

Tuesday, 6th October, 1981.

The Gilt Edged market opened quietly firm this morning with initial rises of up to $\frac{1}{8}$. A certain amount of early demand was seen and the authorities, after selling further Treasury 11 $\frac{1}{2}$ % 1985 at 87, announced that the tap in this stock was finished. There was not much follow-through thereafter in shorts where prices remained at or just above yesterday's 3.30 close. Longs did however see buyers and by lunchtime were showing rises of about $\frac{1}{2}$. In the early afternoon, prior to the banking figures, prices generally eased $\frac{1}{8}$, but following the figures there was little immediate further change, except for a slight initial easing in some shorts. Shortly before the close however the longs eased a little further and by the end of the day were nearly back to yesterday's 3.30 levels. Shorts generally closed showing small falls on balance.

At 3.30 three further Gilt Edged tranches of £250 million each were announced - Treasury 12% 1987, Treasury 12 $\frac{3}{4}$ % 1992, and Treasury 14% 1998/2001.

The Industrial market opened slightly lower. Sentiment was affected by the disappointing banking figures and news of the attempted assassination of President Sadat of Egypt. Most sectors reacted sharply during the day as sellers took advantage of yesterday's improvement and prices closed around the worst levels. Oil issues declined as Kuwait confirmed oil price cuts which could undermine the profitability of North Sea producers. Electricals were dull and Defence Contractors were particularly influenced by fears that the Trident missile development could be impaired through rising costs. Clearing Banks and Insurance shares were weak, while Merchant Banks hardened as dealers speculated on the possibility of further takeovers within the sector following the bid for Arbuthnot Latham. Stores, Foods and Breweries were easier throughout on lack of support. Kaffirs declined in line with the lower bullion price.

Financial Times Index (3.00 p.m.) 477.6 (down 12.8)

C.N.D. Sales)
Purchases) NIL

BANK Sales £ 159,065,000
Purchases NIL
Nett Sales on balance £ 159,065,000