

Tuesday, 2nd December, 1980.

The Gilt Edged market was looking reasonably steady at the opening. The medium and long-dated issues improved by about  $\frac{1}{8}$  while the short-dated bonds were looking slightly easier on fears of higher interest rates in the U.S.A. Business was on a reasonable scale throughout the day and once again buyers predominated. The main interest was concentrated on the medium and long-dated areas of the market and by lunchtime rises of as much as  $\frac{3}{8}$  -  $\frac{1}{2}$  a point were widespread and short-dated bonds also recovered their early losses. The market tended to ease during the early part of the afternoon and this tendency increased when it was learnt that the major American banks had raised their prime rates from  $17\frac{3}{4}\%$  to  $18\frac{1}{2}\%$ . This seemed to affect the longs more than the shorts and they ended the day either unchanged or  $\frac{1}{8}$  either side of the opening level. Short-dated bonds, somewhat surprisingly, improved just before the close and showed rises of  $\frac{1}{16}$  -  $\frac{3}{16}$  from the opening levels.

The Industrial market opened easier, affected by the poor performance of Wall Street. Sentiment was further disturbed by an economic survey stating the worst of the recession may be near but prospects are unlikely to improve for at least a year. As a result, there was very little buying and sellers depressed prices even further, most sectors closing at the worst levels. Oil shares were generally lower and British Petroleum were dull on overseas selling. Lasso were steady in two-way trade, after yesterday's sharp fall. Brewery issues were easier following the announcement of a further reduction in beer sales. Electricals and Engineers were mainly flat as several large offerings of stock were encountered. Among quiet Food shares, Ranks Hovis MacDougall were slightly lower on disappointing final profits but maintained dividend. In weak Mining Financials, Charter Consolidated fell after interim figures below market estimates. Kaffirs moved down in line with the bullion price.

Financial Times Index (3.00 p.m.)

484.6 (down 8.7)

<u>C.N.D.</u>	Sales	£	10,566,000
	Purchases	£	1,066,000
	Nett Sales on balance	£	9,500,000
<u>BANK</u>	Sales	£	53,022,000
	Purchases	£	16,658,000
	Nett Sales on balance	£	36,364,000