

Tuesday, 12th August 1980

The Gilt Edged market was easier at the opening in all sections and prices were about $\frac{1}{8}$ down on the short dated bonds and $\frac{1}{4}$ lower in the long dated issues. This reflected some selling which had been seen after hours on the previous evening following the announcement of the Government borrowing requirements which were higher than had been anticipated. Business was on a fairly small scale throughout the morning. Prices drifted downwards so that by lunch time falls of up to $\frac{1}{2}$ a point were widespread. The market recovered slightly during the afternoon with the appearance of some cheap buyers and ended the day looking reasonably steady at or just around the lowest levels but still showing falls of $\frac{1}{4}$ - $\frac{3}{8}$ throughout the list.

The Industrial market opened marginally better on further consideration of yesterday's economic indicators, suggesting a decrease in the rate of inflation, and on the continued strength of Wall Street. Trading conditions remained extremely quiet and prices saw little change during the day. Leading issues were generally firm, helped by good half-yearly figures from Unilever whose shares improved accordingly. Dunlop encountered speculative support on renewed hopes of a takeover. The Insurance sector tended higher. However, Commercial Union interim results were below market expectations and the rise was not sustained. Letraset were sharply better following the final profits statement. Kaffirs were easier in line with the bullion price.

Financial Times Index (3.00 p.m.) 480.4 (up 1.4)

<u>BANK</u>	Sales	£13,732,000
	Purchases	£14,190,000
	Nett Purchases on balance	£ 458,000