

Monday, 18th January, 1982.

The Gilt Edged market was initially torn today between fears of reaction in the U.S. market to the latest money figures, and hopes arising from more favourable speculation in the press on the result of the miners' ballot. After a period at the opening when shorts were slightly easier, and longs were unchanged from Friday's close, the bulls began to outnumber the bears and prices started to move ahead. Although turnover was not large, prices continued to edge ahead for the rest of the day, with enough demand to enable the authorities to sell stock. The U.S. bond market in fact came in better during the afternoon. This encouraged the market to remain firm and close up to $\frac{1}{2}$ better in shorts and about 1 point up in longs.

The Industrial market opened higher at the start of the second week in the current account on hopes that a coalminers' strike had been averted. However the undertone remained cautious on fears of rising American interest rates and prices fluctuated during the day before closing slightly below the best levels. Oil issues were weak following revived suggestion of price reductions. In a quiet Banking sector Royal Bank of Scotland continued to fall after confirmation on Friday night that both takeover approaches have been vetoed. Bank of Scotland were in demand on renewed bid gossip. Electricals were easier with Racal dull following further adverse press comment. Among better Food shares, Tate & Lyle were firm prior to annual figures due on Wednesday. Insurance issues encountered selective investment interest and Eagle Star hardened on speculation that Allianz of Germany will shortly make a full scale offer. Kaffirs were flat as the gold price declined.

Financial Times Index (3.00 p.m.) 535.7 (up 4.1)

<u>C.N.D.</u>	Sales and Purchases		NIL
<u>BANK</u>	Sales	£	103,155,000
	Purchases		NIL
	Nett Sales on balance	£	103,155,000