

Monday, 14th December, 1981.

A further rise in the U.S. money supply and unsettling news from Poland both served to depress the Gilt-Edged market which opened with falls of up to $\frac{1}{2}$ point throughout the list. Trading was slack and what selling there was tended to concentrate on the shorter stocks which, at their worst, showed losses of up to $1\frac{1}{8}$. At this level the selling dried up but prices remained depressed in anticipation of a worsening U.S. bond market. However, when no change was reported from New York, cheap buyers appeared and prices recovered $\frac{1}{4}$ to close with losses of up to $\frac{3}{8}$ in the shorts and $\frac{1}{2}$ point in the longs.

The Industrial market opened easier with sentiment adversely affected by the Polish situation and upward pressure on interest rates. Trading conditions were extremely quiet and prices continued to drift lower through lack of support, closing around the worst levels. Among dull 'blue-chip' companies, BOC improved following annual results that exceeded analysts' estimates. ICI were weak after the lower profits announced by their Australian subsidiary. In the Food sector, Associated Dairies declined on bearish week-end press comment, while Unigate eased prior to interim figures later this week. Property issues declined on fears of higher interest rates. Haslemere were marked down following interim results accompanied by a rights issue raising £21.6 million. Among lower Stores, Habitat fell on news of the merger terms with Mothercare whose shares were unchanged. London and Overseas Freighters were better awaiting the outcome of talks with the overseas company that increased its shareholding last week. Electricals and Engineers were generally dull with Lucas Industries flat on the cautious AGM statement. Kaffirs hardened in line with the higher bullion price.

Financial Times Index (3.00 p.m.) 514.0 (down 6.2)

<u>C.N.D.</u>	Sales and Purchases		NIL
<u>BANK</u>	Sales		NIL
	Purchases	£	1,732,000
	Nett Purchases on balance	£	1,732,000