

Tuesday, 5th January, 1982.

The sharp overnight fall in the U.S. bond market coupled with a tightening of domestic short rates produced a cautious opening to the gilt-edged market. However despite falls of up to $\frac{1}{2}$ point throughout the list, sellers appeared and prices continued downwards to record losses of up to $1\frac{1}{8}$ at their worst. The publication of the Banking statistics and the forecast for M3 came as a pleasant surprise and prices rebounded by up to $\frac{1}{2}$ in the longs and $\frac{3}{8}$ at the shorter end. However sellers of short stocks reappeared in anticipation of further gloom from New York and prices closed with losses of up to $\frac{3}{4}$ in the shorts and $\frac{1}{2}$ in the longs.

The Industrial market opened steady. However, most sectors weakened during the day on fears of higher interest rates and continuing worries about pay settlements for Miners and Railwaymen. Prices rallied in later business following encouraging Banking figures but still remained lower on balance. Oils were initially better after favourable press comment but investment support was not sustained and prices quickly reacted on revived thoughts of potentially damaging petrol price cuts. Insurance issues declined on the expectation of large claims arising from domestic flood damage. Among lower Banking shares, Royal Bank of Scotland were dull awaiting the forthcoming Monopolies Commission report. Foods, Stores and Breweries were generally easier through lack of buying interest. In a quiet Engineering sector, T. W. Ward improved on hopes of increased bid terms from RTZ. Kaffirs hardened in line with the bullion price.

Financial Times Index (3.00 p.m.) 517.8 (down 4.5)

C.N.D. Sales and Purchases NIL

BANK Sales NIL
Purchases £ 77,504,000
Nett Purchases on balance £ 77,504,000