

Tuesday, 3rd February, 1981.

The Gilt Edged market was slightly firmer in the short-dated bonds at the opening but about $\frac{1}{8}$ easier in the medium and long-dated issues. Business was on a much smaller scale throughout the day and the market was suffering from a certain amount of indigestion after the large amount of stock which had been bought on the previous day in all areas of the market. Some profit-taking was seen of the Government short-dated 1985 Convertible Stock and the long-dated Exchequer 12 $\frac{1}{4}$ % Stock 1999 'B'. This was thought to be mainly due to the fact that buyers had obtained rather more stock than they had anticipated. The market fluctuated within narrow limits throughout the morning but on balance showed rises of $\frac{1}{16}$ - $\frac{1}{8}$ in all sections. Little change was seen during the afternoon and the market closed looking reasonably firm at the slightly better levels.

The Industrial market opened steady. Institutional buying on hopes of lower interest rates helped prices to maintain the recent firm trend. Most sectors improved during the day to close around the best levels. Clearing Banks remained dull, continuing to be affected by adverse press comment, suggesting increased taxation on excess profits. Stores were generally well supported on speculation of better trading prospects. Great Universal Stores were a particularly firm feature. The Electrical and Engineering sectors were better. John Brown Engineering encountered demand on further consideration of their interim statement and the subsequent announcement of large overseas contracts. Kaffirs were easier in line with the bullion price.

Financial Times Index (3.00 p.m.) 474.5 (up 6.9)

<u>C.N.D.</u>	Sales and Purchases		NIL
<u>BANK</u>	Sales	£	12,206,000
	Purchases	£	10,473,000
	Nett Sales on balance	£	1,733,000