

Wednesday, 27th May, 1981.

Following indications that there might be some movement towards settling the Civil Service dispute, and with the U.S. bond market retaining its recent improvements the Gilt Edged market opened quietly firm with rises of up to $\frac{1}{4}$. During the morning a number of buyers came in, again principally in the medium and long end, and prices in these sections showed further improvement. The afternoon saw trading conditions become relatively quiet again, but prices closed only marginally below the best levels in places, with shorts $\frac{1}{16}$ - $\frac{1}{8}$ better, and mediums and longs showing rises of about $\frac{1}{2}$.

The Industrial market opened higher following the strong overnight performance on Wall Street. However, the initial buying interest was not sustained and prices drifted back, closing lower on balance. Among leading 'blue-chip' companies, BOC International were dull on further consideration of yesterday's rights issue. Dunlop were easier as profit-taking developed in the absence of any definite news after recent takeover gossip. In a quiet Food sector, Tate and Lyle ended unchanged after early improvement. Interim profits were up to expectations but were accompanied by a cautious statement. Clearing Banks tended better and Merchant Banks hardened on investment support but Insurance issues eased on the disappointing first quarter results from Phoenix Assurance. Allied Irish Bank were firm after encouraging annual figures and rights issue to raise £25 million. Electricals were in demand although closing below their best. GEC and Plessey were particularly good features. Building shares weakened with Blue Circle flat on suggestion of a delayed cement price increase. Tunnel Holdings fell after their latest rejection of bid terms from T. W. Ward. Kaffirs were lower despite the steady gold price.

Financial Times Index (3.00 p.m.) 546.2 (down 1.4)

<u>C.N.D.</u>	Sales	£	45,312,000
	Purchases	£	45,927,000
	Nett Purchases on balance	£	615,000
<u>BANK</u>	Sales	£	11,827,000
	Purchases	£	1,433,000
	Nett Sales on balance	£	10,394,000