

Monday, 12th January, 1981.

The Gilt Edged market was easier at the opening in all sections. Part of this was due to some selling which had taken place after hours on the previous Friday and, in addition, it was thought that interest rates in America were likely to start increasing once again, and there were fears of industrial trouble in the public sector. Prices of the short-dated bonds were $\frac{1}{8}$ - $\frac{1}{8}$ lower and the medium and long-dated issues were as much as $\frac{1}{2}$ a point down from the previous Friday's closing levels. Business was, however, on a fairly small scale and a few cheap buyers appeared at the lower levels, so that part of the falls had been regained by lunchtime. The market was much quieter during the afternoon, waiting for the announcement of the Central Government Borrowing Requirement for December which was due at 2.30 p.m. When this figure was announced, the market turned easier once again as the requirement was larger than most people expected and, although a few sellers appeared, it closed the day looking barely steady, at or around the lowest levels, with falls of $\frac{1}{8}$ - $\frac{3}{8}$ in the short-dated bonds and about $\frac{1}{2}$ a point in the medium and long-dated issues.

The Industrial market opened lower on the first day of the new account. Sentiment was influenced by the prospect of industrial action from several unions in support of wage claims. Following the initial mark down, prices fluctuated narrowly in light two-way trade to close around the worst levels. Oils were particularly flat on adverse week-end press comment, predicting another drop in demand and lower profits. Shipping shares were dull, affected by the seamen's strike, which may damage future business prospects. Electrical issues encountered renewed selling and Thorn-EMI were easier on further consideration of last Friday's interim profits. Banks and Insurances were weak, extending their recent trend. However, Mercantile House saw speculative demand ahead of forthcoming results. Daily Mail Trust and Associated Newspapers were sharply higher following the announcement of a new North Sea oil find in which they have a stake. Kaffirs declined as the gold price fell.

Financial Times Index (3.00 p.m.) 455.2 (down 6.0)

C.N.D. Sales and Purchases NIL

<u>BANK</u>	Sales	£	17,354,000
	Purchases	£	17,388,000
	Nett Purchases on balance	£	34,000