

Monday, 2nd November, 1981.

In the Gilt Edged market the background of news from America with the Federal Reserve Board altering its discount rate by 1% to 13%, the firmness of Wall Street and the consequent strength of sterling in relation to the dollar, all encouraged buyers to appear in the initial stages. Demand was seen principally for the shorter dated issues but quickly spread to the long-dated end of the list, which enabled the authorities to activate the tap stock Exchequer 15% 1997 at 22<sup>3</sup>/<sub>4</sub> in its 25% paid form. The firm trend continued until after the lunch period, by which time both shorts and longs were showing gains of approximately 1 point. A few sellers appeared in the early afternoon and, with the news that the British Leyland shop stewards at Birmingham had rejected the company's offer, prices retreated, to close the day showing gains of approximately <sup>5</sup>/<sub>8</sub> of a point throughout the list.

The Industrial market opened strongly at the start of the second week for the current account. Optimism over the B.L. situation and the rise on Wall Street, caused by a fall in the Federal money rates, encouraged widespread investment demand. Most sectors fluctuated narrowly during the day with prices closing around the best levels. Leading 'blue-chip' companies were firm with ICI encountering buyers on thoughts of brighter prospects following last week's favourable results. Electricals moved ahead sharply on sustained institutional support. Associated Communications were marked higher on hopes that a "dawn raid" might lead to a full-scale bid approach. The Cable and Wireless flotation was five times oversubscribed. Among better Stores, GUS were a strong feature on the Chairman's annual report which was well received. The Oil sector extended its Friday evening improvement after the announcement that Saudi Arabia is to cut crude oil production. Building and Property issues hardened on hopes of lower interest rates in the near future. Kaffirs were higher in line with the bullion price.

Financial Times Index (3.00 p.m.) 482.5 (up 14.0)

<u>C.N.D.</u>	Sales and Purchases		NIL
<u>BANK</u>	Sales	£	179,895,000
	Purchases	£	10,462,000
	Nett Sales on balance	£	169,433,000