

Wednesday, 20th May, 1981.

Having been relatively firm all yesterday the Gilt Edged market turned round today and prices fell away from the opening. At the outset shorts were about  $\frac{1}{8}$  down and longs  $\frac{1}{4} - \frac{3}{8}$  easier, largely prompted by a newspaper article saying that rates in the U.K. as well as the U.S. were due to go higher. At these levels sellers continued to come in, although turnover was not high, and the buyers tended to deal at lowering prices. As a result prices drifted lower, with intermittent small rallies, for most of the day. By the close shorts were  $\frac{1}{4} - \frac{3}{8}$  down and longs  $\frac{3}{4} - \frac{1}{8}$  lower on balance.

The Industrial market opened lower on renewed fears of several large rights issues. Press suggestion of higher interest rates further depressed sentiment. A modest technical rally during the day soon faltered and most sectors continued to fall, closing around the worst levels. Stores were easier in active trade. Marks and Spencer weakened although final profits exceeded expectations. Boots were marked down prior to Thursday's annual results. Electricals were dull with Defence stocks such as Plessey, Racal and Ferranti remaining flat. However British Aerospace improved on confirmation of a big American contract. Engineering shares were weak and Ransome Hoffmann declined on the half-yearly loss and bearish statement. Oils fell through lack of support and Shell were easier ahead of tomorrow's first-quarter figures. The Banking, Insurance and Property sectors were generally lower throughout. Kaffirs were steady on the unchanged gold price.

Financial Times Index (3.00 p.m.)                      544.9 (down 11.0)

<u>C.N.D.</u>	Sales		NIL
	Purchases	£	1,141,000
	Nett Purchases on balance	£	1,141,000
<u>BANK</u>	Sales		NIL
	Purchases	£	15,491,000
	Nett Purchases on balance	£	15,491,000