

Wednesday, 6th October 1982

The Gilt-edged market opened firmly in response to favourable press comment on the banking statistics, and the improvement seen overnight in the American market. Prices were marked up by $\frac{3}{8}$ in the shorts and by up to $\frac{1}{2}$ throughout the rest of the list, although most of the early dealings concentrated in the index-linked issues. The reduction in the clearing banks' base rates to 10% from $10\frac{1}{2}\%$ encouraged investors and prices began to move better - with this trend continuing through the rest of the day. By the close short-dated issues were showing gains of up to $\frac{5}{8}$, while mediums and longs had improved by up to 1 point. Index-linked issues added between $\frac{1}{4}$ and $1\frac{1}{4}$, the sharper rises being due to stock shortages.

The Industrial market opened higher extending the late improvement yesterday on consideration of the encouraging Money Supply figures. However, there was an absence of sustained investment support and prices fluctuated narrowly during the day, closing around the best levels. The announcement of the long awaited domestic base rate reduction had little affect having already been discounted. Among leading "blue-chip" companies, Glaxo remained dull on profit-taking prior to forthcoming results. Electricals met active two-way trade. GEC and Plessey made further gains on the expectation of increased business from British Telecom. Clearing Banks were steady on news of the cut in interest rates. Insurance shares weakened although Hambro Life were sharply higher following the interim report and other Life Assurance issues were better in sympathy. Kaffirs hardened in line with the bullion price.

Financial Times Index (3.00 p.m.) 579.2 (up 2.4)

C.N.D.

Sales and Purchases NIL

BANK

Sales	£60,061,000
Purchases	NIL
Nett Sales on balance	£60,061.000