

Monday, 22nd December, 1980.

The Gilt Edged market was firm at the opening and rises of as much as $\frac{1}{4}$ - $\frac{5}{8}$ were widespread in all sections. Some of this improvement had taken place after hours on the previous Friday following the exhaustion of official supplies of the Government medium-dated tap stock. The market continued to be firm and active throughout the morning and by lunchtime some of the short-dated bonds were showing rises of as much as $\frac{1}{2}$ a point, with rises of 1 point in some of the high coupon long-dated issues. The market remained firm though rather less active during the afternoon, encouraged, to a certain extent, by news that an American bank in St. Louis had lowered its prime rate from 21% to 20%. The market closed the day looking firm, at or around the best levels.

At 3.30 p.m. it was announced that the Treasury had issued to the Bank an additional amount of £100 million of each of the following three stocks:-

Exchequer $12\frac{1}{8}\%$ Stock 1992
Exchequer $12\frac{1}{2}\%$ Stock 1994
Exchequer $10\frac{1}{2}\%$ Stock 1997

The Industrial market opened steady. However, prices moved lower during the day as the bearish OECD economic survey influenced sentiment. There was very little investment interest and most sectors closed around the worst levels in extremely light trading conditions. Stores were weak following reports that the pre-Christmas demand has not been as great as anticipated. Clearing Banks and Insurance issues were generally dull as large lines of stock were encountered. In a quiet Brewery sector, Scottish & Newcastle were slightly better on the interim profits and an unchanged dividend. Oils were easier on profit-taking and Tricentrol continued to drift lower, reflecting disappointment over the lack of any North Sea exploration licences allotted last week. Kaffirs improved in line with the higher bullion price.

Financial Times Index (3.00 p.m.) 463.4 (down 3.1)

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| <u>C.N.D.</u> | Sales | | NIL |
| | Purchases | £ | 480,000 |
| | Nett Purchases on balance | | 480,000 |

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| <u>BANK</u> | Sales | £ | 45,664,000 |
| | Purchases | £ | 1,596,000 |
| | Nett Sales on balance | £ | 44,068,000 |