

Thursday, 7th May, 1981.

The Gilt Edged market has had a quieter and rather better day. The longer end of the market had been somewhat easier after hours yesterday following remarks from Mr. Regan that U.S. rates were likely to stay high, if not go higher, in the immediate future. This morning however the market was rather better with shorts opening  $\frac{1}{8}$  -  $\frac{1}{4}$  higher and longs recovering their after hours losses. A certain amount of buying appeared during the morning, more particularly in shorts, while buying in the longs was largely counterbalanced by further sellers. This meant that short prices gradually improved to show gains of up to  $\frac{3}{8}$  by lunchtime. During the afternoon prices eased again slightly to close  $\frac{1}{8}$  -  $\frac{1}{4}$  up on balance. Longs meanwhile showed a few small changes but in general closed unaltered on the day.

The Industrial market opened cautiously, reflecting continued concern on the higher American interest rates. Prices tended to move lower during the day on selective small selling and despite a rally towards the close most sections ended easier on balance. Electrical issues, initially dull on the British Telecom investment cuts, rallied from the worst levels, while Tricentrol, Ultramar and P. & O. all reacted further on consideration of yesterday's results. Building issues were particularly weak on profit-taking after their recent strong advances, while Kaffir shares lacked a decided trend throughout the day.

Financial Times Index (3.00 p.m.) 563.9 (down 6.7)

<u>C.N.D.</u>	Sales	£	4,733,000
	Purchases		NIL
	Nett Sales on balance	£	4,733,000
<u>BANK</u>	Sales	£	43,057,000
	Purchases		NIL
	Nett Sales on balance	£	43,057,000