

EJG

Tuesday, 3rd March, 1981.

The Gilt Edged market was quiet and slightly easier at the opening in all sections and this tendency was thought to be mainly due to press comment concerning Government expenditure in the financial year 1981/82. Selling was not heavy but buyers were conspicuous by their absence and prices drifted lower throughout the morning to show falls of about $\frac{1}{4}$ - $\frac{3}{8}$ in all sections by lunchtime. A slight recovery was seen in the short-dated bonds during the afternoon, when it was announced that Citicorporation in New York had lowered its prime rate from 19% to 18 $\frac{1}{2}$ %. Short-dated bonds ended the day $\frac{1}{8}$ above the lowest levels, while the medium and longs were barely steady, showing falls of about $\frac{3}{8}$ in all sections.

The Industrial market opened steady. However, renewed profit-taking soon caused prices to drift easier and sentiment was further affected by the unexpected announcement of a cut in the final dividend payment from Unilever. Most sectors closed around the worst levels in quiet and featureless trading conditions. Among dull 'blue-chip' companies, Unilever were sharply lower following the reduced dividend, although profits were much as anticipated. Brewery shares weakened on further reports of a drop in beer production and worries concerning the likelihood of large tax increases in the forthcoming Budget. Banking issues were unchanged, while Insurance companies fluctuated during the day on two-way trade. Among easier Engineering shares, Davy Corporation fell as Enserch Corporation of America allowed their bid to lapse following a suggested reference to the Monopolies Commission. Electricals, Properties and Oils were generally lower throughout. Kaffirs were higher as the gold price recovered partially after yesterday's sharp decline.

Financial Times Index (3.00 p.m.) 494.9 (down 6.5)

<u>C.N.D.</u>	Sales	£ 1,098,000
	Purchases	NIL
	Nett Sales on balance	£ 1,098,000

<u>BANK</u>	Sales and Purchases	NIL
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