

Tuesday, 27th January, 1981.

The Gilt Edged market, although easing somewhat yesterday following the announcement of the new Convertible issue, had never lost its basically firm undertone. As a result the market recovered its poise today and returned to a better trend. After opening up to $\frac{1}{8}$ better, prices continued to improve gently for most of the day. By the close short-dated stocks, although slightly below the best, were about $\frac{1}{8}$ higher while longs showed rises of $\frac{3}{8}$ - $\frac{1}{2}$.

The Industrial market opened better, extending the overnight trend. Prices moved higher during the day on selective investment interest, encouraged by hopes of a fall in interest rates. The latest increase in the unemployment figures had little effect although most sectors closed slightly below the best levels. Brewery shares improved on suggestion that tax increases in the Spring Budget may be fairly modest. Oil issues were higher following favourable press comment. Clyde Petroleum saw speculative demand on rumours of a large gas discovery below the English Channel. In a generally better Food sector, BAT Industries were well supported ahead of results expected shortly. Associated Dairies were unchanged on the interim figures and rights issue to raise £45 million. Reed International were easier after third quarter profits slightly below market expectations. Kaffirs were initially weak but recovered in later trading in line with the bullion price.

Financial Times Index (3.00 p.m.) 467.7 (up 3.8)

C.N.D. Sales and Purchases NIL

<u>BANK</u>	Sales	£	4,903,000
	Purchases	£	10,062,000
	Nett Purchases on balance	£	5,159,000