

Thursday, 12th March, 1981.

The Gilt Edged market was looking quietly firm at the opening and although some selling had been seen after hours on the previous evening, most of these losses were regained by the time dealing started this morning. The firmer tendency which had been seen throughout the previous day soon gathered momentum and, in particular, there was a large demand for the new Government medium-dated tap stock Exchequer 12 $\frac{1}{2}$ % 1990 and the Bank were able to sell large amounts (15% paid) at prices between 15 $\frac{1}{16}$ - 15 $\frac{3}{16}$. Apart from interest in this section, the main demand was seen in the high coupon long-dated stocks and, with the jobbers short of stock in this area, prices improved by as much as $\frac{3}{4}$ - 1 point. Short-dated bonds, by contrast, were rather neglected but these also improved on the day by $\frac{1}{16}$ - $\frac{1}{8}$. Business was on a much smaller scale during the afternoon but the whole market closed looking firm, at or just below the best levels.

The Industrial market opened steady. Most sectors improved during the day with cheap buyers appearing after yesterday's sharp fall. Sentiment was further helped by favourable results from several major companies and prices closed around the best levels. Oils were extremely firm following excellent profits and increased dividends from both British Petroleum and Shell. Dealers had been expecting a cut in the Shell payment in line with a similar decision by Unilever caused by the strength of sterling against the Dutch guilder. Other Oil issues were marked up in sympathy. Secondary stocks were in demand ahead of the next round of British exploration licences. Stores and Electricals were generally well supported after the recent weakness. Clearing Banks recovered on their decision to try and challenge the "windfall profits" tax imposed in the Budget. Among Engineers, Tube Investments were steady after yesterday's disappointing figures and statement. BTR were sharply higher following the well received annual profits and capitalisation issue. Kaffirs were unchanged as the bullion price fluctuated narrowly.

Financial Times Index (3.00 p.m.) 477.4 (up 7.4)

C.N.D.

Sales and Purchases

NIL

BANK

Sales

£

60,653,000

Purchases

£

83,513,000

Nett Purchases on balance

£

22,860,000