

Friday, 31st October, 1980.

The Gilt Edged market had been about $\frac{1}{8}$ easier after hours yesterday, and opened at around this level this morning. Comment in the press both on the U.K. borrowing requirement and on U.S. interest rates brought in a few sellers and by mid-morning prices in the longs had fallen by a further $\frac{1}{4}$. This drift continued until lunchtime when shorts were showing losses of $\frac{1}{8}$ - $\frac{1}{4}$, and longs had fallen by about $\frac{3}{8}$. The market was very quiet during the afternoon and prices closed the day at the lunchtime levels.

The Industrial market opened slightly easier. Dealers were worried by the poor performance on Wall Street caused by higher interest rates and inflation fears. Sentiment was further affected by the British Leyland pay dispute and threatened strike action. Prices were marked lower during the day and closed at the worst level in fairly quiet trading conditions. Oils encountered profit-taking after recent strength and some sharp falls appeared among leading companies. In secondary stocks, Sun Oil were particularly weak on reports of a plugged North Sea well. In leading 'blue-chip' shares, I.C.I. were dull after warnings of further possible plant closures. Electricals fluctuated in two-way trade. Thorn-EMI were unchanged on the announcement of their Leisure Division sale to Trust Houses Forte. BICC improved on institutional demand. Kaffirs were flat as the gold price declined.

Financial Times Index (3.00 p.m.)

486.8 (down 6.0)

BANK

Sales

Purchases

Nett Purchases on balance

£

NIL
32,047,000

£

32,047,000