

Tuesday, 5th August 1980

The Gilt Edged market was looking reasonably steady at the opening in all sections and prices improved by about $\frac{1}{16}$ to $\frac{1}{8}$ in short dated bonds and $\frac{1}{8}$ to $\frac{1}{4}$ in the long dated issues. This improvement is thought to be mainly due to some investors closing their positions after the severe falls which have been seen during the past few days and in advance of the banking figures due to be announced this afternoon. The buying was quite persistent and with the jobbers short of stock prices made further improvement during the morning and rises of $\frac{3}{8}$ to $\frac{1}{2}$ a point were wide spread. The market turned slightly easier during the early part of the afternoon and when banking figures were announced they proved to be worse than anybody had anticipated. In spite of this and perhaps because the jobbers marked prices down quite sharply, selling was not heavy and although all the early gains were lost the market ended the day showing falls from the opening of not more than an eighth to a quarter in the short dated bonds and $\frac{1}{4}$ to $\frac{1}{2}$ in most of the long dated issues.

The Industrial market opened steadily and was little changed during the day until the disappointing banking figures were announced. Prices were then marked lower as jobbers tried to discourage any significant selling and trading conditions remained fairly quiet. Building shares were flat following bearish press comment concerning the outlook both nationally and overseas for private and commercial building. Taylor Woodrow interim results were in line with market expectations and the shares recovered partially from their earlier fall. Merchant Banks and Discount issues were weak although the Clearing Banks encountered two-way trade. The Insurance sector was generally firm throughout. Kaffirs were initially better but later eased as the gold price fluctuated before closing unchanged.

Financial Times Index (3.00 p.m.) 482.1 (down 1.3)

C.N.D.

and

Sales and Purchases

NIL

BANK