

Thursday, 22nd May, 1980.

The Gilt Edged market was quiet and steady at the opening and prices, where changed, in the mediums and longs, were $\frac{1}{16}$ - $\frac{1}{8}$ higher, while the short-dated bonds showed little change. This slightly firmer tendency was maintained in early trading but business was on a very small scale and by midday short-dated bonds turned easier on the appearance of one quite substantial seller. This easier tendency spread down the list to the long-dated issues and most of the early gains were lost. The market remained very quiet and business continued on a small scale during the afternoon and no reaction was seen to the news that Chase Manhattan Bank in New York had reduced its prime rate from $16\frac{1}{2}\%$ to $15\frac{1}{2}\%$. The market ended the day at or around the lowest levels, with falls of $\frac{1}{8}$ - $\frac{1}{4}$ in the short-dated bonds and $\frac{1}{8}$ - $\frac{3}{16}$ in the long-dated issues.

The Industrial market opened steady at the overnight levels but prices soon eased on continued speculation concerning the possible high level of future pay settlements. Several bearish announcements depressed the market further during the day. I.C.I. first quarter figures were satisfactory but the Chairman's statement on current trading and economic conditions was disappointing and the shares were marked down. Engineering shares were weak throughout. G.K.N.'s warning of lower profits affected the entire sector as large offerings of stock were encountered in several companies. The Stores sector was generally steady. Boots and Debenhams remained unchanged on final results in line with market expectations. Kaffirs eased as the bullion price declined.

Financial Times Index (3.00 p.m.) 426.8 (down 4.8)

<u>BANK</u>	Sales	£	5,634,000
	Purchases	£	15,780,000
	Nett Purchases on balance	£	10,146,000