

Wednesday, 18th August, 1982.

The Gilt-edged market opened extremely strongly in the wake of a sharp rise in the U.S. bond market overnight. Shorts rose by $1\frac{1}{4}$ and longs by up to $1\frac{3}{4}$ and prices continued upwards in early dealings to a peak of up to $2\frac{1}{4}$ in the shorts and mediums, and up to $3\frac{1}{4}$ in the longs. During the afternoon the authorities' activities in the money markets coupled with an early easing of U.S. bonds, caused a sharp drop of $\frac{3}{4}$ in the shorts and $\frac{1}{2}$ in the longs; but as the U.S. bonds recovered so the longs returned to their best levels and the shorts closed with gains of up to 2 points.

The Industrial market opened sharply higher in response to the record overnight rise on Wall Street stimulated by the expectation of lower interest rates. Prices improved across a broad front on persistent investment demand and most sectors closed around the best levels. Electricals were well supported with all leading issues marked up substantially. Plessey were better ahead of tomorrow's interim report. Breweries, Foods and Stores showed a widespread improvement. Building and Property shares were firm in anticipation of further lending rate reductions. Oil stocks were better on hopes of an impending petrol price increase but Shell were initially lower following disappointing interim figures. Kaffirs hardened in line with the gold price.

Financial Times Index (3.00 p.m.) 578.4 (up 20.2)

<u>C.N.D.</u>	Sales		NIL
	Purchases	£	252,000
	Nett Purchases on balance	£	252,000
<u>BANK</u>	Sales	£	107,365,000
	Purchases		NIL
	Nett Sales on balance	£	107,365,000