

Thursday, 2nd April, 1981.

The Gilt Edged market opened the day on a quietly firm note. A continuing market shortage of stock, coupled with encouraging Press comment on the likelihood of a further reduction in interest rates, caused prices to rise by approximately  $\frac{1}{4}$  throughout the list. A small demand developed for the new Treasury 11 $\frac{1}{2}$ % 1985 which enabled the authorities to sell stock at  $\frac{1}{8}$  premium. Demand was not sustained, however, and prices drifted back to their overnight levels by lunchtime, and, with little fresh business transacted during the afternoon, the market closed the day showing little change except in the short-dated bonds which showed losses of up to  $\frac{1}{8}$ .

The Industrial market opened slightly better with sentiment helped by the strength of Wall Street and revived hopes of a cut in interest rates. Most sectors improved during the day on sustained institutional buying, closing at the best levels. Leading 'blue-chip' stocks were firm. Glaxo remained in demand ahead of results later this month. Beechams and I.C.I. were also well supported. Among Engineers, Bridon were steady after final profits, which equalled market expectations. Babcock International were higher on further consideration of figures and new contracts announced recently. Electricals encountered considerable interest. Plessey and Standard Telephones were particular features in anticipation of large orders to come from British Telecom. Clearing Banks were better and Insurance issues were sharply higher following favourable press comment concerning yesterday's excellent profits from several major companies. Kaffirs made marginal gains in line with the bullion price.

Financial Times Index (3.00 p.m.) 541.2 (up 11.4)

C.N.D. Sales and Purchases

NIL

BANK

Sales	£	11,282,000
Purchases	£	3,054,000
Nett Sales on balance	£	8,228,000