

Tuesday, 7th October, 1980.

The Gilt Edged market was quietly firm at the opening and prices were  $\frac{1}{8}$  higher in the shorts and  $\frac{1}{4}$  up in the medium and long-dated issues and this reflected some buying which had been seen after hours on the previous evening. Business was on a fairly small scale throughout the morning and the early gains were lost in the short-dated bonds, which by midday were showing falls of  $\frac{1}{8}$  -  $\frac{3}{16}$  and the long-dated issues were only about  $\frac{1}{8}$  above the opening levels, in advance of the money figures due to be announced at 2.30 p.m. When these figures were announced, they were well received and a substantial demand was seen for the Government long-dated tap stock, Exchequer 12% 1998 'A', and the Bank was able to sell a fairly large amount at 50  $\frac{1}{4}$  (50% paid). Prices of other stocks at the long end also improved but some profit-taking was seen just before the close and the whole market ended the day looking reasonably steady in the medium and long-dated areas, but only about  $\frac{1}{8}$  above the opening levels, while the short-dated bonds remained unchanged, about  $\frac{1}{8}$  -  $\frac{3}{16}$  down on balance.

The Industrial market opened slightly better in response to a large overnight rise on Wall Street. However, prices later drifted lower on lack of interest. The afternoon statement on Eligible Liabilities and the indications for the Money Supply were quite bullish. As a result, most sectors hardened to close at the best levels although trading conditions remained extremely thin. Stores shares were firm and Sears Holdings improved as interim figures exceeded market expectations. J. Hepworth encountered speculative demand on vague bid rumours. Electrical issues saw renewed institutional buying and Farnell Electronics were sharply better following excellent half-yearly results. The Building sector was generally steady but Blue Circle were dull on the announcement of higher terms for their proposed takeover of Armitage Shanks. Metal Box were flat after a press article downgrading profit estimates. Kaffirs were unchanged in line with the gold price.

Financial Times Index (3.00 p.m.) 484.8 (up 0.4)

BANK

Sales	£	151,501,000
Purchases	£	21,228,000
Nett Sales on balance	£	130,273,000