

Friday, 22nd February, 1980.

The Gilt Edged market was looking quietly firm at the opening and prices had improved by $\frac{1}{16}$ - $\frac{1}{8}$ in the short-dated bonds and $\frac{1}{8}$ - $\frac{1}{4}$ in the long-dated issues. Business was once again on a fairly small scale throughout the morning but the small improvement was maintained and by lunchtime the whole market was looking reasonably firm at the slightly higher levels. The market continued on this basis throughout the early part of the afternoon, until just after 3 o'clock when it was learnt that the prime rate of the City Corporation Bank in New York had been raised from $15\frac{3}{4}\%$ to $16\frac{1}{4}\%$. This rise was much larger than had been anticipated and resulted in the appearance of a few sellers and prices were marked down quite sharply so that all the early gains were lost, and the market closed the day about $\frac{1}{16}$ - $\frac{1}{8}$ below the previous night's closing levels.

At 3.30 p.m. an announcement was made of a new Government issue of £800 million 14% Treasury Stock 1996, payable as to £20% on tender, £30% on 18th March, 1980 and the balance on 11th April, 1980. The minimum tender price will be £95.50%.

The Industrial market opened cautiously on the sharply lower trend on Wall Street. Prices tended to drift easier on the last day of the account and, although a little buying interest was evident around midday, most sections closed around the lower levels. Insurance, Electrical and Oil shares drifted throughout the day, while Store issues failed to maintain the higher levels. Lloyds Bank improved following the final results, while U.D.T. met speculative demand on possible takeover rumours.

Financial Times Index (3.00 p.m.) 455.3 (down 2.3)

<u>BANK</u>	Sales	£	10,556,000
	Purchases	£	10,165,000
	Nett Sales on balance	£	391,000