

Tuesday, 21st July, 1981.

Despite a sharp fall in the U.S. bond market overnight the Gilt edged market opened with losses restricted to $\frac{3}{8}$. The absence of selling encouraged buyers to take advantage of the easier conditions and long-dated stocks soon recovered their losses. Shorts however suffered from the continuing weakness of sterling and failed to make any recovery until just before the close. Longs therefore closed unchanged on the day while shorts recorded losses of up to $\frac{3}{8}$ with the low coupons remaining out of favour with losses of up to $\frac{5}{8}$.

The Industrial market opened easier on continuing worries concerning higher interest rates and the weak trend of Wall Street. Sentiment was also influenced by a large rights issue from Hanson Trust. Prices recovered partially towards the close but remained lower on balance. Clearing Banks were weak on revived rumours of a big cash call by Midland Bank. Electricals were steady although Thorn-EMI improved on institutional support that aggravated a market already short of stock. Engineers extended losses on further consideration of the recent gloomy economic report from the IMF. Breweries fluctuated but ended on a firm note following encouraging statements from Allied Breweries and Whitbread. The Building and Property sectors were dull on thoughts that the business outlook will be adversely affected by increased money rates. Hanson Trust were flat after the announcement of a rights issue to raise £43 million. Kaffirs declined in line with the bullion price.

Financial Times Index (3.00 p.m.) 508.6 (down 5.4)

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