

Tuesday, 26th May, 1981.

The Gilt Edged market opened steady, but encouraged by the recent improvement in the U.S. bond market, a few buyers came in during the early part of the morning. This interest was largely in the medium and long end where prices responded and by lunchtime were showing gains of up to  $\frac{5}{8}$ . Shorts, although better, were relatively neglected with rises of about  $\frac{1}{8}$ . In the afternoon business fell right away again, but the market remained quietly firm to close at around the lunchtime levels.

The Industrial market opened steady after the long Bank Holiday week-end. Prices were not affected by the BOC rights issue raising £82 million and most sectors tended marginally higher during the day in quiet trading conditions. Among leading 'blue-chip' companies, BOC International were easier following interim profits and news of a convertible rights issue. Dunlop remained in demand on renewed suggestion of a takeover bid. Unilever continued to improve following favourable week-end press comment on last week's results. Electricals were well supported on hopes that Defence spending cuts will not be as severe as anticipated. Clearing Banks were slightly lower but Merchant Banks hardened on selective investment interest. Hambros Bank were sharply higher on reports of a bullish broker's circular. Insurance shares rallied after Friday's weakness caused by the £76 million cash call from Guardian Royal. Oil issues were firm despite speculation that prices will be cut to counter falling demand. Stores, Breweries and Papers were generally better throughout. Kaffirs declined in line with the dull bullion price.

Financial Times Index (3.00 p.m.) 544.5 (up 1.1)

<u>C.N.D.</u>	Sales and Purchases		NIL
<u>BANK</u>	Sales	£	8,721,000
	Purchases	£	1,086,000
	Nett Sales on balance	£	7,635,000