

Thursday, 4th June, 1981.

The Gilt Edged market has had a poor day with prices falling sharply in response to the equally sharp fall in the Sterling/Dollar rate. The market initially opened about $\frac{1}{4}$ down in short-dated stocks and $\frac{1}{2}$ down in longs. At this level substantial sellers immediately appeared, a number of whom were thought to be from abroad, and prices fell away quickly, and continued to do so, with little sign of a rally, until lunchtime. At this point shorts were about 1 point and longs about 2 points below 3.30 yesterday. During the early afternoon a number of buyers came in, attracted by the yield levels, and the market recovered a small amount of lost ground. However this rally did not last and the market closed the day easier again with shorts up to $1\frac{1}{8}$ lower, while longs had reverted to their lunchtime position of a 2 point fall.

The Industrial market opened steady. Prices improved during the day as jobbers encountered sustained investment interest and most sectors closed around the best levels despite the weakness of sterling. Among firm 'blue-chip' companies, Beecham were initially sharply higher maintaining the overnight trend on news that they will be allowed to market their latest drug. However, profit-taking developed although final results were well received. Glaxo were also better in sympathy. Oil issues were marked up, despite further speculation that North Sea prices will be cut. British Petroleum hardened following the encouraging first-quarter profits and statement. Among Financials, Clearing Banks remained steady. Insurance shares were in demand on consideration of their large dollar earnings. Eagle Star were better after publication of the rejection notice to the Allianz Versicherungs 'tender offer', which included proposals to increase the dividend sharply. Electricals improved with GEC the main feature on their widespread overseas business. Muirhead saw speculative support on revived takeover rumours. British Aerospace were strong in anticipation of new foreign contracts. Kaffirs were easier in line with the lower gold price.

Financial Times Index (3.00 p.m.) 554.9 (up 8.2)

<u>C.N.D.</u>	Sales and Purchases	NIL
<u>BANK</u>	Sales	NIL
	Purchases	£ 90,654,000
	Nett Purchases on balance	£ 90,654,000