

Friday, 19th December 1980

The Gilt Edged market was looking firm at the opening in all sections and this was thought to be mainly due to the reasonable wage settlement for public service workers and the slightly better news from Northern Ireland. Quite a considerable amount of buying was seen in all areas of the market during the morning and prices improved by as much as $\frac{1}{2}$ a point in the short dated bonds and $\frac{1}{2}$ - $\frac{3}{4}$ in the long dated issues. In addition there was very substantial demand for the Government medium dated tap stock Treasury 11 $\frac{1}{2}$ % 1989 'A' and considerable stock was sold by the Bank of England at 25 $\frac{1}{4}$ and 25 $\frac{1}{8}$ (30% paid). This firmer tendency continued during the afternoon although the market hesitated slightly when it was learnt that the prime rate of a major American bank had risen from 21% to 21 $\frac{1}{2}$ %. This hesitation did not however last for long and just before the close official supplies of the medium tap stock were exhausted at a price of 25 $\frac{1}{2}$, and the market closed the week looking firm at or around the best levels.

The Industrial market opened steady. Trading conditions were extremely quiet and prices moved within narrow margins before closing slightly higher on balance. Leading 'blue-chip' shares retained the recent firm trend and BOC International showed further improvement as favourable press comment for the final results encouraged investors. Electricals were generally unchanged although Associated Communications continued to weaken after yesterday's sharp profits decline and dividend cut. United Scientific made further progress reflecting satisfaction over their yearly figures. Stores and Properties were better on selective investment interest. Johnson Matthey were steady following the announcement of a £47 million rights issue designed to finance their expansion programme. Kaffirs were narrowly mixed as the bullion price remained virtually unchanged.

Financial Times Index (3.00 pm)

467.0 (up 0.5)

C.N.D.

Sales

£ 4,418,000

BANK

Sales

£167,445,000

Purchases

£ 18,949,000

Nett Sales on balance

£148,496,000