

Wednesday, 22nd October, 1980.

The Gilt Edged market was looking quietly firm at the opening in all sections and prices improved by $\frac{1}{16}$ - $\frac{1}{8}$ throughout the list. Although business was not on a large scale, this firmer tendency continued throughout the morning and prices improved further to show rises of as much as $\frac{3}{8}$ - $\frac{1}{2}$ a point in the long-dated issues and $\frac{1}{8}$ - $\frac{1}{4}$ in the short-dated bonds by lunchtime. There was a good demand for the low coupon short-dated bonds and the authorities were able to make their first sale of the new medium-dated tap stock, Exchequer 11 $\frac{1}{8}$ % 1986 at 30 $\frac{1}{16}$ (30% paid). There was also quite a substantial demand for the long-dated issues, some of which was thought to be due to foreign interest. The market eased slightly during the afternoon and closed the day looking reasonably firm at or just below the best levels.

The Industrial market opened slightly higher, continuing yesterday's trend. Suggestion that the strength of sterling may initiate a fall in interest rates caused institutional demand and prices improved during the day to close around the best levels. The protracted Middle East troubles helped Oil shares with extensive North Sea interests. British Petroleum and Ultramar were firm features and there was considerable speculative interest for secondary issues. Electricals and Insurance shares were again well supported with leading stocks showing widespread gains in active trade. Stores were better as dealers hoped for an upturn in business conditions prior to the Christmas period. British Home Stores were firm ahead of interim results expected this evening. Hawker Siddeley improved on increased half-yearly profits and an encouraging statement. Kaffirs were higher in line with the gold price.

Financial Times Index (3.00 p.m.) 489.5 (up 5.5)

<u>C.N.D.</u>	Sales	£	
	Purchases	£	1,468,000
	Nett Purchases on balance	£	1,468,000
<u>BANK</u>	Sales	£	55,409,000
	Purchases	£	14,975,000
	Nett Sales on balance	£	40,434,000