

Monday, 15th June, 1981.

The Gilt Edged market was encouraged by the most recent U.S. money supply figures and by hopes that these might allow reductions in U.S. rates. Prices opened about $1\frac{1}{8}$ - $1\frac{1}{4}$ better in short-dated stocks and around $\frac{1}{2}$ up in longs. With sterling also opening firm, buyers came in immediately and the market improved virtually throughout the morning although shorts did see a little profit-taking around lunchtime. During the afternoon, in spite of news that Chemical Bank had reduced its discount rate to 19%, the market lost a little of its momentum, but the longer-dated stocks retained their best prices to close about $1\frac{1}{2}$ up. Shorts closed generally below the best with rises of up to $1\frac{1}{8}$. The short tap Treasury $11\frac{1}{2}\%$ 1985 was outstanding with a rise of $1\frac{1}{2}$ on the day.

The Industrial market opened steady on the first day of the new account. Most sectors improved during the day following the encouraging American money supply figures that revived the possibility of lower interest rates. Prices closed at their best in light trading conditions. Electricals were well supported with GEC and Thorn-EMI particularly strong features. Plessey were better ahead of results due next week. Muirhead fluctuated before finishing unchanged on the anticipated interim loss. Among otherwise firm Oil issues, British Petroleum remained depressed by persistent suggestion of an impending rights issue. Clearing Banks continued to move higher after recent takeover gossip and on hopes for future prospects. Insurance shares were in demand, also on bid speculation. In the Food sector, S. & W. Berisford hardened as they extended the offer for British Sugar by another two weeks. Engineers, Stores and Properties were generally firm throughout. Kaffirs made marginal gains in line with the bullion price.

Financial Times Index (3.00 p.m.) 545.4 (up 9.6)

<u>C.N.D.</u>	Sales	£	389,000
	Purchases		NIL
	Nett Sales on balance	£	389,000
<u>BANK</u>	Sales	£	206,214,000
	Purchases	£	496,000
	Nett Sales on balance	£	205,718,000