

Monday, 2nd August, 1982.

Following the cut in the U.S. discount rate and the improvement in U.S. bonds, prices in the Gilt-Edged market opened firm this morning with rises of about $\frac{3}{8}$ - $\frac{1}{2}$. Demand for Treasury 11 $\frac{1}{2}$ % 1989 exhausted official supplies at the opening, and prices tended to improve slightly before profit-taking brought prices back to opening levels. In the later morning however the market improved again and by the close of business shorts were showing rises of around $\frac{7}{16}$ with longs up to $\frac{3}{4}$ better.

The Industrial market opened slightly easier at the beginning of a new account, in anticipation of a bearish C.B.I. survey to be published tomorrow. However, there was no selling pressure and most sectors improved during the day, helped by suggestions of further interest rate reductions. Electricals were initially firm but later reacted in response to a cautious statement and disappointing interim results from Standard Telephones, whose shares were sharply lower. Building issues were well supported following encouraging week-end press comment and on hopes of a cut in mortgage rates. Stores, Foods and Breweries were generally better on selective investment demand. Kaffirs were higher as the bullion price increased.

Financial Times Index (3.00 p.m.) 557.8 (up 1.3)

C.N.D. Sales and Purchases

NIL

<u>BANK</u>	Sales	£	157,980,000
	Purchases	£	360,000
	Nett Sales on balance	£	157,620,000