

Friday, 23rd May, 1980.

The Gilt Edged market was quiet and steady at the opening with little or no change in the medium and long-dated issues, while the short-dated bonds improved by $\frac{1}{16}$ - $\frac{1}{8}$. A firmer tendency developed during the morning which was thought to be mainly due to action taken by the Federal Reserve in the U.S.A. to ease credit curbs. The firmness in the short-dated bonds spread down the list to the long-dated issues and a quite considerable demand developed for the Government long-dated tap stock, Exchequer 13 $\frac{1}{2}$ % 1992, and the authorities were able to sell stock at 20 $\frac{1}{4}$ (20% paid) and 20 $\frac{5}{16}$. The market remained firm and very active throughout the morning and rises of $\frac{1}{2}$ - $\frac{3}{4}$ of a point were widespread by lunchtime. During the afternoon the market received further encouragement by the news of a fall of 2% in the Citibank prime rate from 16 $\frac{1}{2}$ % to 14 $\frac{1}{2}$ %. The market ended the day looking firm at the best levels.

At 3.30 p.m. an announcement was made of a new Government short-dated low coupon issue which took the form of £600 million Treasury 3% Stock 1985, at a minimum tender price of 69%.

The Industrial market opened slightly easier continuing the overnight trend, affected by further consideration of various company warnings of lower profits and very difficult trading conditions. Prices generally drifted during the morning session as small offerings of stock were seen. However, some investment support at the lower levels caused prices to steady later in the day. I.C.I. weakened again after yesterday's bearish Chairman's statement. The Electrical and Engineering sectors were dull as further lines of stock were encountered, which depressed the shares. There was some demand for leading Oil issues which remained steady on the increased oil prices. Kaffirs were firm as the bullion price improved.

Financial Times Index (3.00 p.m.)

423.3 (down 3.2)

C.N.D.

Sales and Purchases

NIL

BANK

Sales

£

64,253,000

Purchases

NIL

Nett Sales on balance

£

64,253,000