

Friday, 29th January, 1982.

The Gilt Edged market had been firm after hours yesterday and continued so this morning, encouraged both by the firmness of U.S. bonds and by the authorities' attitude to the Index-Linked stock allotment. After opening up to $\frac{1}{2}$ better the market saw buyers and quickly advanced further to show gains of up to 1 point. After a slight hesitation around this level, the underlying firmness reasserted itself and prices improved somewhat again by lunchtime. Although short-dated stocks eased slightly during the afternoon, prices in this area still closed around $\frac{1}{2}$ higher, while longs showed gains of up to $1\frac{1}{4}$ on the day.

There was early demand for the new $2\frac{1}{2}\%$ Index-Linked 2011 Stock and the authorities sold stock at $35\frac{1}{2}$ and $35\frac{3}{4}$ (35% paid). There was also some switching out of the Index-Linked 2006 into the new stock. Both the previous Index-Linked stocks closed slightly up on the day at $94\frac{3}{4}$ and $88\frac{1}{2}$ respectively.

The Industrial market opened sharply higher after the overnight strength of Wall Street. Most sectors met widespread buying demand on the prospect of a cut in American and U.K. interest rates. However, some profit-taking appeared and prices began to weaken towards the close, although still remaining better on balance. Leading 'blue-chip' companies were well supported but Fisons were dull on lack of any takeover developments. Among firm Engineers, John Brown hardened following a maintained interim dividend and encouraging statement. Davy Corporation improved, despite the recent rights issue, on news of a large overseas contract. In the Food sector, both Fitch Lovell and Associated Dairies made progress on further consideration of yesterday's results, while Huntley and Palmer eased as hopes receded for a higher counter-bid to that of Rowntrees. Building and Property issues were better in anticipation of lower interest rates. Electricals, Stores and Oils encountered selective investment support, although prices closed below the best levels. Kaffirs rose in line with the increased bullion price.

Financial Times Index (3.00 p.m.) 579.9 (up 6.1)

<u>C.N.D.</u>	Sales	£	41,432,000
	Purchases		NIL
	Nett Sales on balance	£	41,432,000
<u>BANK</u>	Sales	£	61,239,000
	Purchases	£	28,163,000
	Nett Sales on balance	£	33,076,000