

Monday, 1st June, 1981.

The Gilt Edged market opened steady, but with demand in evidence early for the three new stocks issued last Friday. During the morning prices improved slightly, and the authorities were able to sell amounts of the new stocks at prices slightly above Friday's close. During the afternoon, with news coming in of a further fall in one of the U.S. prime rates to 19% the market continued firm and the authorities sold a little more of the short tap Treasury 11½% 1985. At the close short-dated stocks were about 1/8 better on the day, while longs closed 1/4 higher.

The Industrial market opened steady on the first day of the new account. Most sectors improved during the day on investment interest encouraged by several economic surveys and prices closed around the best levels. Attention was focused on the Insurance sector where Allianz Versicherungen of Germany purchased a 14.9% stake in Eagle Star at 290p per share. A later statement announced their intention to purchase a further 15% tomorrow although a full scale bid will not ensue. Eagle Star were sharply higher and other Composite companies hardened as institutions switched their funds. Clearing Banks were better on confirmation of a favourable broker's circular and an official denial of a Midland Bank rights issue. Hambros remained strong on speculative support in a thin market. Among firm 'blue-chip' shares, Beecham moved higher ahead of final results expected on Thursday. Oils, Stores, Breweries and Builders were generally firm throughout. Electricals saw persistent demand with GEC and Plessey particularly firm. Kaffirs fluctuated narrowly as the gold price increased marginally.

Financial Times Index (3.00 p.m.) 545.9 (up 3.4)

C.N.D. Sales and Purchases NIL

<u>BANK</u>	Sales	£	165,345,000
	Purchases	£	55,863,000
	Nett Sales on balance	£	109,482,000