

Wednesday, 7th May, 1980

Continuing the late trend yesterday the Gilt-edged market opened slightly easier this morning, in spite of the news that the Federal Reserve were discontinuing their lending surcharge. During the early morning a certain amount of profit-taking was seen following the recent rise in prices, and the market eased gently away to show falls of about $\frac{1}{2}$ by lunchtime. Following publication of the banking figures, the initial reaction was for prices to improve but this trend was soon reversed and the market fell away again on further consideration of the bank lending figure. This easier trend continued until the close when short-dated stocks were up to $\frac{5}{8}$ down and longs up to $\frac{7}{8}$ lower. Immediately after the official close prices were marked slightly higher again on the news of a reduction in U.S. prime rate to 17%.

The Industrial market opened marginally lower and drifted during the day to close at the worst levels. Trading conditions were extremely quiet. There was light selling in evidence prior to the Banking figures and a marked lack of any investment support. In the Stores sector, Marks & Spencer final results were in line with market expectations and the shares were unchanged. Sears Holdings eased after slightly disappointing figures. Peninsular and Oriental were dull following the excellent profits announcement but bearish Chairman's statement. J. Sainsbury were marked higher after final results exceeded all estimates. Leading food shares improved in sympathy before easing to close at overnight levels. Kaffirs tended lower as the bullion price declined.

Financial Times Index (3.00 p.m.)

440.3 (down 4.6)

<u>C.N.D.</u>	Sales	£ NIL
	Purchases	£ 1,259,000
	Nett Purchases	£ 1,259,000
<u>BANK</u>	Sales	£ NIL
	Purchases	£ 15,276,000
	Nett Purchases	£ 15,276,000