

Friday, 9th July, 1982.

With U.S. bonds moving sharply higher overnight amid speculation on a cut in short rates, the Gilt Edged market also opened higher, with shorts up to  $\frac{1}{4}$  better and longs  $\frac{5}{8}$  -  $\frac{3}{4}$  higher. At these levels interest became concentrated largely in the short tap Treasury  $12\frac{1}{4}\%$  Convertible 1986 and the authorities were able to satisfy a good demand at  $30\frac{3}{8}$  (30% paid), before withdrawing at this price. The market then fluctuated over a narrow range, but by lunchtime longs had improved marginally to show rises to  $\frac{7}{8}$ . The afternoon was very quiet, but with the improved bid for bills, and with U.S. bonds again coming in slightly higher the market retained its firm undertone. Prices closed just below the best in shorts with rises of about  $\frac{3}{16}$ , while longs closed at the lunchtime level.

The Industrial market opened higher following the overnight recovery on Wall Street and sentiment was also helped by renewed hopes of an early cut in interest rates. However, there was very little follow through and prices drifted back during the day, closing marginally better on balance in quiet and featureless business conditions. Among unchanged leading 'blue-chip' companies, I.C.I. were dull after adverse press comment concerning Naptha production and ahead of figures expected later this month. In the Food sector, S. and W. Berisford improved on news of their long awaited bid for British Sugar whose shares declined. Rank Hovis fell as takeover hopes receded. Clearing Banks weakened on fears that the possible reduction of base rates will tighten margins while Insurance shares were lower on widespread profit-taking. Electricals and Engineers were slightly better throughout on selective investment support. Kaffirs were firm as the bullion price moved ahead.

Financial Times Index (3.00 p.m.) 552.4 (up 1.0)

C.N.D.

Sales and Purchases

NIL

BANK

Sales

£ 119,513,000

Purchases

NIL

Nett Sales on balance

£ 119,513,000