

Tuesday, 18th December, 1979.

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The Gilt Edged market was looking reasonably firm at the opening and prices, where changed, were $\frac{1}{16}$ - $\frac{1}{8}$ harder in all sections. This improvement was, however, short lived and due, it was thought, mainly to the shortage of money in the discount market and high overnight rates, following the large sales made by the authorities on the previous day, sellers soon appeared, particularly of the short-dated bonds. Prices in this area of the market were at least $\frac{1}{4}$ lower by midday and this tendency soon spread to the long-dated issues, which also fell by $\frac{1}{4}$ - $\frac{3}{8}$ by lunchtime. Little change was seen during the afternoon although there was a slight rally just before the close, but the market ended the day looking barely steady, at or just above the lowest levels.

The Industrial market opened cautiously after the easier trend of yesterday. Prices continued to drift lower throughout the day on small selective selling, with most sections closing at the worst levels. Banking and Paper shares were dull sections, while Electrical and Oil issues closed marginally above the lower levels. Kaffir issues remained steady on the higher gold fix price, while M.E.P.C. failed to maintain the best levels after the final results.

Financial Times Index (3.00 p.m.)

421.1 (down 2.2)

BANK

Sales	£	1,257,000
Purchases	£	1,268,000
Nett Purchases on balance	£	11,000