

Monday, 16th November, 1981.

With U.S. interest rates continuing to fall and with sterling strong, the long end of the Gilt-Edged market has been very firm today. The announcement of the new short tap stock on Friday had caused shorts to ease slightly after hours that day, whereas the longs had improved. The market opened this morning much along those lines with shorts marginally easier and longs showing rises of up to  $\frac{3}{4}$ . While shorts remained relatively neglected, longs saw further buying and continued to improve for much of the morning so that by lunchtime rises of up to  $1\frac{7}{8}$  had taken place. Following the announcement of Bank of England lending to the discount market, prices eased slightly and closed up to  $\frac{1}{4}$  down on the day in shorts, with mediums generally about  $\frac{3}{4}$  up, and longs showing rises of up to  $1\frac{5}{8}$  on balance.

The Industrial market opened slightly easier following the weekend comment on the economy. Prices tended to rally marginally on the initial strength of the gilt market but most sections reacted again on further selling to close at the worst levels. Money Broking issues reacted on profit-taking, while Royal Insurance and Land Securities moved lower after their respective results. Kaffir shares reacted throughout the day on the lower gold fix price.

Financial Times Index (3.00 p.m.) 506.7 (down 12.5)

<u>C.N.D.</u>	Sales	
	Purchases	NIL

<u>BANK</u>	Sales	£	8,712,000
	Purchases	£	5,348,000
	Nett Sales on balance	£	3,364,000