

Monday, 16th August, 1982.

The gilt-edged market opened very strongly following the cut in the Federal Reserve Discount rate late on Friday night. Shorts put on  $\frac{5}{8}$  while longs recorded gains of up to  $1\frac{1}{4}$  points, and moved further ahead in early dealings. Only when the longs had risen by 2 points did some profit-taking appear and although prices slipped back by  $\frac{1}{4}$  the stock was quickly absorbed, whereupon both shorts and longs moved ahead again. By the close shorts were up by  $1\frac{1}{4}$  and longs by  $2\frac{1}{8}$ . At the close of business the issue of £800 million Exchequer  $10\frac{1}{2}\%$  1987 was announced to be offered for sale on Thursday at a minimum tender price of  $96\frac{3}{4}$ , 40% paid.

The Industrial market opened slightly higher at the start of a new three-week account. Sentiment was helped by a cut in the American Federal Discount rate and hopes of further reductions in domestic base rates. However, trading conditions were very quiet and most sectors fluctuated narrowly during the day with no definite trend emerging. Financials were active with Clearing Banks lower on fears of further provisions for bad debts, while Discount House shares were in demand in anticipation of falling interest rates. Royal Insurance hardened following interim figures much as expected and other Insurance issues were marked up in sympathy. In a subdued Building sector, Blue Circle weakened as worries persist concerning their large Mexican business. Breweries and Foods were generally better throughout on investment support. Kaffirs were dull in line with the bullion price.

Financial Times Index (3.00 p.m.) 543.0 (down 1.9)

<u>C.N.D.</u>	Sales	£	4,844,000
	Purchases	£	3,511,000
	Nett Sales on balance	£	1,333,000

<u>BANK</u>	Sales and Purchases	NIL
-------------	---------------------	-----