

Thursday, 2nd July, 1981.

With U.S. bonds and sterling both continuing to ease, the Gilt Edged market again followed suit today. Initial prices showed falls of about $\frac{1}{8}$ - $\frac{1}{4}$ in short-dated stocks and $\frac{3}{8}$ in longs. During the morning a few sellers appeared and prices eased a little further. By lunchtime falls of up to $\frac{3}{8}$ in shorts and $\frac{1}{2}$ in longs were in evidence, but there was no further pressure in the afternoon and the market closed slightly above the lunchtime levels.

The Industrial market opened steady. Prices moved within narrow margins but tended to drift lower during the day on lack of interest. Busines conditions were extremely quiet and featureless. Clearing Banks were easier but Insurance shares improved on renewed bid speculation. Composite companies encountered particular demand with attention centred on Commercial Union where gossip prevailed of a partial bid. Electricals were slightly lower, although GEC hardened in response to excellent annual profits. United Scientific were suspended pending a reorganisation following the £27 million purchase of Alvis from BL Ltd. Scottish and Newcastle were dull after rather disappointing final results and other Brewery issues declined in sympathy. However, Distillers were firm on institutional buying. In the Foods, both S. & W. Berisford and British Sugar eased on news that Berisford's bid had failed. The Building, Property and Engineering sectors were generally weaker throughout. Kaffirs remained depressed in line with the gold price.

Financial Times Index (3.00 p.m.) 546.2 (down 2.5)

<u>C.N.D.</u>	Sales	£	8,887,000
	Purchases	£	8,962,000
	Nett Purchases on balance	£	75,000

<u>BANK</u>	Sales		NIL
	Purchases	£	24,346,000
	Nett Purchases on balance	£	24,346,000