

Monday, 18th May, 1981.

The Gilt Edged market took its cue today from suggestions that U.S. interest rates should soon start to come down and opened firmer. Short-dated prices were about $\frac{1}{8}$ higher while longs opened $\frac{1}{4} - \frac{3}{8}$ up. A certain amount of buying was then seen and by lunchtime shorts had improved in many cases by a further $\frac{1}{8}$, while longs were showing rises of $\frac{1}{2} - \frac{5}{8}$. These improvements were generally held until towards the close of business when news came through of a rise to 20% in a U.S. prime rate. This caused shorts to lose $\frac{1}{16}$ of their rise, while longs closed just below their best levels.

The Industrial market opened steady on the first day of the new account. Selective investment interest helped most sectors to improve and prices were given further impetus by the favourable Unilever figures. However, light selling towards the close caused the market to finish below the best levels. Among 'blue-chip' companies, Unilever were sharply higher as first-quarter profits easily surpassed expectations. Glaxo were firm and Beechams were in demand ahead of results due shortly. Electricals were generally steady although Defence stocks, notably Racal Electronics, eased on further discussion about Government spending cuts. British Aerospace were well supported on hopes of large overseas contracts. Stores were better following encouraging press comment and news of an increase in the Retail Sales volume. Engineers, Oils and Properties were usually better but Land Securities weakened on final results. Grand Metropolitan moved higher on further consideration of last week's excellent figures. Kaffirs were slightly lower in line with the bullion price.

	Financial Times Index (3.00 p.m.)	563.3 (up 2.3)
<u>C.N.D.</u>	Sales	£ 18,307,000
	Purchases	NIL
	Nett Sales on balance	£ 18,307,000
<u>BANK</u>	Sales	£ 31,990,000
	Purchases	NIL
	Nett Sales on balance	£ 31,990,000