

Friday, 16th November, 1979.

The Gilt Edged market was looking quite firm at the opening and, after the large fall which had taken place on the previous day, following the upward movement in M.L.R. from 14% - 17%, prices throughout the list were at least  $\frac{1}{2}$  - 1 point above the previous night's closing levels.

After close of business on the previous day and at 5.00 p.m. it had been announced that the Treasury had issued to the Bank of England a further tranche of One billion  $13\frac{3}{4}\%$  Treasury Stock 2000/03 at a price of 91 and this stock was designed to be available to the public at the opening of business this morning. A very large demand built up overnight for this new issue and at the opening of business this morning, the whole amount was sold at a price of  $20\frac{1}{2}\%$  (20% paid) with the balance due on 5th December, 1979. Following the exhaustion of this issue, the market made further sharp progress and by lunchtime rises of 1 point in the short-dated bonds,  $1\frac{1}{2}$  points in the mediums and 2 - 3 points in the longs were widespread. The market was much quieter during the afternoon but ended the day looking reasonably firm, but just below the best levels.

At 3.30 p.m. a further issue of Government stock was announced which took the form of One billion 15% Treasury Stock 1985, to be issued by tender, though payable in full at a minimum price of £98.50. Of this amount £200 million has been reserved for the National Debt Commissioners.

The Industrial market opened firm on consideration of yesterday's Government measures to bring the growth of money supply down to within the official target range. Prices improved in thin trading conditions on bear closing and new time buying. These technical factors soon petered out and prices drifted lower towards the close. Banks advanced as the big four increased their base rates to 17%. Royal Insurance improved on further consideration of yesterday's figures. Akroyd & Smithers were in demand ahead of final results due next week. Oil shares recovered some of yesterday afternoon's losses on the announcement of the petroleum revenue tax being advanced by two months. The property sector was generally firm on further consideration of Land Securities interim results yesterday. Thorn Electrical were dull on worries of the implications of the credit squeeze on consumer spending. I.C.I. were firm ahead of third quarter results due next week. Australian shares continued easier as the Sydney Industrial Index declined. Kaffirs showed no definite trend as the gold price improved.

Financial Times Index (3.00 p.m.) 408.6 (up 2.3)

<u>Bank</u>	Sales	£	236,844,000
	Purchases	£	42,130,000
	Nett Sales on balance	£	194,714,000