

Thursday, 10th May, 1979.

The Gilt Edged market opened steadier this morning, but press comment on the Banking figures and the possible immediate future for interest rates, once again brought in early selling. With a considerable amount of stock on offer prices fell away quickly, and although small rallies took place from time to time the overall trend remained downwards. By lunchtime losses of over a point were widespread in the longer end. The Central Government Borrowing Requirement figures in the early afternoon were larger than expected and the market as a result fell a further $\frac{1}{4}$. By the close prices were slightly above the worst with short-dated stocks up to $\frac{1}{8}$ down among the longer maturities, while longs showed losses of up to $1\frac{3}{8}$.

The Industrial market opened easier. Prices remained generally dull throughout the session. Insurance shares were weak following the announcement of disappointing quarterly results from Royal Insurance. The company was particularly hard hit by heavy underwriting losses overseas. Standard & Chartered Banking improved on further consideration of the £76 million rights issue. Furness Withy were in demand on press comment. Lloyds & Scottish were dull on the announcement of lower interim profits. Rank Hovis hardened as the Price Commission granted the company an interim price increase. Kaffirs were firm as the bullion price advanced.

Financial Times Index (3.00 p.m.) 530.9 (down 8.0)

<u>Bank</u>	Sales		NIL
	Purchases	£	5,019,000
	Net Purchases on balance	£	5,019,000