

Monday, 2nd July, 1979.

The gilt edged market was very firm and active from the opening of business this morning and prices were at least an $\frac{1}{8}$ to $\frac{3}{8}$ above the previous Friday's closing levels in all sections. The main feature in early trading was a very large demand for the Government long dated tap stock Exchequer 12 $\frac{1}{4}$ % 1999 'A'. So great was the demand that official supplies were immediately exhausted at a price of 15 $\frac{3}{8}$ (15% paid) and demands from many investors had to be drastically rationed. After this early burst of activity the market continued its upward movement and showed no hesitation. In fact by lunchtime rises of as much as one point in the short dated bonds and 1 $\frac{1}{2}$ - 2 points in the long dated issues were widespread. Business was on a smaller scale during the afternoon and a small amount of profit-taking was seen, but the whole market ended the day looking extremely firm about a $\frac{1}{8}$ to an $\frac{1}{4}$ below the best levels. The main reason for the firmness of the whole market was thought to be due to the expectation of an early reduction in the M. L. R.

The industrial market opened steady at the beginning of the new account. Prices however tended to improve during the day aided by the strength of the gilt market, with most sections closing at the higher levels in quiet trading. Property shares were a firm sector on hopes of an early reduction in M. L. R. while Store and Electrical issues also improved on balance. Kaffir shares met renewed investment interest on the gold fix price.

Financial Times Index (3.00 p.m.) 475.8 (up 2. 4)

B	Sales	£177,332,000
	Purchases	£ 5,156,000
	Nett Sales on balance	£172,176,000