

Tuesday, 14th July, 1981.

The Gilt Edged market was affected in early dealings by the sharp fall in Sterling, which brought with it fears of a rise in interest rates. After opening up to $\frac{3}{8}$ easier the market saw sellers at this level particularly in the longer end and continued to drift away. By lunchtime shorts were about $\frac{1}{4}$ down and longs had lost $\frac{3}{4}$ - 1 point. At these levels little further selling came in and with a little buying interest appearing the market closed above the worst with shorts generally about $\frac{1}{8}$ lower while longs were about $\frac{5}{8}$ down on balance.

The Industrial market opened slightly higher, extending the strong overnight trend. Sentiment was helped by indications that the British Petroleum rights issue will receive a better response than previously expected. However, the initial selective interest was not sustained and prices drifted back to close lower on balance in quiet and featureless trading conditions. Electricals were steady at the higher levels although Rank Organisation did not recover from last night's fall following the very disappointing interim results. Oil shares reacted on short-term profit-taking after yesterday's improvement. Breweries were unchanged but Distillers hardened on institutional buying prior to the annual figures due on Thursday. The Building sector made widespread gains on hopes for an improved trading outlook. Clearing Banks were dull as brokers downgraded profit estimates. However, among firm Merchant Banks, Grindlays continued to respond to speculative demand on rumours of a bid approach. Kaffirs declined as the gold price weakened.

Financial Times Index (3.00 p.m.) 531.3 (down 0.8)

<u>C.N.D.</u>	Sales and Purchases		NIL
<u>BANK</u>	Sales	£	175,000
	Purchases	£	76,956,000
	Nett Purchases on balance	£	76,781,000