

Monday, 8th June, 1981.

The Gilt Edged market opened somewhat better in long-dated stocks this morning, encouraged by the firmness of U.S. bond prices on Friday. Prices in this area opened about $\frac{1}{4}$ - $\frac{3}{8}$ up, although the short market remained quiet and showing little change. In early dealings however some quite substantial sellers of shorts appeared and this drove short prices sharply lower with longs also retreating from the higher levels in sympathy. At one time during the morning shorts were showing losses of as much as $\frac{3}{4}$ while longs were virtually back to overnight levels. From then on however buyers returned in the longs, and although turnover was not very large, prices advanced for the majority of the day and although closing slightly below the best were $\frac{1}{2}$ - $\frac{5}{8}$ up on balance. Shorts also improved slightly from the lowest levels at one time but then eased again before the close to show falls of $\frac{1}{2}$ - $\frac{5}{8}$ on the day.

The Industrial market opened steady at the beginning of the second week in the current account. Most sectors tended higher during initial business but the selective buying was not maintained and prices drifted back to close around overnight levels. Electrical issues were generally slightly better and ICL improved following the anticipated interim loss but encouraging statement. Among quiet Engineers, Metal Box hardened after final profits that were not as bad as expected. British Aerospace remained well supported on confirmation of several large overseas orders. Avon Rubber encountered speculative interest on vague takeover gossip. Clearing Banks were unchanged although Midland Bank eased on reports of difficulties involving the Crocker National acquisition. Insurance shares were mainly better in active two-way trade. In the Food sector, A.B. Foods were firm on the favourable annual figures. Kaffirs opened lower but later recovered as the gold price closed slightly higher.

Financial Times Index (3.00 p.m.) 546.9 (up 0.6)

<u>C.N.D.</u>	Sales and Purchases	NIL
<u>BANK</u>	Sales	NIL
	Purchases	£ 17,216,000
	Nett Purchases on balance	£ 17,216,000