

Monday, 26th January, 1981.

The Gilt Edged market was easier at the opening in all sections and prices were about $\frac{1}{8}$ lower in the short-dated bonds and $\frac{1}{4}$ down in the medium and long-dated issues. This easier tendency followed the announcement of the new £1 billion Exchequer 12% Convertible Stock 1985 at the close of business on the previous Friday afternoon. Business was on a fairly small scale throughout the day but sellers predominated in early trading and, in particular, short-dated bonds looked rather soft with falls of up to $\frac{1}{2}$ a point by lunchtime. Long-dated issues also encountered some selling and they fell by $\frac{1}{4} - \frac{3}{8}$ during the morning. A slightly firmer tendency developed during the afternoon, particularly at the long end of the market, and part of the early losses was regained. Little change was, however, seen in the short-dated bonds but the rest of the market closed looking reasonably steady, about $\frac{1}{8}$ below the previous night's closing levels.

The Industrial market opened better on the first day of the new account. Week-end press comment was generally favourable and prices tended higher during the day, closing at the best levels. Engineers and Electricals were firm with Racal Electronics in demand ahead of interim results to be announced on Thursday. Property shares were higher on renewed suggestion of falling interest rates and speculation concerning increased rental charges. Insurance issues continued to be well supported following several bullish brokers' circulars. The Oil sector improved on some investment interest after the recent weak trend. Kaffirs declined as the gold price moved sharply downward.

Financial Times Index (3.00 p.m.) 462.8 (up 7.1)

<u>C.N.D.</u>	Sales	£	2,345,000
	Purchases		NIL
	Nett Sales on balance	£	2,345,000
<u>BANK</u>	Sales	£	27,191,000
	Purchases	£	20,056,000
	Nett Sales on balance	£	7,135,000