

Wednesday, 21st January, 1981.

The Gilt Edged market was quietly firm at the opening and, where changed, prices were $\frac{1}{8}$ higher in the short-dated bonds and $\frac{1}{8}$ up in the medium and long-dated issues. This firmer tendency, which had started at the beginning of the week, continued throughout the day and buyers once again predominated, though on a smaller scale. The mediums remained firm throughout the day as the jobbers were short of stock in this area and by lunchtime rises of as much as $\frac{3}{8}$ of a point were widespread. Short-dated bonds moved rather erratically owing to the shortage of money and lost some of their early gains, while the long-dated issues were reasonably firm throughout the day, about $\frac{1}{8}$ - $\frac{1}{4}$ above the opening levels. Little change was seen during the afternoon and the market closed looking reasonably steady in all sections, though slightly below the best.

The Industrial market opened steady despite the severe overnight decline on Wall Street. Prices tended higher during the day on further hopes of a fall in interest rates. Electricals encountered investment interest with Defence stocks well supported as Government spending cuts proved to be less harsh than anticipated. G.E.C. Racal Electronics and Plessey were particularly firm. Oil shares were dull with British Petroleum and Shell significantly lower, affected by American selling. Among Financials, Clearing Banks remained steady. Union Discount were unchanged on final results. Britannia Arrow saw speculative demand on renewed suggestion of a takeover. In the Insurance sector, Life Companies were higher following a favourable broker's circular. Trusthouse Forte were firm on yearly profits, increased dividend and share capitalisation. Grand Metropolitan improved in sympathy. Kaffirs were sharply better in line with the bullion price.

Financial Times Index (3.00 p.m.) 462.7 (up 4.1)

<u>C.N.D.</u>	Sales	£	11,751,000
	Purchases	£	3,103,000
	Nett Sales on balance	£	8,648,000
<u>BANK</u>	Sales	£	11,928,000
	Purchases	£	754,000
	Nett Sales on balance	£	11,174,000