

Monday, 8th February, 1982.

In spite of the projected U.S. Budget deficit and its possible implication for interest rates, coupled with the uncertainty over the U.S. money supply, the Gilt-Edged market opened only up to  $\frac{1}{4}$  down, and in early dealings the original losses were in fact largely eliminated. Business remained very quiet during the morning, but in the afternoon sellers did appear, and that coupled with an easier U.S. bond market, brought the long market back quite sharply to show losses of up to 1 point on the day. Shorts meanwhile reacted to a lesser degree and closed up to  $\frac{1}{4}$  down.

At 3.30 the issue to the Bank of England was announced of a further tranche of £750 million Exchequer 13 $\frac{1}{4}$ % 1987 at 93 $\frac{1}{4}$ .

The Industrial market opened easier at the beginning of the last week for the current account. Most sectors drifted lower during the day on lack of support with sentiment adversely affected by fears of higher American interest rates and caution ahead of tomorrow's latest Money Supply figures. Prices closed around the worst levels in subdued trading conditions. Leading 'blue-chip' companies were dull, although BOC improved prior to the forthcoming annual profits statement, while Fisons made further progress on hopes of a full-scale takeover approach. Banking issues were quiet but Money Brokers met active two-way business following week-end press comment. Among Insurance shares, Eagle Star hardened on revived bid gossip. Insurance brokers with large dollar earnings were firm on consideration of the strength of the currency. Oils remained depressed on suggestion of lower crude oil prices to counter falling demand. Electricals and Engineers were generally easier throughout as jobbers encountered widespread profit-taking. Kaffirs declined in line with the weak bullion price.

Financial Times Index (3.00 p.m.) 572.8 (down 5.3)

C.N.D.

and Sales and Purchases NIL

BANK