Thursday, 15th November, 1979. Jul

The Gilt Edged market was looking reasonably steady at the opening and the only change in price was a small fall in the short-dated bonds, which were lower by 1/16 - 1/8, while the rest of the market was steady and unchanged. The market remained quiet and idle at the opening levels until around midday when a slight nervousness developed and prices eased by ½ - 3/4 of a point in most sections in advance of the announcement concerning M.L.R. at 12.30. When this was made, the 3 points rise from 14% to 17%, although it had been mentioned in the Press as a possibility, was much larger than most investors had expected, with the result that prices were marked down in the initial stages by as much as 4 points. Jobbers ceased trading for about 20 minutes, in view of the unexpected change in the yield structure of the market but, when dealing started again just before 1 o'clock, some quite substantial buyers were seen and a considerable amount of bear closing took place. It had already been announced that Exchequer 12% Stock 1999/02 'A' would no longer be treated as a tap stock and supplies of the medium-dated tap stock, Treasury 11½% 1989, were soon exhausted. There was also a good demand for the long-dated high coupon issues at the new yield basis of just over 15% and demand was also seen for the high coupon short-dated bonds at a yield basis of around 15 3/4%. Business was on a smaller scale during the afternoon but a further recovery was seen in all sections and the market closed the day looking reasonably steady at the much lower levels and on a considerably higher yield basis, but well above the lowest levels.

The Industrial market opened cautiously steady ahead of the M.L.R. announcement and the Chancellor's statement on the Government monetary policy, due this afternoon. Prices remained firm during the morning session in quiet trading conditions. Following the announcement of the raising of M.L.R. to 17%, the equity market was marked down. Disappointing money supply figures caused prices to drift lower during the afternoon session. Unilever, Woolworths and Chubb all remained steady on further consideration of yesterday's results. Third quarter results from Royal Dutch/Shell and Ultramar were above expectations in an active oil sector. Land Securities were marked up following the announcement of interim profits, but the share price soon declined with general market conditions. Boots were easier on lower interim profits in a dull stores sector. Third quarter results from Royal Insurance were satisfactory, as the insurance sector remained quietly firm throughout. Consolidated Gold Fields were in demand in the mining financials. Kaffirs remained steady on the easing of the gold price. Australian shares were dull as the Sydney Industrial Index failed again to penetrate the 700 level.

	Financial Times Index (3.00 p.m.)		407.5 (down 2.5)
C.N.D.	Sales	£	78,750,000
	Purchases		NIL
	Nett Sales on balance	£	78,750,000
Bank	Sales	£	497,523,000
	Purchases	£	18,641,000
	Nett Sales on balance	£	478,882,000