

Monday, 1st February, 1982.

On fears that the U.S. bond market would turn easier following their latest money supply figure, the Gilt-Edged market opened slightly lower this morning with falls of up to $\frac{3}{8}$. This level did not entirely deter the sellers, however, and during the morning prices continued to drift until longs were showing falls of up to $\frac{3}{4}$. The market then steadied and fluctuated narrowly around this level for the remainder of the day, with an easier opening to the U.S. market having no further effect. Prices in fact closed marginally off the bottom with shorts $\frac{3}{8}$ - $\frac{1}{2}$ easier while longs closed about $\frac{5}{8}$ down.

The Industrial market opened steady at the start of the second week for the current three-week account. Most sectors reacted on profit-taking after the recent firm trend and prices closed around the worst levels in quiet trading conditions. Leading 'blue-chip' companies weakened although Fisons were sharply higher following news that the fertilizer division has been sold to Norsk-Hydro for £50 million. Among subdued Paper issues, Reed were better ahead of tomorrow's interim results. Oil shares were dull on fears of further reductions in the price of petrol. Electricals were lower with GEC particularly vulnerable after an adverse brokers' circular. However, Muirhead improved on revived takeover speculation. Clearing Banks and Insurances were generally easier throughout on lack of support. Kaffirs were marked down as the bullion price declined.

Financial Times Index (3.00 p.m.) 574.8 (down 5.0)

C.N.D.

and

Sales and Purchases

NIL

BANK