

Tuesday, 2nd June, 1981.

Taking their cue from an easier U.S. bond market and a developing uncertainty as to the future of U.S. rates, the Gilt Edged market opened a little easier today and immediately ran into selling. Prices fell away in all sections but especially in the longer end where recent rises had predominantly taken place. One or two attempted rallies made little progress and by lunchtime longs were up to $\frac{3}{4}$ down, while shorts had lost up to $\frac{1}{4}$. In the afternoon worries about how the U.S. market might open kept prices subdued and by the close a little further ground had been lost. Longs closed $\frac{3}{4}$ - 1 point lower and shorts up to $\frac{5}{8}$ down on the day.

The Industrial market opened slightly better, extending the firm overnight trend. However, there was very little follow through and most sectors drifted lower during the day, closing around the worst levels in quiet trading conditions. In the Stores sector, Debenhams improved following the excellent annual figures and large surplus on a property revaluation. Other leading issues were marked up in sympathy. Among Papers, De La Rue were sharply higher and Reed International were better as both announced final results that were not as bad as anticipated. Oil issues were dull with British Petroleum particularly depressed prior to interim profits, expected later in the week. Electricals fluctuated in two-way business and were largely unchanged on balance, although Muirhead saw speculative demand on revived takeover rumours. In a quiet Property sector, MEPC remained steady as first half results were in line with estimates. Kaffirs were easier as the gold price declined.

Financial Times Index (3.00 p.m.) 545.8 (down 3.4)

<u>C.N.D.</u>	Sales and Purchases	NIL
<u>BANK</u>	Sales	£ 32,818,000
	Purchases	£ 27,010,000
	Nett Sales on balance	£ 5,808,000