

Friday, 29th May, 1981.

The Gilt Edged market has been firm all day with interest again centred in the mediums and longs. After-hours buying yesterday had caused prices to rise, and with investors encouraged to hope that U.S. interest rates might be near their peak, the longer end of the market opened $\frac{1}{4}$ - $\frac{3}{8}$ above 3.30 yesterday. A certain amount of further buying in this area took place throughout the day and mediums and longs closed up to $\frac{3}{4}$ higher. Short-dated stocks continued to be neglected but they also managed a small rise on the day, closing generally about $\frac{1}{8}$ up.

At 3.30 the issue to the Bank of England by the Treasury of further amounts of three existing stocks was announced. These comprised £250 million in each case of Exchequer 12 $\frac{1}{4}$ % 1992, Treasury 12% 1995 and Exchequer 12% 1999/2002, to rank pari passu on all counts with the existing issues and for sale to the market at the Bank's discretion.

The Industrial market opened steady on the last day of the current account. However, persistent speculation that more large rights issues are pending disturbed sentiment and most sectors were depressed throughout the day as sellers prevailed in thin trading conditions. There was very little interest in dealing forward for the new account. Among dull leading 'blue-chip' companies, Beechams were weak prior to next week's final results. Courtaulds improved following press comment that highlighted recovery hopes after yesterday's annual figures. Clearing Banks were flat on renewed suggestion that Midland Bank are preparing to announce a rights issue while Insurance shares drifted lower through lack of support. Oil issues were easier, still affected by the recent OPEC agreement not to increase prices. The Engineering sector was lower on fears that any short-term industrial improvement will only be slight. Stores, Electricals and Building shares were generally dull with jobbers encountering some large lines of stock. Kaffirs declined in line with the bullion price.

Financial Times Index (3.00 p.m.) 539.9 (down 5.7)

<u>C.N.D.</u>	Sales	£	16,253,000
	Purchases		NIL
	Nett Sales on balance	£	16,253,000
<u>BANK</u>	Sales	£	28,673,000
	Purchases	£	1,088,000
	Nett Sales on balance	£	27,585,000