

Thursday, 1st October, 1981.

The Gilt Edged market opened up to $\frac{1}{8}$ easier in short-dated stocks and unchanged in longs. The 2% rise in bank base rates which occurred during the early morning brought in a certain amount of selling of shorts but left the long market unmoved. As a result prices fell away in shorts to show falls at lunchtime of up to about $\frac{1}{2}$. During the afternoon the market again became very quiet but shorts rallied a little to close $\frac{1}{4}$ - $\frac{3}{8}$ down. Longs remained unchanged and closed at yesterday's 3.30 levels.

The Industrial market opened lower following further bearish comment on the economic outlook. Most sectors were dull during early trading as the Clearing Banks announced their anticipated base rate rises. However, selling pressure was minimal and prices recovered in later business to close only marginally down on balance. Oil issues were in demand on reports, later denied, that Iran had attacked a Kuwaiti oil refinery. Companies with large North Sea assets were particularly well supported. Among quiet Engineers, Vickers eased on slightly disappointing interim figures. Stores were generally better and Grattan moved ahead on half-year profits in line with expectations. In an unchanged Food sector, Fitch Lovell encountered speculative interest on revived takeover gossip. Clearing Banks were initially weak but rallied after confirmation of the base rate increases. Kaffirs hardened as the gold price improved.

Financial Times Index (3.00 p.m.)

473.3 (down 2.1)

C.N.D.

and

Sales and Purchases

NIL

BANK