

Tuesday, 6th January, 1981.

The Gilt Edged market was looking quite firm at the opening with short-dated bonds about $\frac{1}{8}$ higher and the long-dated issues $\frac{1}{4}$ up from the previous night's closing level. Business was on quite a large scale during the morning and a considerable demand was seen for the medium and long-dated issues. With the jobbers short of stock, prices improved quite sharply and by lunchtime, in some places, rises of $\frac{1}{2}$ - $\frac{3}{4}$ of a point were seen. Shorts, by comparison, were rather neglected but they also improved by $\frac{1}{8}$ - $\frac{3}{16}$. The market remained firm during the early part of the afternoon, in advance of the banking statistics due to be announced at 2.30 p.m. These figures were up to the best expectations but, after a momentary improvement, sellers appeared and quite a large part of the early gains in all sections of the market were lost between 2.30 and 3.30. The market, however, closed the day looking reasonably steady but well below the best levels.

The Industrial market opened steady. However, a continued absence of investment support caused prices to weaken during the day and close around the worst levels. The Money Supply figures were much as expected and did not affect the market. Leading 'blue-chip' companies were dull, influenced by the announcement of factory closures and redundancies in the Fisons fertilizer division. As a result, Fisons shares were sharply lower. Brewery issues fell on news of another drop in beer sales and a prediction that conditions will remain depressed for some time. Electricals were weak on suggestion that the Government may make further cuts in their Defence budget. Thorn-EMI were flat ahead of interim results due at the end of the week. Among unchanged Food shares, J. Sainsbury were in demand on trading prospects and possible expansion plans. Kaffirs improved as the gold price increased.

Financial Times Index (3.00 p.m.) 468.4 (down 4.5)

<u>C.N.D.</u>	Sales and Purchases	NIL
<u>BANK</u>	Sales	£ 131,576,000
	Purchases	£ 88,218,000
	Nett Sales on balance	£ 43,358,000