

NOTE FOR "WEDNESDAY" MEETING

MARKETS: 24 DECEMBER 1980 AND 29 DECEMBER 1980

MONEY

Conditions were tight on Christmas Eve but eased in the course of Monday. On 24 December the market was faced with an exceptionally large excess of revenue transfers to the Exchequer over Government disbursements, which was only partially offset by maturing Treasury Bills. On 29 December an initial shortage was more than offset by a late swing in the market's favour.

Assistance by the Bank was provided on both days and on 24 December included a loan at MLR to one house for repayment on 29 December.

Short interbank rates were very firm on Christmas Eve and eased only slightly after the holiday, whilst longer rates remained generally firm. The three month rate finished 3/16% up at 14 7/8%.

Euro-sterling rates were steady on Christmas Eve but firmed marginally on 29 December to end the period 1/8% up at 14 7/8%.

At the Treasury Bill tender the average rate of discount fell by 0.1185 to 13.0161.

LOCAL AUTHORITY BONDS

This week's issue will take place on 31 December.

GILTS

Very quiet trading conditions obtained during the morning of Christmas Eve and continued until lunchtime on 29 December when sellers of long dated stocks in a generally thin market brought falls of up to 5/8 in longs and 1/4 in shorts. Thereafter the market continued steady at the lower prices.

EQUITIES

Very quiet before and after the holiday. Some prices were marked slightly higher on Monday following weekend press comment and TV shares were generally firm following the franchise allocations. The FT index rose 2.5 over the period to 469.2.

NEW ISSUES

Queue

The only significant addition to the queue is an issue of shares by the Ward White Group Ltd as consideration for an acquisition; £12 mn of the consideration will be underwritten for cash. Against this, the proposed £75 mn bulldog issue by the Canadian company Hiram Walker-Consumers Home Inc. has been cancelled and the queue now totals £355 mn against £421 mn last week.

(Init EAJG)

30 December 1980

Official Stock Transactions and Gilt-Edged Yields

(£ million: sales + , purchases -)

1. Transactions (cash value)

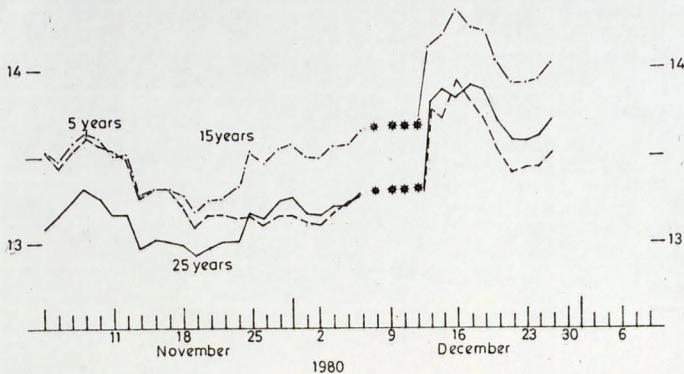
| | 24.12.80 and <u>29.12.80</u> | Cal.Qtr. <u>to date</u> | Fin.Year <u>to date</u> | 21.2.80 <u>to date</u> |
|------------------------------|---------------------------------|----------------------------|----------------------------|---------------------------|
| Issue Department | | | | |
| Purchases/sales | - 3 | - 664 | - 1,468 | - 1,548 |
| Next Maturities | | | | |
| Other short-dated | + 10 | + 249 | + 1,738 | + 1,817 |
| | + 7 | - 415 | + 270 | + 269 |
| Mediums | - | + 949 | + 5,114 | + 5,166 |
| Longs and undated | - | + 1,304 | + 3,923 | + 4,186 |
| Total Issue | | | | |
| Department trans- actions | + 7 | + 1,838 | + 9,307 | + 9,621 |
| CRND | - | + 377 | + 422 | + 424 |
| Redemptions | - | - 261 | - 772 | - 1,062 |
| | + 7 | + 1,954 | + 8,957 | + 8,983 |

2. Redemption Yields (tax ignored)

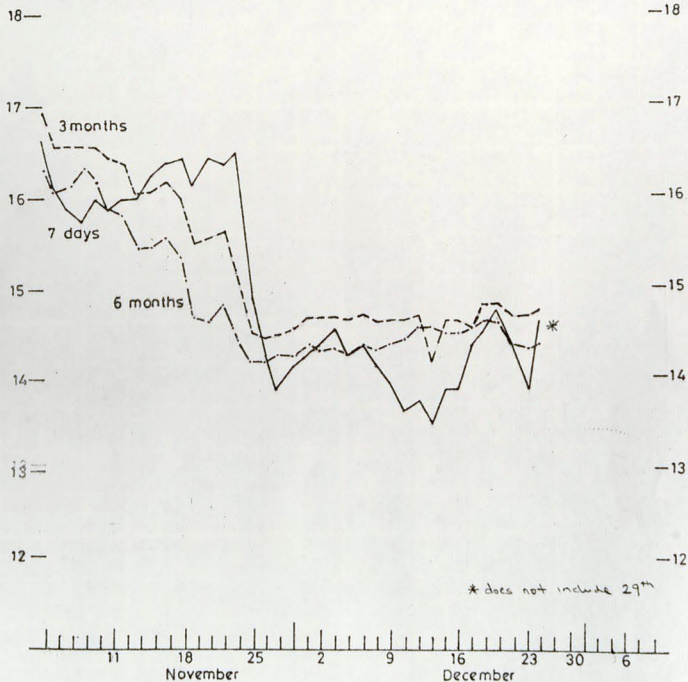
| | <u>22 December</u> | <u>29 December</u> |
|--------------------------|--------------------|--------------------|
| 8 1/4% Exchequer 1981 | 13.80 | 13.86 |
| 13 1/2% Exchequer 1983 | 13.06 | 13.22 |
| 12% Treasury 1984 | 12.94 | 13.05 |
| 13 1/4% Exchequer 1987 | 13.43 | 13.48 |
| 13% Treasury 1990 | 13.74 | 13.80 |
| 12 1/4% Exchequer 1999 | 13.76 | 13.83 |
| 11 1/2% Treasury 2001/04 | 13.45 | 13.50 |
| 12% Exchequer 2013/17 | 12.95 | 13.03 |
| 3 1/2% War (Flat Yield) | 11.48 | 11.54 |

GILT EDGED YIELDS (F.T. HIGH COUPON)

Yields



INTERBANK RATES



* does not include 29th

* N/A due to FT strike

1980

SECRET

£ millions

| Date | NEW ISSUES OF 3 OR OVER | | | |
|-----------------------------|---|--|--|--|
| | Government, etc. | Other Fixed Interest (excl. Convertibles) | Convertible Stocks | Others |
| 1980/81 | | | | |
| Current week (30/12-2/1) | | | | |
| Week 2 (5/1-9/1) | | | Portals Holdings Ltd (rights) (6/1) 10 | Ward White Group Ltd (underpinning) (5/1) 12 |
| Week 3 (12/1-16/1) | Republic of Iceland (placing?) (13/1) 20 | | | Norcros Ltd (rights) (9/1) 12 |
| Week 4 (19/1-23/1) | | | | Energy Funding Ltd (14/1) 5 |
| Week 5 (26/1-30/1) | Credit Foncier (27/1) 50 | | | Second Save & Prosper Investment Trust Ltd (22/1) 30 |
| Week 6 (2/2-6/2) | | | Tokyu Land Corp (placing?) (4/2) 25 | Associated Dairies Group Ltd (rights) (28/1) 50 |
| Week 7 (9/2-13/2) | | | | Davy Corporation Ltd (rights) (29/1) 20 |
| Forthcoming | European Investment Bank (2/3) 50 | Continental Corp (8/4) 25 | | Bristol Waterworks (offer for sale by tender) (10/2) 5 |
| | | | | Jebsens Drilling Ltd (private placement) (13/2) 25 |
| | | | | Murray Technology Ltd (16/2) 6 |
| | | | | Hadson Petroleum (UK) Ltd (offer for sale) (26/3) 10 |
| | TOTAL | TOTAL | TOTAL | TOTAL |
| | 120 | 25 | 35 | 175 |
| *Issues announced: | 1977 ----- 116 ----- | ----- 815 ----- | | |
| | 1978 ----- 60 ----- | ----- 959 ----- | | |
| | 1979 ----- 162 ----- | ----- 946 ----- | | |
| | 1980 to date ----- 290 ----- | ----- 1,065 ----- | | |
| *Issues completed | 1977 ----- 143 ----- | ----- 784 ----- | | |
| | 1978 ----- 63 ----- | ----- 910 ----- | | |
| | 1979 ----- 150 ----- | ----- 979 ----- | | |
| | 1980 to date ----- 272 ----- | ----- 945 ----- | | |

*Includes issues of less than 3.

30 December 1980

Per cent Time Yield Curves of British Government Stocks

24th December 1980

