

Monday, 17th August 1981

In spite of the threatened rail strike and the less than satisfactory U.S. money supply figures, the Gilt Edged market has had a reasonably good day with a fairly persistent demand for stock. This enabled the authorities to provide stock at both ends of the market, and in particular to restart sales of the short tap stock Treasury 11 $\frac{1}{2}$ % 1985 at 91 $\frac{1}{4}$ and to finish at that price. After opening steady prices improved gently during the morning and again advanced in the afternoon, encouraged by the good performance of sterling. By the end of the day shorts had risen by about $\frac{3}{16}$ while longs were up to $\frac{5}{8}$ better.

The Industrial market opened higher extending last week's trend. However, the initial selective interest was not sustained and most sectors drifted back to close slightly better on balance. Trading conditions were mainly quiet and featureless prior to several economic indicators expected shortly. Among firm "blue-chip" shares, Unilever were in demand on a favourable brokers circular and ahead of tomorrows interim figures. Insurance issues were active with "Life" companies encountering speculative support following the proposed Provident Life takeover by Winterthur, a major Swiss insurer. Royal Insurance were slightly better as first-half profits exceeded estimates but other "composites" were lower after a bearish newspaper article. In the Paper sector, Bowater improved on hopes that forthcoming results will be helped by the recent strength of the dollar. Bunzl Paper hardened on favourable weekend press comment while Letraset were higher on suggestion of a counter-bid above the Mills and Allen offer. Stores, Builders, and Engineers were generally firm throughout. Kaffirs were easier in line with the bullion price.

Financial Times Index (3.00 p.m.) 573.3 (up 0.8)

C.N.D.

Sales	£	710,000
Purchases		NIL
Nett Sales on Balance	£	710,000

BANK

Sales	£125,486,000
Purchases	23,216,000
Nett Sales on Balance	£102,270,000