

Thursday, 19th February, 1981.

The Gilt Edged market was looking reasonably steady at the opening and, where changed, the short-dated bonds were slightly higher. The market reaction to the Government's handling of the dispute with the miners apparently was favourable and this, coupled with the expectation of a possible fall in M.L.R., resulted in the whole market looking quietly firm during the morning. In fact, the firmness in the short-dated bonds spread down the list to the long-dated issues and by lunchtime rises of $\frac{1}{8}$ - $\frac{1}{4}$ were widespread in all sections and a small amount of the Government short-dated tap stock, Treasury 12% 1986, was sold by the Bank at $20\frac{1}{8}$ (20% paid). The market remained looking reasonably firm during the afternoon and the banking figures for January had little effect on the market which closed the day looking reasonably steady, slightly below the best levels, but $\frac{1}{8}$ - $\frac{1}{4}$ above the opening.

Once again the authorities were able to buy in a large amount of the next maturity, Treasury $9\frac{3}{4}$ % Stock 1981.

The Industrial market opened slightly better. Sentiment was helped by the overnight news that a National Coalminers' strike has probably been averted. Institutional investment interest caused prices to improve across a broad front and most sectors closed around the best levels. Clearing Banks eased ahead of the Lloyds Bank yearly figures, to be announced tomorrow. Insurance issues were in demand despite an adverse broker's circular. Electrical shares were well supported and price rises were accentuated by a shortage of stock. GEC, Racal Electronics and Hawker Siddeley were particularly firm, while Plessey continued to harden prior to results expected next week. Leading 'blue-chip' companies were generally better, although BOC International were lower on profit-taking after the recent firm trend. Fisons were sharply higher on buying for recovery prospects. The Property sector improved despite an unchanged Minimum Lending Rate. Kaffirs were quiet as the gold price fluctuated narrowly.

Financial Times Index (3.00 p.m.) 494.1 (up 4.8)

<u>C.N.D.</u>	Sales	£	1,282,000
	Purchases		NIL
	Nett Sales on balance	£	1,282,000
<u>BANK</u>	Sales	£	3,924,000
	Purchases	£	101,364,000
	Nett Purchases on balance	£	97,440,000