

Friday, 3rd July 1981

The Gilt Edged market opened slightly higher this morning in spite of some rises in U.S. prime rates overnight. These were thought to be largely balanced by somewhat more optimistic predictions for the course of interest rates. With a little buying coming in during the morning prices improved gradually to show rises of $\frac{1}{8}$ - $\frac{1}{4}$ in shorts and $\frac{3}{8}$ - $\frac{1}{2}$ in longs by lunchtime. These prices were then generally held until the close.

At 3.30 the issue by tender was announced of £1000 million 2% Index-Linked Treasury stock 2006 (30% on tender).

The Industrial market opened marginally lower. However, most sectors recovered during the day on selective investment interest. Trading conditions were quiet but prices closed at the best levels. Among firm "blue-chip" companies, Glaxo moved sharply higher as brokers upgraded profit estimates. Electricals encountered some profit-taking although GEC extended the overnight improvement following bullish press comment concerning yesterday's excellent annual results. Among easier Oil issues, Burmah were initially suspended ahead of the High Court judgement on their BP shares compensation claim. The subsequent decision against Burmah was anticipated and the shares when re-quoted were unchanged. Insurance stocks were in demand as rumours persisted of more partial bids for leading companies within the sector. Minet Holdings were better on interim figures that were better than expected and other Brokers improved in sympathy. Properties were well supported with Town and City hardening on the final report and accounts indicating an increased asset value. Kaffirs rallied after recent weakness as the gold price remained steady.

Financial Times Index (3.00 pm)

546.3 (up 0.3)

C.N.D.

Sales

£ 366,000

BANK

Purchases

£ 500,000