

Wednesday, 2nd December, 1981.

The Gilt-edged market opened quietly having recouped the $\frac{1}{4}$ point loss seen after hours yesterday. Sentiment was helped by the overnight recovery in the U.S. bond market but investors were loth to open up new positions in view of the imminence of the Chancellor's financial statement. Following the announcement that a major section of the tanker drivers had agreed not to take industrial action, prices improved $\frac{1}{4}$ although this rise was trimmed back to $\frac{1}{8}$ in the absence of any follow through. During the afternoon the market remained very quiet and prices closed showing rises of $\frac{1}{16}$ in the shorts and $\frac{1}{8}$ in the longs.

The Industrial market opened easier as business conditions remained subdued prior to the forthcoming economic statement by the Chancellor. Most sectors recovered marginally during the day, helped by the petrol tanker drivers' decision not to strike, but still closed lower on balance. Electricals were firm in active two-way trade with GEC and Plessey improving ahead of interim reports this week. Ferranti were sharply higher following the well received interim results. Among better Brewery issues, Allied-Lyons hardened on further consideration of yesterday's figures. Distilling companies were strong on news that Japan is to cut import tariffs on whisky. Arthur Bell was a particular feature, also encouraged by a bullish press article. In the Building sector, English China Clay encountered speculative interest on revived takeover gossip, while Barratts continued to make progress in response to recent comment. Pilkington were weak after very disappointing first-half results. John Brown were flat following an unexpected chairman's statement forecasting a difficult trading outlook and significantly lower profits. Other Engineering stocks fell in sympathy. Clearing Banks rallied after initial weakness caused by a bearish brokers' circular. Insurance shares were unchanged although Phoenix eased on the third-quarter results. Kaffirs were higher in line with the bullion price.

Financial Times Index (3.00 p.m.) 528.2 (down 2.6)

<u>C.N.D.</u>	Sales and Purchases		NIL
<u>BANK</u>	Sales	£	2,863,000
	Purchases	£	16,101,000
	Nett Purchases on balance	£	13,238,000