

Thursday, 3rd July, 1980.

The Gilt Edged market was looking quietly firm at the opening and prices in all sections were $\frac{1}{8}$ - $\frac{1}{4}$ higher. Business was on a fairly small scale during the early part of the morning but the firmer tendency continued and, with the jobbers short of stock, prices improved to show gains by midday of up to $\frac{1}{2}$ a point in all sections.

At 12.30 p.m. the long expected announcement of a reduction from 17% to 16% in the Minimum Lending Rate was made and, after a short period of hesitation, the whole market made further improvement and a large demand developed for the first time for the Government short-dated tap stock, Exchequer 12 $\frac{1}{4}$ % 1985 'A', and the authorities were able to sell substantial amounts of this issue at 40 $\frac{1}{8}$ and 40 $\frac{1}{8}$ (40% paid). The other main feature, following the reduction in MLR was a large demand for Treasury 3% Stock 1985. Further buyers appeared in all other sections of the market during the afternoon and it ended the day looking firm at the best levels, with rises throughout the list varying between $\frac{1}{2}$ - $\frac{7}{8}$ of a point above the opening levels.

The Industrial market opened quietly steady with no decided trend. Prices, however, continued to improve during the day aided by the 1% reduction in MLR and most sections closed at the best levels. Brewery shares were a particularly firm sector on the better than expected results from Scottish and Newcastle, while Oil and Insurance issues continued to attract buying interest. Wilkinson Match, suspended at 9.30, returned at midday 10 pence higher at 158p following the bid from the Allegheny Ludlum Industries, who already have a 44% holding. Kaffir shares fluctuated marginally throughout the day. G.E.C. were sharply higher at the close following the excellent results.

Financial Times Index (3.00 p.m.) 472.0 (up 8.4)

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| Sales | £ | 343,651,000 |
| Purchases | £ | 16,352,000 |
| Nett Sales on balance | £ | 327,299,000 |