

Monday, 2nd February, 1981.

The Gilt Edged market was firm at the opening in all sections and prices improved by about $\frac{1}{8}$ - $\frac{1}{4}$ throughout the list. This improvement was thought to be mainly due to the favourable week-end press and, as a result of an initial burst of buying, official supplies of both Treasury 3% Stock 1985 'A' and Exchequer 12% Convertible 1985 (40% paid) were exhausted. In addition, the Bank of England was able to make the first sales of Exchequer 12 $\frac{1}{4}$ % Stock 1999 'B' at 20 $\frac{1}{8}$ (20% paid). The market after this early improvement, which caused rises of as much as $\frac{1}{2}$ a point in places, saw some profit-taking and, although remaining firm, some of the early gains were lost by lunchtime. No real improvement was seen during the afternoon and, although most prices remained above the opening levels, both the 1985 and the 1999 tap stocks closed below the levels at which the authorities had sold stock during the morning.

The Industrial market opened steady at the beginning of the second week for the current account. Renewed suggestion of a fall in interest rates encouraged selective investment interest and most sectors tended higher during the day in quiet trading conditions. The Building sector was well supported on hopes that lower interest rates might stimulate the construction industry. Insurance shares were firm, maintaining the recent trend. However, Clearing Banks were flat following adverse press comment reviving fears of a "windfall tax" on excess profits. Electrical issues were mixed with Racal Electronics better on further consideration of last week's results, but Plessey and Thorn-EMI were both easier on profit-taking after recent strength. Mining Financials were dull as the bullion price declined, although Lonrho improved ahead of yearly figures to be announced later this week.

Financial Times Index (3.00 p.m.) 469.8 (up 3.5)

<u>C.N.D.</u>	Sales	£	2,906,000
	Purchases		NIL
	Nett Sales on balance	£	2,906,000
<u>BANK</u>	Sales	£	181,374,000
	Purchases	£	34,468,000
	Nett Sales on balance	£	146,906,000