

Thursday, 7th January 1982

The Gilt-edged market opened cautiously with prices marked down by  $\frac{1}{8}$  in the long end and by up to  $\frac{1}{4}$  in the shorts. This was due to the easier tone of sterling and to the overnight fall in the U.S. bond market. Worries over the condition of the Discount House which reported a loss of reserves coupled with a rights issue caused prices to fall another  $\frac{1}{8}$  but with no further selling the market made a gradual recovery, closing with longs unchanged and with the losses in the short end reduced to  $\frac{3}{16}$ .

The Industrial market opened better helped by the Ford workers pay agreement. Most sectors fluctuated narrowly during the day in subdued trading conditions and closed just above overnight levels. Banking and Insurance issues were easier. All Discount House shares were suspended following a rights issue from Smith St. Aubyn raising £2.7 million and a statement announcing significant trading losses which have used up all declared and inner reserves. On the resumption of dealings Smith St. Aubyn were substantially lower and other companies were marked down in sympathy. Among quietly firm Engineers, John Brown improved after news of an overseas acquisition. Peninsular and Oriental weakened on the Chairman's denial of any bid approaches. Oils remained steady despite another adverse brokers circular. Foods, Stores and Breweries were generally better on selective investment interest. Kaffirs were dull as the gold price declined.

Financial Times Index (3.00 p.m.) 526.7 (up 3.0)

C.N.D.

Sales and Purchases NIL

BANK

Sales	NIL
Purchases	£19,775,000
Nett Purchases on balance	£19,775,000