

Tuesday, 25th August 1981

Following the substantial overnight fall in the American bond market the Gilt-Edged market opened easier this morning with falls of about $\frac{1}{8}$ in shorts and up to $\frac{1}{2}$ in longs. This did not prevent a certain amount of selling and by the later morning falls of up to 1 point had appeared in longs. At this level the market steadied until U.S. bond prices began coming in easier again, when a further fall took place leaving longs up to $1\frac{3}{8}$ down. By the close of business prices had rallied somewhat from the worst levels and shorts closed up to $\frac{3}{8}$ lower on balance, while longs were showing losses of up to $1\frac{1}{8}$.

The Industrial market opened lower. Sentiment was adversely influenced by the weak performance of Wall Street on fears that interest rates will not be cut in the near future. A mid-session recovery was not sustained and prices closed around the worst levels in quiet trading conditions. Oil issues remained dull on the recent failure by OPEC to agree a common price structure. Lasmco were affected by this trend although interim figures exceeded estimates and a dividend was paid for the first time. Among easier Building shares, Blue Circle fell ahead of tomorrow's first-half profits. Electricals and Engineers were generally lower. However, Lucas Industries hardened on strong institutional investment demand. In the Food sector, Tate and Lyle were better following favourable press comment but Associated Dairies declined prior to final results. Kaffirs were flat in line with the bullion price.

Financial Times Index (3.00 p.m.) 550.1 (down 7.1)

C.N.D.

Sales and Purchases NIL

BANK

Sales and Purchases NIL