

Wednesday, 25th November, 1981.

Following the cuts in prime rates in the United States and the overnight strength of the U.S. bond market the gilt-edged market opened very firmly. Rises of up to  $7/16$  were seen in the shorts and a heavy demand for the short tap appeared. It was anticipated that this would exhaust official supplies but when it became clear that this was not the case, prices calmed down and failed to make any further progress. In the longs demand centred on the very long end when prices rose at one time by up to 1 point. During the afternoon prices fluctuated narrowly in small trading which tended to following the movements in sterling and at the close lack of any further progress produced some profit-taking. Prices closed  $1/4$  below their best throughout.

The Industrial market opened sharply higher following the overnight advance of Wall Street influenced by the latest American prime rate reductions. However, this rise was not sustained and most sectors declined during the day as sellers appeared, closing only slightly better on balance. Building issues remained active with BPB extending yesterday's gain on further consideration of their excellent results. Redland and Tunnel Holdings improved ahead of tomorrow's interim figures, while Tarmac hardened on speculative interest. Among Tobacco shares, Rothmans and Dunhill were firm on half-year profits that exceeded expectations. Stores fluctuated in two-way trade, with Burton Group unchanged following the annual statement. Oils and Electricals succumbed to widespread profit-taking after recent strength. Clearing Banks were marked up, while Royal Bank of Scotland made further progress prior to the forthcoming takeover decision by the Monopolies Commission. Britannia Arrow improved on suggestion of an overseas bid approach. Kaffirs rallied in line with higher gold price.

Financial Times Index (3.00 p.m.) 524.3 (up 4.3)

<u>C.N.D.</u>	Sales	£	9,198,000
	Purchases	£	8,831,000
	Nett Sales on balance	£	367,000
<u>BANK</u>	Sales	£	213,007,000
	Purchases	£	42,798,000
	Nett Sales on balance	£	170,209,000