

Monday, 2nd March, 1981.

The Gilt Edged market was looking quietly firm at the opening and prices in all sections were  $\frac{1}{8}$  -  $\frac{1}{8}$  higher. Most of this improvement had taken place after hours on the previous Friday afternoon following the announcement of the new Government short-dated low coupon tap stock. Business was on a very small scale throughout the day and, although the short-dated bonds remained looking reasonably firm, but not at their highest levels, the long-dated issues, drifted downwards so that by lunchtime they were showing falls of  $\frac{1}{8}$  -  $\frac{1}{4}$ . Little change was seen during the afternoon and buyers were conspicuous by their absence, and this was thought to be mainly due to the acute shortage of money and very high interest rates for overnight periods. The market closed the day looking barely steady, although there was little change in price from the opening levels.

The Industrial market opened steady on the first day of the new account during which details of the Spring Budget will be revealed by the Chancellor. Most sectors drifted lower during the day on profit-taking influenced by rather bearish week-end press comment and several pessimistic business surveys. Among leading 'blue-chip' companies, ICI remained unchanged. Fisons improved following the expected announcement of a decline in profits and a smaller dividend, which was not as bad as feared. Building shares were initially higher on hopes that an interest rate cut in the Budget may stimulate the house-building industry. Clearing Banks and Insurance issues were generally steady. Royal Insurance final figures were as forecast by the Chairman at the time of the recent rights issue. Merchant Banks were well supported and Hambros Bank were sharply better in a market short of stock. Electricals, Stores and Breweries were mainly easier throughout. Kaffirs were weak in line with the gold price.

Financial Times Index (3.00 p.m.) 500.8 (down 5.8)

<u>C.N.D.</u>	Sales and Purchases	NIL
<u>BANK</u>	Sales	NIL
	Purchases	£ 959,000
	Nett Purchases on balance	£ 959,000