

Tuesday, 15th December, 1981.

Having been up to  $\frac{3}{8}$  better after-hours last night, largely on the strength of the U.S. bond market, the Gilt-Edged market opened about  $\frac{1}{8}$  better again this morning, thus showing rises of up to  $\frac{1}{2}$  from 3.30 yesterday. Business however remained relatively slack, and the market fluctuated around this level until lunchtime over a range of about  $\frac{1}{4}$  of a point. In the afternoon, with U.S. bonds coming in easier, the market lost some ground and closed with shorts showing rises of  $\frac{1}{8}$  -  $\frac{1}{4}$ , while longs were about  $\frac{1}{8}$  up on the day.

The Industrial market was initially dull following an overnight American prime rate increase. However, buyers appeared at the lower levels encouraged by cautious optimism and the latest industrial output figures and most sectors closed around overnight prices. Electricals were active with GEC improving on hopes of a large Far East contract, while Rank Organisation hardened on rumours of asset sales. ICL were easier, reacting on the anticipated final losses and rights issue raising £32 million. A. Guinness were better following annual profits and other Breweries were marked up in sympathy. In the Property sector, Berkeley Hambro were sharply higher on the agreed takeover terms from Town & City, whose shares also rose on the forecast of substantial future dividends. Among quiet Engineers, Metal Box weakened on news of an overtime ban, while Lucas Industries continued to decline on further consideration of yesterday's bearish AGM statement. Banking and Insurance issues were rather subdued, although Bank of Scotland encountered investment demand. Royal Bank of Scotland were dull awaiting the forthcoming Monopolies Commission report. Kaffirs eased in line with the bullion price.

Financial Times Index (3.00 p.m.)                      511.7 (down 1.9)

<u>C.N.D.</u>	Sales and Purchases		NIL
<u>BANK</u>	Sales	£	7,526,000
	Purchases	£	1,485,000
	Nett Sales on balance	£	6,041,000