

Friday, 9th October, 1981.

With sterling firm and with evidence beginning to appear of some fall in interest rates both at home and abroad, investors continued to come in for stock in the Gilt Edged market today. Prices opened up to $\frac{3}{8}$ better and, with the buyers undeterred by the higher levels, the authorities were able to sell more stock. The market rose further during the morning, with prices generally up to about $\frac{3}{4}$ higher at one time. In the late morning conditions became a lot quieter, and with a little profit-taking appearing, prices came slightly off the best, although the undertone remained firm. During the afternoon prices fluctuated marginally, but generally closed at or a little below the best levels with shorts and mediums $\frac{3}{8}$ - $\frac{1}{2}$ up, while longs showed rises of around $\frac{3}{4}$.

At 3.30 the issue by tender was announced of £1 billion Exchequer 15% 1997 at a minimum tender price of $95\frac{1}{2}$ (25% paid).

The Industrial market opened better on the last day of the current account. Widespread investment interest was encouraged by indications of lower money rates in America and Germany. Most sectors closed slightly below the best levels although the undertone remained firm. Leading 'blue-chip' companies were well supported and Glaxo recovered the overnight fall as dealers discounted rumours of a rights issue accompanying results on Monday. The Building and Property sectors extended yesterday's improvement on thoughts of cheaper interest rates. Among better Food shares, Linfood rose above the Argyle Foods bid price as directors recommended rejection of the terms. Stores were quietly firm although Debenhams weakened on the disappointing interim figures. Banking and Insurance issues moved higher and Britannia Arrow encountered speculative demand on vague suggestion of a takeover approach. Electricals continued to attract support with Thorn/EMI a particularly strong feature, while Racal were better on further consideration of the recent U.S. marketing agreement. Kaffirs hardened in line with the bullion price.

Financial Times Index (3.00 p.m.) 498.5 (up 10.8)

<u>C.N.D.</u>	Sales		NIL
	Purchases	£	104,000
	Nett Purchases on balance	£	104,000
<u>BANK</u>	Sales	£	190,550,000
	Purchases	£	74,190,000
	Nett Sales on balance	£	116,360,000