

Friday, 4th December, 1981.

Following the unexpected fall in the Federal Reserve Discount Rate in New York the Gilt-Edged market opened higher. Short prices showed rises of up to $\frac{3}{8}$ and longs improved by $\frac{1}{2}$. Conditions were quiet as buyers held off initially, apparently deterred by the increased prices. However, when there was no sign of a setback, buying commenced and prices rose a further $\frac{1}{4}$. The continuing strength of the U.S. Bond market gave fresh impetus to prices, however in the absence of any follow through this rise was lost and shorts closed the day with rises of $\frac{3}{8}$ trimmed back from $\frac{1}{2}$, and longs with net rises of up to $\frac{3}{4}$.

The Industrial market opened slightly higher on hopes of further domestic interest rate reductions in the near future. Prices tended to improve throughout the session aided by bear closing on the last day of the account, with most sections ending at the better levels. Plessey and GEC both responded to comment following further consideration of yesterday's figures, while House of Fraser provided a dull feature on fears that the Lonrho bid would be thwarted by the Monopolies Commission. Banking issues failed to maintain the initial strength after yesterday's base rate announcements. Kaffir shares met investment demand on the gold fix price. Berec were sharply higher on the revised bid from Hanson.

Financial Times Index (3.00 p.m.) 525.7 (up 5.8)

C.N.D. Sales)
Purchases) NIL

BANK Sales £ 90,742,000
Purchases £ 85,106,000
Nett Sales on balance £ 5,636,000