

PRIME MINISTER

New Gilts Issue

The Chancellor and the Governor want to announce two new issues at 3.30 p.m. this afternoon:

- (i) £400 million of medium stock
- (ii) £500 million of long term stock

The previous medium and long taps have been exhausted. The Chancellor and the Governor want to issue new taps because the market appears to be picking up a little, they argue - rightly - that if there is an opportunity to sell stock we should take it. This is all the more important now that the money supply figures for August are likely to be not very good.

At the Monetary Seminar at the end of July you said that you would be prepared to give the Chancellor and the Governor discretion in deciding the balance between short and longer term borrowing. However, I thought you should be aware of what they are proposing. The £500 million of longer tap is in fact a rather smaller amount than they have been issuing recently: the long tap is normally issued in trenches of between £800 - £1200 million.

7 September 1979

RM - yes

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