

PRIME MINISTERBILATERAL WITH THE CHANCELLOR

Subjects which he intends to raise include:

- (i) The state of the markets and in particular the case for a pause in the downward movement of interest rates. Today's closing figures are:
\$1.527
3.34 DM
75.7 on the sterling index
10³/8% on 3 month inter-bank
(The movement has been slightly up over the last few days).
- (ii) Stamp Duty
The Chancellor is proposing to announce an amendment at Second Reading of the Finance Bill on Tuesday.
There is a minute in the folder from him.
- (iii) Economic prospects generally
We have a whole series of very contradictory indicators, e.g. very good: interest rates, retail sales, RPI and employment; very bad: trade and unemployment.
- (iv) The handling of Civil Service pay in relation to TSRB. You will recall agreeing to the Chancellor's recent minute on the former.

Timothy Flesher

23 April 1986

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