

Wednesday, 8th July, 1981.

The Gilt Edged market was quiet today awaiting the result of the tender for the Index-Linked stock. In a small two-way trade prices eased slightly throughout the market initially to show falls of up to  $\frac{1}{4}$ . Prices then fluctuated but generally on an easier trend for the rest of the day to close with losses of about  $\frac{3}{8}$  in all sections.

At 3.30 the result of the tender for 2% Index-Linked Treasury Stock was announced. All tenders at prices of 86 and above were allotted in full at a price of 86. The balance was allotted to the Issue Department of the Bank and will not be made available at a price below 86.

The Industrial market opened slightly better. However, most sectors quickly moved lower as jobbers encountered selling across a broad front. Fears that a substantial amount of the British Petroleum rights issue will be left with the underwriters affected sentiment and prices closed around the worst levels. Electricals retreated on widespread profit-taking and Thorn-EMI continued to drift ahead of final results due on Friday. The Oil sector was weak, influenced by the British Petroleum rights which barely maintained a premium on the last day for dealing in the nil paid form. I.C. Gas reacted to adverse press comment concerning yesterday's figures. Among quiet Papers, Mills and Allen were flat but Letraset moved sharply higher as Mills and Allen initially purchased a 15% share stake and then announced a full-scale bid valuing Letraset at £47 million. Insurance shares fell in active two-way trade. Clearing Banks were easier, while Merchant Banks were marginally better. Mercantile House were in demand on further consideration of recent profits news. Breweries and Stores lacked support and were generally lower throughout, although H.P. Bulmer were strong following excellent figures. Kaffirs remained depressed in line with the dull bullion price.

Financial Times Index (3.00 p.m.) 526.7 (down 2.8)

<u>C.N.D.</u>	Sales		NIL
	Purchases	£	979,000
	Nett Purchases on balance	£	979,000
<u>BANK</u>	Sales		NIL
	Purchases	£	6,502,000
	Nett Purchases on balance	£	6,502,000