

Wednesday, 20th January, 1982.

The easier tone of U.S. Bonds and the feeling that much of the buying was now satisfied prompted a cautious start in the Gilt-edged market. Buyers, however, appeared and the anticipated falls of $\frac{1}{8}$ quickly became gains of up to $\frac{1}{2}$ point. This rise was not firmly based and long stocks soon slipped back almost to overnight levels, although shorter stocks managed to retain most of their gains. Another small reduction in short-term interest rates encouraged the buyers back to the market which at the short end regained its earlier levels; however lower U.S. bond prices deterred further interest and prices slipped again. At the close short prices were still showing gains of up to $\frac{3}{8}$ whereas longs were only up by $\frac{1}{8}$ - $\frac{1}{4}$.

The Industrial market opened cautiously after the overnight decline on Wall Street. Prices tended to fluctuate during the day awaiting further developments in the Train Drivers' dispute, with most sections closing marginally lower on balance. Electrical issues eased, especially Thorn/EMI following yesterday's investment seminar, while Oil shares remained dull in the shadow of the petrol pump price war. Television shares were supported on the recent advertising income figures but Gestetner and Trust Houses reacted following their respective results. Tate and Lyle responded to better than expected figures, while Kaffir issues continued the recent easier tone.

Financial Times Index (3.00 p.m.) 544.9 (down 1.0)

<u>C.N.D.</u>	Sales	£	33,618,000
	Purchases	£	3,446,000
	Nett Sales on balance	£	30,172,000
<u>BANK</u>	Sales	£	13,353,000
	Purchases	£	1,047,000
	Nett Sales on balance	£	12,306,000