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File

MR TURNBULL

23 October 1984

I attended the Funding Meeting yesterday: nothing of any importance.

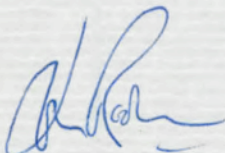
National Savings reported that it is too early to say how the 29th Issue at 8 per cent net will sell.

Money growth for September was disappointing, but October should be better. Mo and £M3 is within target range on a 6 and 12 month basis.

Indexed gilts had a flurry of popularity after a long period of disinterest in them.

The decision to cut oil prices, coupled with NACODS, has hit the gilt market quite hard, so yields are now more attractive again. Treasury and Bank have done a good job, not intervening or deliberately driving up short interest rates.

If the market becomes strong, they might sell a late 1990s medium/long (15 years). Much more likely, they will issue tranchettes against a background of the odd good day or two. They are proposing zero coupon stocks in principle. The Economic Secretary was warned of the presentational difficulty at a time when the IR are clamping down on bond washing.



JOHN REDWOOD

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