

*Investments*

Investments increased from £34,095,301 on 31st March, 1949, to £43,658,142 on 31st March, 1950. The main cause of this increase was the purchase during June, 1949, of £14 millions of 1-per-cent. Government stock, maturing in 1962, to provide finance for the redemption of the unconverted portion of three loans which had been offered for conversion. In December, 1949, a further £2 millions was invested in this stock, but in March, 1950, £5 millions was redeemed.

Overseas investments (included in the total) declined during the year from £7.1 millions to £5.6 millions. This was the result of sales in London during January, 1950, of the following New Zealand Government stocks:—

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(a) 3½-per-cent. stock maturing 1955-60 .. ..	200,649
(b) 3½-per-cent. stock maturing 1960-64 .. ..	1,235,489

## RESERVE RATIO

No change was made during the year in the statutory minimum reserve ratio of 25 per cent.

During the year the reserve ratio fluctuated between a maximum of 46.1 per cent. in May, 1949, and a minimum of 27.7 per cent. in December. A reduction in the ratio during this part of the year is a normal seasonal movement. Sterling reserves normally increase each year between January and May or June as a result of receipts from exports, and decrease during the rest of the year.

## DISCOUNT RATE

The minimum rate for discounting approved bills remained unchanged during the year at 1½ per cent.

## MANAGEMENT OF PUBLIC DEBT IN NEW ZEALAND

## CONVERSION LOANS

During the financial year ended 31st March, 1950, the following loans domiciled in New Zealand reached their optional or final maturity dates:

- (a) 2½ per cent., maturing 15th June, 1947-49.
- (b) 2½ per cent., maturing 15th February, 1949-50.
- (c) 4 per cent., maturing 15th May, 1949-52.

Stockholders were offered the following options:—

- (1) Repayment of principal and accrued interest at 15th June, 1949;
- (2) Reinvestment of principal from 15th June, 1949, in either of two new securities—3 per cent. maturing 15th June, 1961-64, or 2½ per cent. maturing 15th June, 1954-55.

Of the £29,235,775 of maturing securities, £15,111,380 was reinvested, 2,519 applications amounting to £6,777,895 being received for the short-term and 4,768 applications amounting to £8,333,485 for the long-term issue. Securities totalling £14,124,395 held by 41,370 of the 49,000 stockholders were repaid in cash. Included in the securities repaid were the holdings of the trading banks, amounting to about £2.7 millions, which were not subject to the conversion offer.

The details of each of the three maturing loans were:—

*(a) 2½ Per Cent., Maturing 15th June, 1947-49*

This was the short-term security of the 3rd Liberty War Loan issued in June-July, 1943. At 15th June, 1949, there were about 29,000 stockholders with total investments of £7,092,970.