

Tuesday, 16th December, 1980.

The Gilt Edged market was looking slightly steadier at the opening in all sections and prices in the short-dated bonds improved by  $\frac{1}{8}$  and were about  $\frac{1}{8}$  higher in the medium and long-dated issues. This firmer tendency continued throughout the morning and quite a considerable demand developed for the Government medium-dated tap stock, Treasury  $11\frac{1}{2}\%$  1989 'A' and the authorities were able to sell quite a large amount of this issue at  $25\frac{1}{8}$  (30% paid). After this had taken place the market improved further so that by lunchtime rises in the medium and long-dated issues were about  $\frac{3}{8}$  -  $\frac{1}{2}$  a point. Short-dated bonds, by comparison, were neglected and were looking more or less unchanged, with  $\frac{1}{8}$  movement in either direction. The market tended to become much quieter during the afternoon and some of the early gains were lost, but it closed the day looking reasonably firm but below the best levels.

The Industrial market opened slightly better in response to the well received November trade figures. Prices tended higher during the day on selective investment interest, closing around the best levels in fairly quiet trading conditions. Oil shares improved under the influence of oil price rises agreed at the OPEC meeting and on the impending allocations of North Sea exploration licences. Insurance issues staged a modest recovery following yesterday's sharp decline on the £116 million Royal Insurance rights issue. Leading 'blue-chip' companies, together with the Building and Engineering sectors, were firm on hopes that the industrial recession has reached its worst point and the outlook may be brighter. However, Lucas Industries continued dull after yesterday's warning from the Chairman that further factory closures and redundancies might be necessary. Kaffirs were weak in line with the lower gold price.

Financial Times Index (3.00 p.m.) 471.5 (up 7.1)

<u>C.N.D.</u>	Sales	£ 1,302,000
	Purchases	NIL
	Nett Sales on balance	£ 1,302,000
<u>BANK</u>	Sales	£ 115,118,000
	Purchases	£ 26,523,000
	Nett Sales on balance	£ 88,595,000