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MARKETS
DOSSNI
THE DEPUTY GOVERNOR O/R

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Markets: 20 - 25 March

Money

The market has been short on every day of this period, the chief unfavourable factor being excesses of tax payments over Government disbursements. Exceptionally large to large assistance has been necessary on each day, taking the form of purchases of Treasury and local authority bills outright and purchases of eligible and local authority bills for resale in early April. The Bank has also lent moderate to large amounts every day overnight at MLR.

Inter-bank rates have risen slightly over the period at all maturities, the largest increase being the rise of 7/16% in the one-month rate to 18 1/4%.

At the Treasury Bill Tender last Friday the average rate of discount rose by 0.0939 to 16.2071.

Gilts

The market has remained very quiet prior to the Budget with little movement in prices. Publication of the papers on monetary control and liquidity and the announcement of the money supply figures for February had little impact on sentiment on Thursday. Before the weekend prices tended to drift lower, but since then a slightly firmer tendency has emerged and the market has been more active today.

25 March 1980.

G.L. Drummond/D.T.R. Carse (4286)

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