

Monday, 28th September, 1981.

The Gilt Edged market opened up to $\frac{1}{4}$ easier this morning but quickly ran into a fair amount of selling and prices eased away quite sharply during the morning. Investors remained concerned about higher short term rates here and the continuing fall in the U.S. bond market, and in addition this morning were unsettled by the very sharp fall in equities. By lunchtime falls of up to $\frac{3}{4}$ in short-dated stocks and $1\frac{3}{8}$ in longs had appeared. During the afternoon another U.S. prime rate was reduced, and U.S. bonds did not come in with as big a fall as some were expecting. As a result a rally reduced the day's losses but shorts still closed up to $\frac{3}{8}$ down with longs about 1 point lower on balance.

The massive slide continued in the Industrial market at the beginning of the new account following further adverse comment in the week-end press. Prices continued to fall sharply as sellers reacted to growing concern of a steep rise in interest rates and, although a marginal rally was evident towards the close, all sections tended sharply lower on balance. Property, Insurance and Building shares were particularly dull, while Industrial leaders tended to rally slightly on bear closing. Kaffir issues reacted in line with the gold fix price.

Financial Times Index (3.00 p.m.) 452.7 (down 22.0)

<u>C.N.D.</u>	Sales and Purchases		NIL
<u>BANK</u>	Sales		NIL
	Purchases	£	2,079,000
	Nett Purchases on balance	£	2,079,000