

Tuesday, 8th December, 1981.

Following the overnight fall in the U.S. Bond market the Gilt-Edged market opened easier with prices falling by up to  $\frac{5}{8}$  in long-dated stocks. This fall was not indicative of any major selling and prices quickly recovered an  $\frac{1}{8}$ . The market remained very quiet with prices at these levels until the announcement of the Banking statistics whereupon sellers appeared and pushed prices a further  $\frac{1}{4}$  easier. By the close more encouraging price movements in U.S. bonds enabled prices to close  $\frac{1}{8}$  above their worst levels but still showing losses of up to  $\frac{1}{2}$  in the shorts and  $\frac{5}{8}$  in the longs.

The Industrial market opened slightly lower in extremely subdued trading. Prices tended to drift easier throughout the day on small routine selling and, with a lack of buying interest evident, all sections closed at or around the worst levels. European Ferries were dull on the Monopolies rejection of the Sealink bid, while House of Fraser rallied on anticipation of tomorrow's report on the Lonrho offer. Inchcape provided a weak feature on the sale of the Malayan Toyota interests, but London and Overseas Freighters were sharply higher awaiting developments from the 'dawn raid'. Trafalgar House, Imperial Continental Gas and Bass were unchanged following their respective results. Kaffir shares lacked a decided trend on the gold fix price.

	Financial Times Index (3.00 p.m.)	525.9 (down 7.6)
<u>C.N.D.</u>	Sales	£ 4,983,000
	Purchases	£ 4,962,000
	Nett Sales on balance	£ 21,000
<u>BANK</u>	Sales	NIL
	Purchases	£ 182,776,000
	Nett Purchases on balance	£ 182,776,000