

Friday, 22nd January, 1982.

The Gilt Edged market was encouraged by the general lowering of short-term rates and by the confirmation of the miners' ballot result. As a result prices opened about $\frac{3}{8}$ - $\frac{1}{2}$ better, and with buyers coming in throughout the market, prices responded quickly so that at one time rises of up to 1 point were showing. At these levels, however, the market began to run out of steam and prices retreated somewhat both in the late morning and in the early afternoon. The reductions in bank base rates from $14\frac{1}{2}\%$ to 14% appeared to have been largely discounted by earlier price rises. By the close rises had been generally pared to around $\frac{1}{2}$.

At 3.30 the issue was announced of £750 million $2\frac{1}{2}\%$ Index-Linked 2011 stock with no minimum tender price.

The Industrial market opened higher on the last day of the current account, extending yesterday's firm trend. Widespread investment demand was encouraged by the anticipated reduction in Clearing Banks' base lending rates. Most sectors closed slightly below the best levels as some profit-taking occurred after confirmation of the interest rate cuts. Among better Electricals, ACC were marked up following a counterbid by Heron Corporation. Rank Organisation eased prior to next week's results. Insurance shares were higher, although Hambro Life fell after a report on new business which disappointed analysts. In a quiet Banking sector, the Clearing Banks hardened while Bank of Scotland were flat on bearish press comment. Hambros Bank were dull on the Hambro Life statement. Building and Property issues were well supported on consideration of the beneficial affect of cheaper money rates. Dealing began in MEPC new shares, the result of their recent £62 million rights issue, with the price remaining around 35p premium. Stores, Foods and Breweries were generally firm throughout. Kaffirs rose marginally in line with the gold price.

Financial Times Index (3.00 p.m.) 564.3 (up 5.2)

<u>C.N.D.</u>	Sales	£	48,080,000
	Purchases		NIL
	Nett Sales on balance	£	48,080,000
<u>BANK</u>	Sales	£	140,576,000
	Purchases		NIL
	Nett Sales on balance	£	140,576,000