

been a considerable rise in Italian stocks. The attempt to attribute the fall in Consols to the reduction in the rate of interest from  $2\frac{3}{4}$  to  $2\frac{1}{2}$  per cent. can hardly be successful in view of the fact that this reduction has been announced for fifteen years, and certainly during the past five years no serious investor has regarded Consols "as other than a  $2\frac{1}{2}$ -per-cent. security, with  $\frac{1}{4}$  per cent. bonus up to 1903. They have been bought and sold on a  $2\frac{1}{2}$ -per-cent. basis by all except the pure amateur." If the present value of the  $\frac{1}{4}$ -per-cent. bonus had been deducted from the price of Consols in 1897 it would still have left the price at 108, and the percentage of fall to the present figure would be 20 per cent. The table as under should not be lost on our colonial fellow-subjects.

Name of Stock.	Average of Mean Prices, 1895-98.	Present Price (30th March, 1903).	Percentage of Fall from Average to Present Price.
British Consols, $2\frac{3}{4}$ per cent. ... ..	109 $\frac{3}{8}$	90 $\frac{5}{8}$	21·1
Canada, 3 per cent. ... ..	103	102 $\frac{3}{4}$	0·24
Cape, 4 per cent. ... ..	115 $\frac{1}{4}$	103 $\frac{1}{4}$	11·6
New South Wales, 3 per cent. ... ..	99 $\frac{3}{8}$	86 $\frac{3}{4}$	14·5
New Zealand, 3 per cent. ... ..	97 $\frac{1}{2}$	91 $\frac{3}{4}$	6·2
India, 3 per cent. ... ..	108 $\frac{1}{4}$	98 $\frac{1}{2}$	10·0

Since period 1895 to 1898, colonial stocks have been placed on the trustees list, which under ordinary circumstances should have led to a rise in their price, while it would also tend to lower Consols.

If we find that in spite of this change in the conditions the price of colonial securities has fallen about 10 per cent., as compared with the 20 per cent. fall in Consols, we may tentatively draw the conclusion that the fall in colonial stocks and in Consols would have been similar but for the new class of investors admitted to the colonial market and diverted from Consols.

Sir Edgar Vincent thus interprets the figures :—

"The figures appear to me to favour the opinion that the fall in Consols is not due to any special cause affecting one particular stock, but is a result of flooding the market with high-class British securities to such an extent that the capacity for absorption of the British public has been overtaxed. It is hardly necessary to observe that large municipal issues are a contributing cause."

#### OUR LATE LOAN TRANSACTIONS.

During last session authority was obtained from Parliament to raise £1,750,000 for public works, under "The Aid to Public Works and Land Settlement Act, 1902." A million of the loan so authorised, together with a quarter-million authorised by "The Government Advances to Settlers Extension Act, 1901," was placed upon the London money-market in February last, the price of issue being fixed at £94 10s., or ten shillings better than the loan of the previous year.

The Government considered the time a favourable one to float the loan, but unfortunately an unexpected slump in colonial stocks set in immediately after our arrangements for flotation had been completed, and spoilt the market. This was caused chiefly by the virulent attack made by one of the London daily papers on the finances of several of the Australian States.

The attack on Australia was unwarranted, and, for us, most unfortunate—all the more unfortunate as its effects were not manifest till it was too late for us to do anything. To withdraw the loan would have involved a blow to our credit far heavier than any effect of a small subscription. We were not urgently in want of money, and could have postponed the placing of the loan without disturbing our finance had we realised the turn the market would take. I do not regard the loan as by any means the failure which some of our opponents have thought fit to call it. The truth is, we have got a million and a quarter at a price which, considering the state of the market, is an exceedingly good one.