

Friday, 27th August, 1982.

The Gilt-edged market opened quietly with prices at the lower levels reached after hours. Despite the news of the cut in the Federal Reserve's discount rate overnight, investors paid more attention to the advent of the long week-end and prices drifted lower throughout the list. This slide was halted by the news of the level at which the authorities had intervened in the money market, but with no more than token buying, prices failed to hold the $\frac{1}{16}$ recovery. When it was seen that U.S. bonds were opening with losses of up to 1 point, prices fell away again to a level at which shorts and longs were down by 1 point on the day, although the mediums had only fallen by $\frac{1}{2}$. By the close prices had risen $\frac{1}{8}$ from their lowest levels in the worst hit areas.

The Industrial market opened slightly better. However, the trend was not sustained and prices drifted back, closing at the lower levels despite further domestic base rate reductions. Insurance shares declined across a broad front following adverse press comment concerning American underwriting losses. Clearing Banks eased on fears that the latest interest rate cuts will tighten trading margins. Building issues were steady in active two-way business. Electricals, Engineers and Breweries were generally dull throughout on lack of support. Kaffirs were initially firm but later weakened as the gold price ended below the best level.

Financial Times Index (3.00 p.m.) 574.2 (down 1.9)

C.N.D. Sales and Purchases NIL

<u>BANK</u>	Sales	£	7,504,000
	Purchases	£	4,155,000
	Nett Sales on balance	£	3,349,000