

Monday, 5th January, 1981.

The Gilt Edged market was looking reasonably steady at the opening. One or two of the short-dated bonds improved by $\frac{1}{16}$ - $\frac{1}{8}$ but the rest of the market opened at the lower levels which had been reached on the previous Friday, after the announcement of the new Government tap stock, Exchequer 12 $\frac{1}{2}$ % 1999 'B', and long-dated issues were about $\frac{1}{4}$ - $\frac{3}{8}$ down on balance. Business was on a small scale during the morning but a certain amount of activity was seen in the short and medium-dated areas of the market, with quite a heavy demand for maturities between the dates 1985-1991. All the early losses in the mediums were regained by lunchtime but the long-dated issues still looked neglected at the lower levels. The market was quite active during the afternoon and the firmness in the shorts and mediums spread down the list to the long-dated issues, which recovered part of their early falls. The market was encouraged by news that a major American bank had reduced its prime rate to 20% and the whole market closed the day looking firm, after quite a large turnover, at the best levels in the short and medium-dated stocks and only about $\frac{1}{8}$ down in the long-dated issues.

The Industrial market opened marginally higher on cautiously optimistic week-end press comment. However, there was very little investment interest and most sectors drifted, closing slightly lower on balance in quiet trading conditions. Clearing Banks encountered early demand on favourable profit forecasts, ahead of their final results to be announced shortly. Insurance shares were dull as dealings began in the Royal Insurance rights. Stores were initially better on news that the January sales are proceeding well. Grattan Warehouses were weak on the Chairman's warning of lower dividends and possible redundancies. Other Mail Order shares eased in sympathy. Electricals, Engineers and Oils were generally lower on lack of any support. Avon Rubber were sharply higher following the announcement of their medical division sale to Smith and Nephew. Kaffirs improved in line with the gold price.

Financial Times Index (3.00 p.m.) 473.2 (down 2.1)

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| <u>C.N.D.</u> | Sales | £ | 11,709,000 |
| | Purchases | £ | NIL |
| | Nett Sales on balance | £ | 11,709,000 |
| <u>BANK</u> | Sales | £ | 84,404,000 |
| | Purchases | £ | 36,981,000 |
| | Nett Sales on balance | £ | 47,423,000 |