

Wednesday, 20th August, 1980.

The Gilt Edged market was easier at the opening in all sections and this was once again due to very tight conditions in the money market over the banking make-up day and press comment on the prospect of higher interest rates in the U.S.A., following the rise in the prime rate of the Chase Manhattan Bank to $11\frac{1}{4}\%$. Prices in the short-dated bonds were $\frac{1}{8}$ lower and in the medium and long-dated issues they were $\frac{1}{4}$ down from the previous night's closing levels. Business was once again on a very small scale with sellers predominating, as temporary money rates were extremely high. After the initial falls, a slightly firmer tendency developed and by lunchtime most of the early losses had been regained. The market continued this firmer trend throughout the afternoon and ended the day having recovered all the losses in the medium and long-dated areas; some of the longer short-dated bonds were $\frac{1}{16}$ down on balance.

The Industrial market opened slightly easier with sentiment adversely affected by the continuing weakness of Wall Street. Trading conditions were slack once more but selective demand helped prices to move higher during the day, to close around the best levels. The Insurance and Electrical sectors were again the focus of attention with most of the leading shares encountering strong investment support. Oil issues improved in light two-way trade; however, Lasmo were dull on further consideration of yesterday's results. Shell were steady ahead of half-yearly profits due tomorrow. Building shares were quietly firm, with London Brick unchanged following interim figures, which equalled market estimates. Kaffirs were better, in line with the bullion price. De Beers were flat on the overnight announcement of disappointing results.

Financial Times Index (3.00 p.m.)

489.8 (up 1.7)

C.N.D.

Sales

NIL

Purchases

£ 1,604,000

Nett Purchases on balance

£ 1,604,000