

Tuesday, 18th May, 1982.

Increasing nervousness over possible early military action in the South Atlantic prompted a cautious start in the Gilt-edged market. Prices opened with losses of up to  $\frac{3}{8}$  in the shorts and  $\frac{1}{2}$  in the longs, but as no selling developed the market quickly recovered  $\frac{1}{8}$  throughout. In very quiet conditions rumours began to circulate regarding news embargoes and invasions and prices drifted back to their lower levels and, in some cases lost a further  $\frac{1}{8}$ . This however was put back again by the close leaving short stocks down by  $\frac{3}{8}$  and longs by up to  $\frac{1}{2}$ .

The Industrial market opened lower with sentiment still affected by growing fears of a military invasion of the Falkland Islands. Most sectors fluctuated narrowly during the day with no definite trend emerging in subdued and featureless trading conditions, prices closing around the worst levels. Among otherwise steady 'blue-chip' companies, Glaxo weakened on profit-taking after the recent sharp improvement. Stores eased although UDS were better on vague takeover gossip, while Debenhams were unchanged ahead of annual results later this week. Banking and Composite Insurance issues were lower. However, C. E. Heath were firm on final profits better than expected and other Insurance Brokers were marked up in sympathy. Electricals and Engineers were generally easier throughout. Kaffirs declined in line with the gold price.

Financial Times Index (3.00 p.m.) 572.5 (down 3.3)

C.N.D. Sales and Purchases

NIL

BANK

Sales	£	5,742,000
Purchases	£	2,482,000
Nett Sales on balance	£	3,260,000