

Thursday, 11th March, 1982.

Having yesterday gone through a period of adjustment to the Budget measures, the Gilt-Edged market was less active today although turnover remained at a good level. Following the announcement last night of the five new tranches of stock the market had been about  $\frac{1}{8}$  -  $\frac{1}{4}$  easier and prices opened at that level this morning. A little initial selling saw the market ease a little further, but this soon finished and prices began to improve during the morning aided by the  $\frac{1}{2}\%$  cut in base rates. By lunchtime short-dated stocks were still marginally easier, with mediums showing small mixed changes, while longs which had seen the bulk of the demand were showing rises of up to  $\frac{3}{4}$  on balance. During the afternoon the market was quieter, but the undertone remained firm, with the long end showing a slight further improvement here and there. Index-Linked stocks also were firm and closed with rises of up to 2 points from yesterday's close.

The Industrial market opened unchanged. However, most sectors improved during the day on persistent institutional investment demand encouraged by news of the long-awaited interest rate reduction. Prices closed around the best levels. Clearing Banks were easier following their base rate cut from  $13\frac{1}{2}\%$  to  $13\%$ . The Building and Property sectors made further progress on the fall in money rates and on favourable press comment highlighting the benefits of cheaper energy costs. Among quiet Foods, Cadbury and United Biscuits were both marginally better on annual figures that equalled analysts' estimates. In Engineers, Tubes rallied following yesterday's decline as dealers hope for a recovery in trading prospects after the recent substantial losses. Royal Dutch and Shell hardened on the final profits statement and other leading Oil issues were marked higher in sympathy. Kaffirs were better in line with the bullion price.

Financial Times Index (3.00 p.m.) 567.8 (up 8.3)

<u>C.N.D.</u>	Sales and Purchases		NIL
<u>BANK</u>	Sales	£	11,736,000
	Purchases		NIL
	Nett Sales on balance	£	11,736,000