sensitive and fluctuating, and the stock is now heavy of sale at 102½.

According to the terms of the ten-forty bonds, they can only be called in for payment at six months' notice from the 1st March or the 1st September in any year, and, while we think it would not be desirable, at the present price of the inscribed stock, to offer any conversion without at the same time giving notice to pay off bonds that were not brought in, we also think it would be inexpedient to give any notice without its being accompanied by an offer to convert.

So far as we can understand, it is likely that the Chancellor of the Exchequer will in a short time waive his objection to the clause in the Liability of Trustees Act allowing the investment of trust-moneys in colonial stocks; and, assuming this to be the case, it may reasonably be expected, unless some political or financial scare intervenes, that the New Zealand 4-per-cent. stock will soon go up to 105, which would bring it among the securities in which such investments would be permitted; and, as provision must in any case be made before next October for paying off (without notice) the £388,000 outstanding bonds of the Five-million Loan of 1879, that operation might profitably be united to one in the ten-forties.

Again, it cannot be said that at this moment the political outlook is reassuring. There is till great anxiety throughout Europe as to whether peace will be preserved, and this anxiety is aggravated by the unsettled condition of affairs in France. Another trouble, special to New Zealand, also hangs over the market at present, from the uncertainty whether some of the local bodies in the colony, and especially the New Plymouth Harbour Board, may not find themselves unable to discharge their obligations to their English creditors. On the other hand, if peace should be preserved, and the recent signs of a revival in prosperity and improvement in the public revenue be confirmed, and if there should be no sudden scare about the local bodies, a conversion operation would obviously have a better prospect of success later on than it could have now.

Lastly, there is the important question whether we should not, in any new operation, introduce a 3½-per-cent. stock. At this moment such an attempt would not succeed, but it might be otherwise later on in the year; and, having regard to the arrangements which will have to be made before long in preparation for redeeming the outstanding portion of the sixes of 1891, as well as to the possible necessity which may arise for a new loan after March, 1891, it is, in our opinion, very desirable to reserve any operation for the present, in the hope that whenever one is made we may be able to make it in a 3½-per-cent. stock.

All these things point to the expediency of adjourning any financial operation for the present, and we trust that our advice to that effect will receive the concurrence of the Government.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

The Hon. the Colonial Treasurer, Wellington.

Loan and Stock Agents.

No. 6.

The LOAN AND STOCK AGENTS to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 9th July, 1889.)

With reference to New Zealand loan, 1879, and 5-per-cent. 10-40 loan. Conference with the governors of the Bank to-day, when decided publish immediately notification paying off. The governors consent to bring out the loan (a 3½-per-cent. loan) October, aggregate amount required. The question is still unsettled whether Bank prospectus of the loan should include offer conversion. This can wait October. Instruct whether shall.

London, 8th July.

LOAN AGENTS.