

Friday, 14th March, 1980.

The Gilt Edged market was slightly easier and rather hesitant at the opening, following the overnight announcement of a further rise in the major American banks prime rate to  $18\frac{1}{4}\%$ . Short-dated bonds were  $\frac{1}{16}$  -  $\frac{1}{8}$  lower but the medium and long-dated issues were unchanged. In spite of this news, the market remained reasonably firm throughout the morning and a few buyers were seen, which led to an improvement of  $\frac{1}{16}$  -  $\frac{1}{8}$  in the shorts and  $\frac{1}{8}$  -  $\frac{1}{4}$  in the long-dated issues. The market remained quietly firm during the afternoon, although the shorts lost some of the improvement following a further rise to  $18\frac{1}{2}\%$  in the prime rate of a major American bank, which was announced just before the close. In spite of this, the market ended the day looking reasonably firm, just below the best levels.

The Industrial market opened easier. Buyers were deterred as the Chase Manhattan Bank raised its prime rate to  $18\frac{1}{4}\%$ , and Wall Street declined ahead of President Carter's counter inflation programme. Sentiment was not helped by the continuing weakness of the Hong Kong and Sydney markets. The mid-morning announcement of the February Retail Price Index, rising by 1.4%, failed to encourage buying interest, and prices remained generally dull in quiet trading conditions. Midland Bank improved on the announcement of the final figures; profits for the year were £315.5 million against £231.4 million. Oil shares were dull on U.S. selling, and a belief that a special tax on excessive North Sea profits could be announced in the Budget. Channel Tunnel shares were weak on profit-taking. British Leyland were marginally easier on the announcement of a final loss of £122.2 million, against a profit of £1.7 million last year. Gold shares continued easier in line with the bullion price, but closed above the lowest levels of the day.

Financial Times Index (3.00 p.m.) 440.7 (down 6.3)

BANK

Sales	£ 1,894,000
Purchases	NIL
Nett Sales on balance	£ 1,894,000