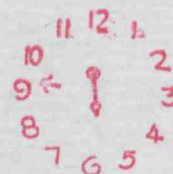


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16 OCT 1989

PRIME MINISTER (AIRBOURNE, FROM PAUL GRAY)



RECEIVED IN COMCEN

FINANCIAL MARKETS: 1800 HOURS OUR TIME

The latest position is:

- (i) following late trading the FT-SE 100 improved further and closed at 70 points down on the day
- (ii) Wall Street is now showing much less fluctuation, with the Dow fairly steady at some 30 points up on the day during the last hour.
- (iii) currencies are little changed over the last hour, although we are now slightly above DM 2.94.

Unless there are further major developments during the evening we will not send a further report until Wall Street closes.

Rec.

PAUL GRAY

16 October 1989

B:\MARKETS (slh)

16 OCT 1989

PAUL GRAY TO PRIME MINISTER, AIRBORNE

FINANCIAL MARKETS: MID AFTERNOON



The position at 1700 our time is:

- i) the FT-SE 100 ended about 110 points down on the day, compared with 200 points down at its worst point around lunchtime.
- ii) Wall Street has traded frantically in the first couple of hours. But after an initial drop of some 60 points, it is now some 40 points up on the day.
- iii) On currencies, the dollar remains weak. Sterling is still around \$1.58. It has strengthened a bit against the DM and is now just under DM 2.94.
- iv) the three month market rates have been marginally below 15 per cent all day, and so do not point to any change.

Recg.

PAUL GRAY
16 OCTOBER 1989

B:markets.mrm