

Thursday, 10th September, 1981.

The Gilt Edged market opened slightly better this morning following the overnight trend in U.S. bonds. After a little early buying which brought rises of $\frac{1}{8}$ in shorts and up to $\frac{1}{2}$ in longs, there was little further follow-through, and with Mr. Volcker reiterating that U.S. rates would stay high, prices eased fractionally from the top. During the morning, however, a little more buying took prices back up again, and thereafter the market remained steady for the rest of the day. Prices closed the day therefore at the early morning levels, with shorts and longs having risen about $\frac{1}{8}$ and $\frac{1}{2}$ respectively.

The Industrial market opened slightly higher. However, worries that American interest rates are unlikely to be cut and the T.U.C. rejection of talks on wage restraint affected sentiment. Most sectors moved lower during the day, closing around the worst levels. Electricals showed renewed weakness on years of defence spending cuts. Among dull Engineers, Davy Corporation were flat on the Monopolies Commission decision to veto the proposed takeover by Enserch of America. Turner and Newall hardened on the interim results that were not as bad as feared. Bridon were unchanged following half-year figures in line with expectations. In the Food sector, Linfood improved on news that Guinness Peat have sold their entire shareholding to Gulliver Foods. United Biscuits eased after satisfactory profits but rather cautious statement. Banks and Composite Insurance issues drifted through lack of support although Prudential remained steady on the encouraging interim results. Sedgwick Group announced favourable figures and Insurance brokers improved in sympathy. Oil Shares declined on reports that major companies are being adversely affected by the latest petrol price war. European Ferries fell on news of a half-year operating loss. Kaffirs were in demand as the gold price moved ahead strongly.

Financial Times Index (3.00 p.m.) 545.5 (down 0.9)

<u>C.N.D.</u>	Sales	£ 354,000
	Purchases	NIL
	Nett Sales on balance	£ 354,000
<u>BANK</u>	Sales	£17,007,000
	Purchases	£ 840,000
	Nett Sales on balance	£16,167,000