

Thursday, 10th December, 1981.

With U.S. bonds lower overnight, with sterling somewhat easier, with the future of interest rates continuing uncertain the Gilt-Edged market opened up to $\frac{1}{4}$ easier this morning. Initially prices fell a little further to show losses of $\frac{1}{2}$ at one time, but rallied from this level to be about $\frac{1}{8}$ - $\frac{1}{4}$ down at lunchtime. The market fluctuated around this level during the afternoon and closed with losses generally of $\frac{1}{8}$ - $\frac{3}{8}$ on the day. The selling that was seen during the day was largely in short-dated stocks, and in this sector selected stocks fell by as much as $\frac{1}{2}$.

The Industrial market opened steady. Most sectors improved during initial trading on rumours of another base rate reduction. However, news that the Coal Miners' executive have rejected the latest pay offer affected sentiment and caused prices to ease during later business, although still closing higher on balance. Electrical issues were well supported with Plessey, Racal and Ferranti particularly strong features. Cable and Wireless continued to make progress on further consideration of recent figures. Among firm Stores, GUS hardened following half-year profits that exceeded market estimates. Mothercare and Habitat were both suspended prior to announcements thought to indicate a merging of interests. Clearing Banks remained steady in two-way trade, while Insurance shares were marginally better. In Merchant Banks, Guinness Peat were marked higher following press comment suggesting a partial bid by the former chairman. Foods, Breweries and Oils were generally better throughout on selective institutional demand. Kaffirs eased in line with the lower bullion price.

Financial Times Index (3.00 p.m.) 525.7 (up 5.5)

<u>C.N.D.</u>	Sales	£	5,152,000
	Purchases	£	3,891,000
	Nett Sales on balance	£	1,261,000
<u>BANK</u>	Sales	£	NIL
	Purchases	£	1,236,000
	Nett Purchases on balance	£	1,236,000