

## ECONOMIC NOTES

### 30th Government Stock Tender

Government Stock Tender No. 30, held on 17 April 1986, offered a total of \$500 million of stock for sale comprising \$150 million maturing in September 1989, \$200 million in June 1991 and \$150 million in July 1994. Valid bids received totalled \$2,756 million, which was five and a half times the amount on offer and double the amount of bids received in Tender No. 29 (which was for \$350 million).

The weighted average yields on successful bids were 18.6 per cent for the 1989 stock, 17.9 per cent for the 1991 stock and 17.3 per cent for the 1994 stock. The average yields on the 1989 and 1991 stocks were 1.8 percentage points down on the yields in Tender 29 (held on 3 April), while the average yield on the 1994 stock was down 1.5 percentage points. These yields were broadly in line with secondary market rates immediately prior to the tender.

### Treasury Bill Tenders and Open Market Operations

Over the review period (9 April — 7 May) liquidity conditions were reasonably stable and firm. System cash balances averaged \$60 million over the April period and fell to \$16 million over the period 1 to 7 May.

A total of \$97 million of government securities were discounted over the review period. A large proportion, \$77 million, were discounted on the first two days of May when liquidity conditions tightened as a result of large stock tender settlements and revenue flows to government. The average level of primary liquidity declined from \$892 million over the April period to \$771 million in the early part of May.

Treasury bills amounting to \$70 million were sold by tender over the review period. On three occasions no bills were sold through the weekly tenders, because of forecast net withdrawals over the settlement weeks.

Throughout this period the Reserve Bank continued its strategy of conducting open market operations to influence the daily level of cash balances. This involved selling Treasury bills when cash balances were forecast to build-up and offering to conduct sell-back operations or to purchase securities when cash balances were forecast to decline substantially. During this period the Bank continued to use a daily aiming level for cash balances of \$50 million. The Bank sold \$210 million of Treasury bills through open market operations during the review period, it purchased \$65 million of government securities and it injected a further \$256.5 million into the system through sell-back operations. The Bank's open market operations have contributed to the generally settled conditions in the market during the review period.

Stock Tender 29 settlements were completed on 16 April and totalled \$303 million over the period 9–16 April. The settlement period for Stock Tender 30 commenced on 21 April and \$230 million of stock had been settled by 7 May. The final day for settlements of Stock Tender 30 was 12 May.

#### Treasury Bill Tenders & Open Market Operations

##### Treasury Bill Tenders:

Tender	Amount Offered \$m	Term	Amount Sold \$m	Weighted Average % Rate
62	NIL	—	—	—
63	70	14 days	70	19.479
64	NIL	—	—	—
65	NIL	—	—	—

## Open Market Operations:

	Amount Offered \$m	Term	Amount Sold \$m	Amount Purchased \$m	Amount Injected \$m
10 April					
Treasury Bills	30	47 days	30	—	—
11 April					
Treasury Bills	60	—	—	—	—
Sell-back		6 days	—	—	30
		19 days	—	—	30
15 April					
Treasury Bills	25	44 days	25	—	—
16 April					
Treasury Bills	45	13 days	—	20	—
Sell-back		14 days	—	—	25
17 April					
Treasury Bills	35	6 days	—	7	—
Sell-back		5 days	—	—	25
18 April					
Treasury Bills	10	—	—	—	—
Sell-back		4 days	—	—	10
21 April					
Treasury Bills	100	8 days	—	15	—
Sell-back		2 days	—	—	—
		9 days	—	—	32
23 April					
Treasury Bills	75	5 days	23	—	—
		8 days	23	—	—
		14 days	—	—	—

## Open Market Operations:

	Amount Offered \$m	Term	Amount Sold \$m	Amount Purchased \$m	Amount Injected \$m
24 April					
Treasury Bills	50	4 days	—	—	—
		14 days	50	—	—
28 April					
Treasury Bills	60	10 days	—	—	—
		14 days	60	—	—
29 April					
Treasury Bills	30	2 days	—	—	—
Sell-backs		2 days	—	—	—
		6 days	—	—	—
30 April					
Treasury Bills	50	1 day	—	—	—
Sell-backs		1 day	—	—	—
		5 days	—	—	15
		6 days	—	—	35
1 May					
Sell-back	10	12 days	—	—	10
2 May					
Government					
Stock	200	13 days	—	13	—
Sell-back		12 days	—	—	2
		13 days	—	—	37.5
5 May					
Government					
Stock	50	10 days	—	10	—
Sell-back		9 days	—	—	5