

Monday, 20th July, 1981.

Following the worse than expected U.S. money supply figures and the resulting easier U.S. bond market, together with the continuing uneasiness as to the future of our own short rates, the Gilt-Edged market opened easier this morning. Sellers still appeared at the lower levels, mainly on this occasion in very long stocks, and prices retreated further. By mid-morning longs were showing losses of up to  $\frac{7}{8}$ , but at this level some buying appeared, and at lunchtime losses in this area had been cut to about  $\frac{1}{2}$  -  $\frac{5}{8}$ , with shorts  $\frac{1}{8}$  -  $\frac{1}{4}$  down. Thereafter the market was very quiet and fluctuated narrowly to close at or around the lunchtime levels.

The Industrial market opened steady at the start of the second week for the current account. However, there was a widespread lack of support during the day with sentiment adversely affected by a gloomy report from the I.M.F. Prices closed around the worst levels in fairly quiet business conditions. Oil shares were initially higher but reacted in later trade, ending lower on balance although Ultramar and K.C.A. International remained better following favourable weekend press comment. Clearing Banks were weak on profit-taking after Friday's improvement on the encouraging Lloyds Bank interim figures. Among dull leading 'blue-chip' issues, I.C.I. continued to ease ahead of next week's half-yearly results. The Property sector declined on expectations of higher interest rates. Electricals, Stores and Breweries were generally lower throughout. Kaffirs hardened in line with the marginally better gold price.

Financial Times Index (3.00 p.m.) 515.7 (down 8.0)

<u>C.N.D.</u>	Sales	£	274,000
	Purchases	£	266,000
	Nett Sales on balance	£	8,000

<u>BANK</u>	Sales		NIL
	Purchases	£	1,977,000
	Nett Purchases on balance	£	1,977,000