

Friday, 5th June, 1981.

The Gilt Edged market had been easier after hours yesterday, and opened this morning just above the lowest levels to show falls from 3.30 of about $\frac{1}{8}$ in shorts and $\frac{3}{8} - \frac{1}{2}$ in longs. Selling pressure slackened considerably compared with yesterday but there was still enough to keep the market easing away for most of the day, with only intermittent attempts at rallying. By lunchtime falls of up to $\frac{3}{4}$ in shorts and $1\frac{1}{4}$ in longs had appeared. An incipient improvement after lunch was nipped in the bud by a further fall in the Sterling/Dollar rate and the news of an increase to 21 in a small U.S. bank's prime rate. By the close both shorts and longs had returned to around the lunchtime levels.

The Industrial market opened steady. Most sectors made marginal gains during initial trading but then jobbers encountered widespread profit-taking. Sentiment was adversely affected by the prospect of higher interest rates and talk of accelerating inflation. Sellers persisted throughout the day and prices closed at the worst levels. Electricals were weak under sustained selling pressure with GEC, Plessey, Racal and Thorn particularly depressed. ICL were easier on news of further redundancies. Allied Breweries were slightly better following annual results that exceeded market estimates and other Brewery stocks were marked up in sympathy before ending unchanged. Oil issues reacted on further suggestion of a probable cut in oil prices. Insurance shares were well supported in early business on speculation of possible takeovers within the sector. However, prices closed lower on balance, influenced by heavy profit-taking. Properties were generally dull on fears of increased interest rates. Kaffirs fell in line with the bullion price.

Financial Times Index (3.00 p.m.) 550.5 (down 5.1)

C.N.D. Sales and Purchases NIL

<u>BANK</u>	Sales		NIL
	Purchases	£	11,126,000
	Nett Purchases on balance	£	11,126,000