

Thursday, 8th October, 1981.

With hopes of lower interest rates apparently more encouraged than has been the case over recent weeks, substantial buyers came in to the long end of the Gilt Edged market today and the authorities were able to sell a good amount of stock, principally in the recently issued tranches. Prices began to improve from the outset, and rises took place throughout the market, although the activity was largely in longs. This firmness continued virtually throughout the day although there were minor reactions in short-dated stocks, and the market closed firm with shorts showing rises of about $\frac{1}{4}$, while longs, although closing just below the best, were up to $\frac{3}{4}$ better on the day.

The Industrial market opened higher on revived hopes for lower interest rates and the overnight advance on Wall Street. Short-term profit-taking developed during the morning session bringing prices back to overnight levels. However, most sectors moved ahead once more towards the close as selective buying interest reappeared. Electricals fluctuated in active two-way trade. Racal Electronics were better on news of a marketing deal with the Gould Co. of America. ICL continued to rise following the recent link with Fujitsu of Japan. Thorn/EMI were sharply higher on sustained institutional support. The Building and Property sectors hardened on suggestions that interest rates might fall in the near future. Oil shares were initially firm but later weakened to end lower on balance as profit-takers appeared. Clearing Banks and Insurance issues improved although Alexander Howden were dull on bearish press comment. Minet Holdings eased, reflecting the disappointing interim report and other Brokers were marked down in sympathy. Kaffirs declined in line with the gold price.

Financial Times Index (3.00 p.m.) 491.0 (up 4.3)

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| <u>C.N.D.</u> | Sales | | NIL |
| | Purchases | £ | 104,000 |
| | Nett Purchases on balance | £ | 104,000 |
| <u>BANK</u> | Sales | £ | 410,361,000 |
| | Purchases | £ | 86,012,000 |
| | Nett Sales on balance | £ | 324,349,000 |