

Friday, 18th January, 1980.

JL

The Gilt Edged market was slightly easier at the opening in all sections and this reflected some selling which had taken place after hours on the previous evening. Prices were about $\frac{1}{8}$ - $\frac{1}{4}$ down throughout the list. After dealings had started, these early losses were soon regained and by midday the market was looking reasonably firm in quiet conditions, about $\frac{1}{8}$ - $\frac{1}{4}$ above the previous night's closing levels. Most of the buying interest was concentrated on the high coupon short-dated bonds and the high coupon long-dated issues, some of which improved by as much as $\frac{1}{2}$ - $\frac{3}{4}$ during the afternoon. The whole market closed the week looking reasonably firm, after a very active period, at or around the best levels.

At 3.30 p.m. an announcement was made of two new issues of Government stock, which took the form of -

i) £800 million $13\frac{1}{2}\%$ Exchequer Stock 1983, payable as to £60% on tender and the balance on 29th February, 1980. The minimum tender price will be £96.75 per cent.

ii) A further tranche of £1,000 million $12\frac{1}{2}\%$ Treasury Stock 2003-2005, payable as to £25% on tender, £45% on 15th February and the balance on 14th March, 1980. The minimum tender price will be £91.50 per cent.

The Industrial market opened narrowly mixed. Prices soon improved on hopes that talks between a Government deputation and the steel unions would bring a settlement to the steel strike. Prices advanced again on the announcement of a smaller than expected rise in the Retail Price Index. Towards the close profits were taken and prices generally closed below the best levels. Debenhams were in demand on press comment in a firm stores sector. Banks and Merchant Banks advanced on a broad front. Decca hardened on the announcement that discussions had begun with Racal Electronics, which may lead to a bid for the company. Racal Electronics remained unchanged on the day. National Carbonising were easier on the announcement that the company had sold its entire stake in Lasmco. Kaffirs improved on the increase in bullion price.

Financial Times Index (3.00 p.m.) 463.4 (up 12.6)

<u>C.N.D.</u>	Sales	£ 1,807,000
	Purchases	£ 1,822,000
	Nett Purchases on balance	£ 15,000
<u>BANK</u>	Sales	£ 7,984,000
	Purchases	£ 15,136,000
	Nett Purchases on balance	£ 7,152,000