

Monday, 4th August 1980

The Gilt Edged market was easier at the opening in all sections and prices were an  $\frac{1}{8}$  lower in the short dated bonds and  $\frac{1}{4}$  to  $\frac{3}{8}$  down in the medium and long dated issues. This was thought to be due to unfavourable press comment in the Sunday newspapers concerning the money supply figures due to be announced on Tuesday next. Most of the selling was in the area of the short dated bonds and this was thought to come for the most part from the discount houses. Falls in shorts amounted to as much as  $\frac{3}{4}$  of a point in places and weakness in this area of the market spread down the list to the long dated issues which also were lower by a similar amount by lunch time. Slight recovery was seen during early afternoon, but when it was known that a major American bank had raised its prime rate from  $10\frac{1}{4}$  - 11% the market eased further and closed the day at or just above the lowest levels in all sections showing falls varying between  $\frac{3}{8}$  -  $\frac{1}{4}$  of a point.

The Industrial market opened unchanged but quickly eased as sellers appeared on suggestion that money rates are unlikely to fall significantly in the near future. Trading conditions were generally very quiet and prices tended to drift lower until small investment demand helped most sectors to close slightly above the worst levels. Brewery shares were steady but Distillery issues were flat on the announcement that the Monopolies Commission have vetoed the proposed takeover of Highland Distilleries by Hiram Walker of Canada. In a dull Building sector, Taylor Woodrow were weak following recent strength, ahead of the interim statement tomorrow. Properties, Stores and Engineers were easier on the interest rate considerations. Kaffirs remained steady with very little change seen in the bullion price.

Financial Times Index (3.00 p.m.) 482.8 (down 5.1)

BANK

Purchases

£5,030,000