

Monday, 27th July, 1981.

Following the better than expected U.S. money supply figures, with the concomitant hope that this might help to take the pressure off interest rates to some extent, the Gilt Edged market opened firm this morning. Prices opened $\frac{1}{4}$ better in short-dated stocks and $\frac{1}{2}$ up in longs. While dealing at these levels in shorts was two-way and prices made no further progress, longs saw buyers and went further ahead to show gains of up to about 1 point by mid-morning. From then on the market became quiet but the long market remained firm and closed the day with rises of up to $1\frac{1}{4}$. Shorts remained generally slightly below the best to close $\frac{1}{8}$ - $\frac{1}{4}$ up on balance.

The Industrial market opened steady. Most sectors improved during the day on selective institutional support encouraged by a U.S. Treasury forecast of lower interest rates. Prices closed around the best levels in rather subdued trading conditions. Among firm 'blue-chip' companies, I.C.I. moved higher ahead of half-year figures due on Thursday. Clearing Banks encountered demand with both National Westminster and Midland Bank reporting interim profits later this week. Oil issues hardened following week-end press comment suggesting that world-wide oil consumption may increase. Ultramar continued to attract buying interest on takeover speculation. Electricals and Engineers were generally better throughout. Kaffirs were unchanged as the gold price fluctuated narrowly.

Financial Times Index (3.00 p.m.) 527.2 (up 7.0)

<u>C.N.D.</u>	Sales	£	326,000
	Purchases		NIL
	Nett Sales on balance	£	326,000
<u>BANK</u>	Sales	£	66,260,000
	Purchases		NIL
	Nett Sales on balance	£	66,260,000