

Friday, 23rd January, 1981.

The Gilt Edged market was slightly easier at the opening in all sections and prices were about  $\frac{1}{8}$  -  $\frac{1}{4}$  lower. This was thought to be mainly due to a prediction made by Mr. Henry Kauffman in New York that interest rates in the U.S.A. were going to be higher in 1981 by comparison with 1980. Buyers, however, appeared almost immediately at the lower levels and the early losses were soon regained and, in fact, by lunchtime rises of  $\frac{3}{8}$  -  $\frac{1}{2}$  a point were widespread in the long-dated issues. Short-dated bonds also improved but only showed rises of about  $\frac{1}{16}$  -  $\frac{1}{8}$  from the opening levels. The market remained firm though less active during the afternoon and closed the week looking reasonably steady, at or around the best levels.

At 3.30 p.m. an announcement was made of a new issue of Government stock, which took the form of an issue by tender of £1,000 million 12% Exchequer Convertible Stock 1988. The holders of this stock made, at their option, convert in whole or in part, into 13½% Exchequer Stock 1992 on five different dates between 1981 - 1983.

The Industrial market opened steady on the last day of the current account. There was very little buying for the new account and most sectors drifted lower on lack of interest, with significant price movements confined to a few special situations. Among easier Engineering shares, Lucas Industries were sharply lower on renewed suggestion that they are experiencing very difficult trading conditions. Turner and Newall were dull on the news of a factory closure and redundancies. However, BOC International continued to improve following publication of the annual report. In a quiet Food sector, Tate & Lyle encountered renewed demand on further consideration of yesterday's encouraging figures and favourable press comment. Stores were generally unchanged, although House of Fraser were higher on news that Lonrho will retain their large shareholding. Kaffirs were weak as the gold price declined.

Financial Times Index (3.00 p.m.) 454.2 (down 2.9)

<u>C.N.D.</u>	Sales	£	6,559,000
	Purchases		NIL
	Nett Sales on balance	£	6,559,000
<u>BANK</u>	Sales	£	16,559,000
	Purchases		NIL
	Nett Sales on balance	£	16,559,000