

Tuesday, 9th December, 1980.

The Gilt Edged market was quiet and steady at the opening and there was little or no change in price in any section. Business was on a very small scale throughout the morning although a few buyers were seen and these were thought to be closing their positions prior to the announcement of the banking figures, due at 2.30 p.m. In fact, by lunchtime rises of $\frac{1}{16}$ - $\frac{1}{8}$ were widespread. The market went sharply into reverse after 2.30 p.m., which was due to the much larger than expected rise in the Central Government Borrowing Requirement for the month of November and the fact that sterling M3 was estimated to have grown by about 2% during that month. Some quite substantial sellers appeared and prices were marked down sharply in all sections, with the short-dated bonds $\frac{1}{4}$ - $\frac{1}{2}$ lower, the mediums $\frac{3}{4}$ - 1 point down and the long-dated issues 1 - $1\frac{1}{4}$ below the opening levels. Just before the close it was learnt that a New York bank had raised its prime rate from 19% to $19\frac{3}{16}$ %, and the whole market closed the day looking weak at the lowest levels.

The Industrial market opened slightly easier reflecting the continued unsettled trend on Wall Street. Prices, after drifting lower initially, rallied on small investment interest before the disappointing money supply figures left all sections marginally easier on balance. Property and Banking issues failed to maintain the better levels, while the lower gold fix price caused a sharp reaction in Kaffirs. Trafalgar House moved higher after the final figures, while Oil shares remained cautious on renewed profit-taking.

Financial Times Index (3.00 p.m.) 467.0 (down 2.2)

C.N.D. Sales and Purchases NIL

<u>BANK</u>	Sales	£	13,792,000
	Purchases	£	5,315,000
	Nett Sales on balance	£	8,477,000