

Tuesday, 2nd February, 1982.

The Gilt Edged market opened the period sharply easier with losses of  $\frac{3}{8}$  in the shorts and  $\frac{3}{4} - \frac{7}{8}$  in the longer dated higher coupon stocks, following the upward movement in U.S. interest rates and consequent fall in bond prices. Trade was small at the lower levels and by mid-morning, with the appearance of a few cheap buyers, prices hardened by  $\frac{1}{8}$ . This rally was, however, of only brief duration and prices settled back to the lower levels to await the opening of the U.S. bond market. Anticipating the start of the New York trading, prices hardened at lunchtime and, with the opening New York prices coming through on an improved basis, the market further improved to close  $\frac{1}{2}$  a point above the lowest levels in the longer dated issues. The Gold figures for January fell by \$122 million to stand at \$23,225 m. and were judged to be satisfactory, and had little impact.

The Industrial market opened dull with sentiment influenced by the overnight reverse on Wall Street caused by increases of American prime rates and an adverse statement on economic prospects. However, selling pressure was minimal and most sectors recovered during the day although remaining lower on balance. Leading 'blue-chip' companies declined but Fisons made further progress on takeover speculation following yesterday's fertiliser division sale. Among fluctuating Paper shares, Reed International eased after slightly disappointing third-quarter figures. Electricals weakened, although ICL were better on the optimistic annual report, while in secondary issues, both Unitech and Prestige improved on satisfactory results. Builders, Engineers and Stores were generally lower but closed above the worst levels. Kaffirs were depressed in line with the bullion price.

Financial Times Index (3.00 p.m.) 565.7 (down 6.3)

C.N.D.

and

Sales and Purchases

NIL

BANK