

Tuesday, 27th May, 1980.

The Gilt Edged market was quietly firm at the opening after the long week-end and prices improved in all sections by about $\frac{1}{8}$ - $\frac{1}{4}$. The main feature of early trading was a large demand for the Government 1992 tap stock and official supplies of this issue ran out at a price of $20\frac{3}{8}$ (20% paid). This news caused the market to improve further and by midday rises of $\frac{1}{2}\%$ in the shorts and as much as $\frac{3}{4}\%$ in the longs were widespread. Most of this improvement was thought to be mainly due to the strength of sterling and the presence of quite substantial foreign buyers. The market turned easier during the afternoon on profit-taking and prices fell back so that the market closed the day looking reasonably steady but at least $\frac{1}{4}$ below the best levels.

The Industrial market opened steady but prices soon drifted lower as investors worried about the strength of sterling further reducing export competitiveness and the generally difficult trading and economic conditions. Leading Oil issues were initially firm before encountering two-way trade and secondary shares saw some speculative demand. Engineering shares continued to ease following various recent statements concerning reduced margins and lower profits. The Electrical sector was dull after bearish week-end press comment about the micro-chip industry, which particularly affected G.E.C. Racal were weak on a broker's recommendation to sell. Kaffirs were better as the bullion price improved.

Financial Times Index (3.00 p.m.) 419.6 (down 3.7)

<u>C.N.D.</u>	Sales	£	29,478,000
	Purchases		NIL
	Nett Sales on balance	£	29,478,000
<u>BANK</u>	Sales	£	38,113,000
	Purchases	£	7,281,000
	Nett Sales on balance	£	30,832,000