

Wednesday, 18th February, 1981.

The Gilt Edged market was quietly firm at the opening with the short-dated bonds  $\frac{1}{16}$  -  $\frac{1}{8}$  higher and the medium and long-dated issues either unchanged or  $\frac{1}{8}$  above the previous night's closing levels. The main feature of early trading was a quite substantial demand for Treasury 12% Stock 1986 and the Bank was able to sell this tap stock at  $20\frac{1}{16}$  (20% paid). The firmness in the shorts spread down the list to the long-dated issues and by midday rises of  $\frac{1}{8}$  -  $\frac{1}{4}$  were widespread in all sections. The market tended to ease slightly during the afternoon on the appearance of some profit-takers and, in spite of the unfavourable industrial news, it closed the day looking reasonably firm at about  $\frac{1}{8}$  below the best levels in most places.

The Industrial market opened quietly firm on hopes that the early talks on the coal dispute would avoid further industrial unrest. Prices eased towards midday on the news that the National Coal Board had announced further pit closures. Towards the close cheap buyers appeared on hopes of an early cut in M.L.R. Stores were generally dull on the Woolworth price cutting policy and fears of a high street prices war. BOC were firm after the announcement of increased first quarter profits. Birmid eased on the absence of a final dividend and adverse trading conditions. Dalgety improved on better than expected interim figures. BPC were dull on adverse press comment. Overseas markets were quietly firm ahead of President Reagan's economic package due later today.

Financial Times Index (3.00 p.m.) 489.1 (up 3.6)

<u>C.N.D.</u>	Sales		NIL
	Purchases	£	440,000
	Nett Purchases on balance	£	440,000
<u>BANK</u>	Sales	£	26,295,000
	Purchases	£	48,333,000
	Nett Purchases on balance	£	22,038,000