

Tuesday, 17th March, 1981.

The Gilt Edged market opened the period on a quietly firm note with gains of up to $\frac{1}{4}$ of a point in the longer dated issues. This followed the publication late yesterday afternoon of the Trade Figures for February, showing a current account surplus of £614 million, which, whilst being below the high figure for January, was nevertheless regarded as satisfactory. A good demand was seen initially which enabled Exchequer $12\frac{1}{2}\%$ 1990 to be sold at $15\frac{5}{8}$ at which level the "tap" was then declared to be off by the authorities. A slightly easier market then developed, with prices falling away in light trading, to end the day showing losses of up to $\frac{1}{8}$ in the short market and an unchanged to $\frac{1}{8}$ improvement in the longer dated stocks.

The Industrial market opened slightly better, extending yesterday's modest improvement and reflecting the overnight strength of Wall Street. Institutional investment interest was widespread and most sectors moved higher during the day to close around the best levels. Most activity in early trading was centred on the Banking sector, where merger terms were announced between Standard and Chartered Banking Group and Royal Bank of Scotland. Dealings were resumed in both companies following last night's suspension and Standard and Chartered were lower while Royal Bank were sharply higher. Lloyds Bank published takeover proposals for Lloyds and Scottish, where they and Royal Bank are joint major shareholders. Engineering issues were firm with IMI improving on final profits as anticipated and a rights issue to raise £27 million. GKN were steady ahead of annual results expected tomorrow. Building shares were in demand. Barratt Developments were well supported after favourable interim profits and other house-builders hardened in sympathy. In a quiet Food sector, Brooke Bond were better following the interim statement. Oils, Electricals and Insurance shares were generally higher encountering substantial buying interest. Kaffirs fluctuated before closing easier in line with the bullion price.

Financial Times Index (3.00 p.m.) 486.8 (up 7.0)

C.N.D.

Sales and Purchases

NIL

BANK

Sales

£ 15,194,000

Purchases

£ 4,516,000

Nett Sales on balance

£ 10,678,000