

Monday, 11th August 1980

The Gilt Edged market was slightly easier at the opening in all sections. This was thought to be mainly due to the weekend press comment on the recently announced money supply figures and the possibility of rising interest rates in the U.S.A. Selling was not heavy and the buyers were conspicuous by their absence. During the morning prices in the short dated bonds fell by as much as $\frac{3}{8}$ - $\frac{1}{2}$ point and in the long dated issues by $\frac{1}{2}$ - $\frac{3}{4}$ point. Little or no encouragement was obtained from the statistics announced during the afternoon for the Central Government borrowing requirement and the wholesale price index. As a result the market closed the day looking barely steady around the lowest levels with falls of up to $\frac{1}{2}$ a point in the short dated bonds and $\frac{3}{4}$ - 1 point in the long dated issues.

The Industrial market opened steadily on the first day of the new three-week account. Prices tended to improve marginally before drifting to close easier on the day in very quiet trading conditions. The Oil sector was active with two-way trade encountered on the final day for the latest round of North Sea licence applications. Electrical issues were again well supported with some profit-taking being easily absorbed and most stocks remaining higher on balance. Racal and Thorn-EMI were features among the leading companies. Insurance shares were marked cautiously lower as dealers awaited several interim statements later in week. The Brewery sector was quietly firm on suggestion of further price increases to help margins and maintain profitability. Kaffirs were weak as the gold price fell sharply.

Financial Times Index (3.00 p.m.) 478.9 (down 2.2)

<u>BANK</u> Sales	£11,853,000
Purchases	£12,474,000
Nett Purchases on balance	£ 621,000