

Tuesday, 3rd November, 1981.

The Gilt Edged market opened the period on a quiet and slightly firmer note. Against the background of a firm Wall Street and the downward trend in U.S. interest rates, uncertainty over the outcome of the vote at British Leyland on the company's pay offer exerted a restraining influence. By mid-morning, with the news of acceptance of the offer by the majority of workers, prices hardened and by lunchtime prices showed an average rise of  $\frac{1}{2}\%$ . After the lunch period however, little further business was seen. The United Kingdom official reserves for October, when published, showed a fall of £206 million after various transactions but had little effect upon the market. With American markets being closed and with little after hours business likely to develop, prices drifted on small offerings of stock to close with gains of  $\frac{1}{4}$  in the short and medium issues and only  $\frac{1}{8}$  in the longs.

The Industrial market opened cautiously easier, awaiting the outcome of the B.L. workers' decision on the latest pay offer. When it became evident that the majority were in favour of a settlement, most sectors improved sharply on investment demand. Prices closed around the best levels with business conditions remaining rather thin and extremely volatile. The Food sector encountered active trade. Ranks Hovis were marked higher on the successful "dawn raid" by British Sugar, who purchased 40 million shares. Ranks Hovis continued to rise on hopes of further bid developments. J. Sainsbury extended recent gains ahead of tomorrow's results. Engineers were well supported with B.L. suppliers, such as Lucas, Smiths and G.K.N., receiving particular attention. Leading 'blue-chip' companies, Electricals and Oils were generally firm throughout. Paper shares were better, although Reed International were dull on the disappointing interim figures. Building and Property issues tended higher in anticipation of lower interest rates. Kaffirs fluctuated narrowly in line with the gold price.

Financial Times Index (3.00 p.m.)                      492.5 (up 13.6)

<u>C.N.D.</u>	Sales and Purchases		NIL
<u>BANK</u>	Sales	£	22,685,000
	Purchases		NIL
	Nett Sales on balance	£	22,685,000