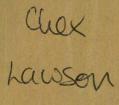
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PART A CHANCELLOR'S PAPERS ON FOREIGN EXCHANGE RESERVES AND INTERVENTION IN

INTERNATIONAL MARKETS

DD:25 years 27/9/95

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jus: 11/5/88 Ends: 3/10/88 (CONTINUED)





Jaguar plc

FROM THE OFFICE OF THE CHAIRMAN AND CHIEF EXECUTIVE

Sir John Egan

Browns Lane Allesley Coventry CV5 9DR England

Telephone: 0203 402121 Telex: 31622

11th May 1988

The Rt Hon Mrs Margaret Thatcher, MP Prime Minister 10 Downing Street LONDON SW1 A2AA

Dear Prime Minister

Thank you very much for inviting me to the dinner in honour of the Japanese Prime Minister; it was a thoroughly enjoyable evening and encouraging because of also the growing self-confidence and obvious sense of purpose of British industrialists. It is becoming clear that the growing Japanese investment in the UK, coupled with a more receptive attitude towards change on the part of British businessmen, could result in our being the first European country to really learn from the Japanese managerial revolution.

You were kind enough to ask how Jaguar was progressing. We are working hard to improve our business, but are currently under enormous threat from the exchange rates, particularly the relationship between sterling and the US dollar. Put simply, at today's rates of approaching \$1.90 to the f, and with current levels of efficiency, we would be trading at little better than break-even. Our hedging policy has given us a further 15 months of acceptable currency rates, at the end of which time we will have to have achieved a 50% increase in productivity in order to maintain satisfactory levels of profitability. Clearly an improvement of this magntitude will require radical changes in our business. Whilst the vast majority of our workforce understand this and are generally sympathetic to our ideas and objectives, their Trades Unions still drag their feet. In our recent campaign to improve productivity at our Browns Lane plant, the first action of the union movement was to ballot their members for a strike mandate on the basis that this would secure a stronger bargaining position. Against the background of a number of high profile disputes in the UK motor industry in the last few months, this action generated a lot of unwelcome publicity for Detailed discussions then followed, and we modified a us. number of our proposals in line with the views expressed by our employees who eventually accepted the position.

> Registered Office Browns Lane Allesley Coventry CV5 9DR



As a general principle, I believe that industrial relations legislation should specify that any ballot on strike action be conducted on a specific proposal, or set of conditions rather than be used as a form of open-ended bargaining counter for the unions before serious negotiations start. A Judge or Court could then order a re-ballot if conditions have materially altered.

I believe Britain's industrial renaissance is still a little fragile and many of the large exporters will need help on exchange rates for some time yet. We are striving to be world class but our system still slows down our ability to change rapidly enough if exchange rates move too quickly.

Yours sincerely

BETOM ~ 2919 30 9

## **10 DOWNING STREET**

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C. cc Miss Marz We spoke. Vsorry to humber you with this.

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CC HMT .

# 10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

Si John K.

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Add 12 May 1988

I enclose a letter dated ll May from Sir John Egan, Chairman of Jaguar, to the Prime Minister. I should be most grateful if you could let me have a contribution to a draft reply covering the point Sir John raises in his penultimate paragraph concerning industrial relations legislation.

I should be grateful if Moira Wallace (Chancellor's office) could let me have a contribution on Sir John's comments on the exchange rate.

It would be helpful to have these contributions by Thursday 26 May.

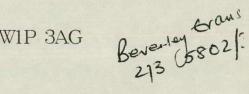
(PAUL GRAY)

Nicholas Wilson, Esq., Department of Employment.

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Paul Gray Esq Private Secretary 10 10 Downing Street 10 SWIA OAA

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27 May 1988

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LONDON

Dear Print

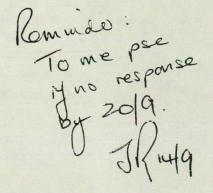
You sent me a copy of your letter of 12 May to Nicholas Wilson covering Sir John Egan's letter to the Prime Minister.

I enclose a contribution on exchange rates for the Prime Minister's reply.

Yaurs,

Mor

MOIRA WALLACE Private Secretary



### CONTRIBUTION TO LETTER FROM PRIME MINISTER TO SIR JOHN EGAN

"You also commented on the problems you faced because of the rise in sterling's exchange rate, particularly against the dollar. I do, of course, recognise your concerns. Since you wrote, we have cut interest rates by a further  $\frac{1}{2}$  per cent, and I set out our policy fully in the House of Commons on 17 May."

CONFIDENTIAL

CC

MR DERETZ 1. 2. CHANCELLOR

FROM: N P WILLIAMS DATE: 24 August 1988

> Economic Secretary Sir G Littler o/r Mr Scholar Mrs Lomax o/r Mr Ilett Mr Gilhooly Miss O'Mara o/r Miss Noble Mr Watts o/r Mrs Ryding Mr Nelson - TSol Mr Hyett Mr O'Connor - I.R

ECU TREASURY BILL PROGRAMME

The Bank have now worked up more detailed proposals for the ecu bill programme in the attached draft information memorandum which takes account of a number of our comments. Applications have been received from 13 UK banks to act as market-makers and, subject to your clearance, the Bank would like to use the attached draft as a basis for talks with a number of European and US banks next week. We may have further detailed comments on the memorandum, but we are broadly content with it as it stands and recommend that the Bank be allowed to proceed subject to making the amendment mentioned in paragraph 2(i) below. The Bank intend to be ready to publish a final memorandum by 16 September, before the informal ECOFIN.

2. The main points you might like to note are:

(i) tax - the Revenue have said that they do not propose to deduct tax at source. Since a commitment on future tax cannot be given the text will need to read "any taxes" rather than "any present or future taxes".

(ii) replacement currency - in the event that the ecu ceases to exist as the unit of account of the EMCF, holders of the bills may opt to receive the equivalent ecu amount of a replacement currency nominated by the Bank as Paying Agent. This means either the US dollar or a component currency of the ecu which is freely usable (ie sterling, the deutschemark or the French franc);

#### CONFIDENTIAL

(iii) method of tender - this section sets out the rules for the first seven tenders, which will be on a bid-price basis, over the period to April 1989. The rules and indeed the whole memorandum could be revised after that in the light of experience;

(iv) market makers - the only unexpected omission from the list so far is Kleinwort Benson who apparently do not want to develop their short-term money market operations. Apart from 13 UK banks, the other market-makers are expected to include approximately 12 EC banks, 7 US securities houses and banks and 3 Swiss banks. There will be no Japanese market-makers, as agreed in response to Sir G Littler's minute to you of 22 August;

(v) secondary market liquidity - market-makers are required to provide active support at the initial series of tenders and to act as market-makers to ensure liquidity in the secondary market. In return, the Bank will only sell bills taken into its portfolio into the secondary market through market-makers and, at least initially, undertake to make a price for any bills that they may offer to the Bank.

3. We think that this kind of market support operation, which is akin to arrangements in the sterling Treasury bill market, is necessary at least in the initial stages of the development of the ecu bill market. The Bank will make below-market prices to discourage indiscriminate selling of the bills. They will be held outside the EEA so that buying in will lead to a reduction in the reserves. We might want to reconsider these support operations after the initial series of tenders, but there is an argument for continuing with them because the bills cannot count as primary liquidity for banks if they are not rediscountable.

4. Are you content with our recommendation that the Bank use this draft of the memorandum amended as proposed in para 2(i) as a basis for further consultation with overseas banks and securities houses?

N P WILLIAMS

CONFIDENTIAL





FROM: MISS M P WALLACE DATE: 26 August 1988

#### MR N P WILLIAMS

cc Economic Secretary Sir G Littler Mr Scholar Mrs Lomax Mr Ilett Mr Gilhooly Miss O'Mara Miss Noble Mr Watts Mrs Ryding Mr Nelson Mr Hyett T.Sol Mr O'Connor IR Mr Peretz

#### ECU TREASURY BILL PROGRAMME

The Chancellor has seen your minute of 24 August, and is content for the Bank to proceed, subject to the amendments you proposed.

MOIRA WALLACE

THE GOVERNOR'S PRIVATE SECRETARY HO-P THE DEPUTY GOVERNOR'S PRIVATE SECRETARY HO-P MR LOEHNIS HO-P MR GEORGE HO-P MR W A ALLEN HO-P MR ALTHAUS HO-G MR A F BUSHELL HO-4 MR CHARKHAM HO-4 MR T A CLARK HO-M MR COLEBY HO-P MR FOOT HO-2 MR GILL HO-3 MR GREEN HO-3 MR J G HILL HO-G MR LATTER HO-2 MR KIRBY HO-3 MR PLENDERLEITH HO-P MS M V LOWTHER HO-G MR PRICE HO-3 MR SMEETON HO-2

MR TOWNEND HO-P MR WARLAND HO-1 MR ARROWSMITH HO-3 MR BAILEY HO-2 MISS C M BALFOUR BB-4 MR BRIAULT/ MR M E F JONES HO-G MR CARTER HO-M MR COLLINS HO-M MR DE HOEST HO-4 MR DORRINGTON HO-4 MR G I EVANS HO-2 MR EXETER HO-2 MISS T A GRAY HO-4 MISS HOPKINSON HO-3 MR ILES HO-3 MR JENKINSON HO-2 MR M R LEWIS HO-3 MR MCCONNACHIE HO-G MR MIDGLEY HO-4

MR C M MILES HO-2 MR MILNE HO-G MR MORTIMER-LEE HO-G MR PAGE HO-2 MR SAGAR HO-3 MR I D SAVILLE HO-2 MRS SERGEANT HO-3 MR SHEPPARD HO-4 MS STONEFROST HO-M MR THORP BB-1 MR URWIN HO-2 MR R G WARE HO-3 MR R P WEBSTER HO-3 MR P A D WRIGHT HO-4 DEALERS GIMLET HO-2 GROUP 9, ID HO-2 GROUP 11, ID HO-2 GROUP 12, BSD HO-2 LORD RICHARDSON PADS

## US FINANCIAL DEVELOPMENTS

The latest weekly summary of developments in monetary policy and the financial markets is attached.

International Division Group 1, HO-3 5 September 1988

R T Thorne (4385)

5. 9.88

- Friday's weaker than expected employment data caused earlier speculation of an imminent further tightening in Fed policy to evaporate, and also caused bill rates to fall by 10 bp and long-term bond rates to fall by 25 bp. However, speculation in some quarters that the Fed's action already this year may have succeeded in slowing the economy sufficiently to avoid accelerating inflation seems to be premature, and the market may have overreacted to the employment data. The dollar showed some weakness following Friday's fall in interest rates.
- Before the data's release, there were reports that the split between regional Fed Presidents and some Fed Governors over the speed of Fed tightening was continuing. There were reported signs that new Fed Governor John LaWare may side with the regional Presidents in the dispute.
- Fed reserves policy remained stable last week, although technical factors have placed some pressure on reserves over the last couple of days.



## (a) No Fed action likely

Last Friday's weaker than expected employment data abruptly changed the market's mood, from fear of further Fed tightening to talk that the Fed's action already this year may have succeeded in slowing the economy sufficiently to avoid accelerating inflation. Such talk is surely premature, based as it is on little more than a single economic release, but analysts had invested the employment data with great significance, not least in the Fed decision-making process. The Fed may indeed regard the moderation in employment growth with some satisfaction.

2 Despite this latest development, it still seems likely that in the coming months pressure will again begin to build for a tightening of policy. Earlier last week there were reports that the split on the FOMC between regional Fed Presidents and some Fed Governors over the speed with which rates should be tightened was continuing. The regional Presidents might be said to have won one round with the unanimous FRB decision last month to raise the discount rate, but the latest data has gone some way to evening the score.

3 The regional Presidents tend to watch economic indicators, and have been alarmed by signs of capacity pressures and of an upturn in wages in recent months. Several of the Governors, notably Johnson, Seger and Angell, are said to pay more attention to the three financial indicators that Johnson made a wide-reportedly speech about in February, but which have since seemed to play only a back-seat role in policy: they are the dollar, commodity prices and the yield curve. With the dollar strong over the last few months and the yield curve having flattened, the financial indicators have not pointed to the need for tightening, and even the commodity price strength this year has been partly attributable to the drought, the effects of which should be discounted, according to Governor Angell.

4 An interview with the newly appointed Fed Governor, John LaWare, last week gave some clues as to where he is likely to stand in the debate. LaWare has been appointed for his banking, rather than economic, expertise, and has been reported not to have particularly forthright views on monetary policy. The broad thrust of his remarks in the interview indicated support for current Fed policy, including possible tightening in future if capacity constraints continue. Although he said that he looks at both economic and financial data before forming views on policy, the tenor of his remarks were reported to suggest that he puts more weight on economic data and so may possibly side with the regional Presidents. When the minutes of the August FOMC meeting (the first he has attended) are released later this month, they may provide further evidence of his position if there was a split vote.

## (b) International policy co-ordination

5 The Japanese decision so far not to follow West Germany's 1/2% point increase in the discount rate has raised press speculation of a policy split between the two countries over the dollar's value. In the absence of any US official comment on the subject, press opinion has been divided over which side the US might take in such a dispute. Some say that the US and Japan have bilaterally agreed to support the dollar, not least because of the forthcoming Presidential election, and that the US is privately annoyed with West Germany that it has tightened policy and hence restrained domestic growth. Others see the US as on West Germany's side in wishing to avoid a counterproductively large dollar rise, with Japan failing to co-operate in the intervention. There seems to be little firm evidence behind either story.

#### MONEY

5 Ml and M2 both rose by a brisk 0.2% in the week ending 22 August, following a slight fall in the week before. Ml rose by a sharp 0.4%, which was nevertheless close to market expectations and followed declines in the two previous weeks.

#### RESERVES AND POLICY IMPLEMENTATION

6 Average adjustment and seasonal borrowing from the Fed's discount window rose by \$53 mn to \$645 mn in the week ending 31 August. Although this was above the previously perceived \$550-600 mn Fed target, Fed policy was seen as having been 2



steady. The high level of borrowing was instead attributed by some to high levels of seasonal discount window borrowing, particularly by agricultural banks, whose loans to farmers are at a seasonal peak just before funds from the harvest enable them to be repayed. The peak is likely to have been exacerbated by the effects of the drought.

7 The current target for the Fed funds rate is seen as being 8-8 1/4%, but the rate has run at the top end of that range in the last couple of days for technical reasons, causing the Fed to add reserves modestly. The normal pressure on reserves over the Labour Day weekend because of high cash withdrawals was supplemented by banks' need to find funds to pay for the Treasury cash management bill auctioned early last week and for substantial social security payments.

## MARKET DEVELOPMENTS (29 August-2 September)

8 On Friday, Treasury bond yields dropped by about 25 bp, the biggest single-day fall since January, in response to the weaker than expected August employment data, which prompted speculation that inflationary pressures might have started to ease. Bill rates fell by 10 bp also, as earlier speculation that the Fed might further tighten evaporated. The most striking element of the employment data was the 0.2% point rise in the unemployment rate, although this series can be volatile. The downward revision to July payroll employment and the weak August average workweek and hourly pay data reinforced the figure's message, but nevertheless some said that the market overreacted to the data.

9 Earlier in the week, long rates had fallen by 10-15 bp in response to the dollar's strength. The dollar had risen particularly strongly against the yen, prompted by the Japanese authorities' failure either to raise the discount rate or to intervene in the foreign exchange market. Although the dollar subsequently showed some weakness against the deutschemark following the fall in interest rates on Friday, the yen's continued weakness limited the dollar's losses against that

## TREASURY AUCTIONS

2

Monday	6 September	Auction of \$14.0 bn of three-and six-month bills,
		raising \$300 mn of new cash.

ECONOMIC IND	ICATORS	
Thursday	8 September	Consumer credit; July
Friday	9 September	Producer price index; August
Tuesday	13 September	Current account; Q2
Wednesday	14 September	Merchandise trade; July
Thursday	15 September	Industrial production; August Retail sales; August
Friday	16 September	Business inventories; July Capacity utilisation; August
Tuesday	20 September	GNP; Q2 (2nd revision)
Wednesday	21 September	Consumer price index; August Personal income and consumption; August Housing starts; August
Friday	23 September	Durable goods orders; August
OTHER DATES		

Monday	5 September	Labor Day (Public holiday)
Tuesday	20 September	FOMC meeting

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US: MONEY AND BANKING S	STATISTIC	s							•
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2 FINANCIAL STATISTICS	I	Level C (\$ bn)	hange in Latest	n level ( <b>\$</b> week Pre	bn) vious week	<pre>% Change (ar) Latest 4 weel Previous 4 weeks</pre>	kly average ov 4 weeks ende 13 weeks ago	ed	
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Money Market Mutual Funds (17.	8.88)	268.6	+3.0		+0.8	+ 4.0	- 9.5		
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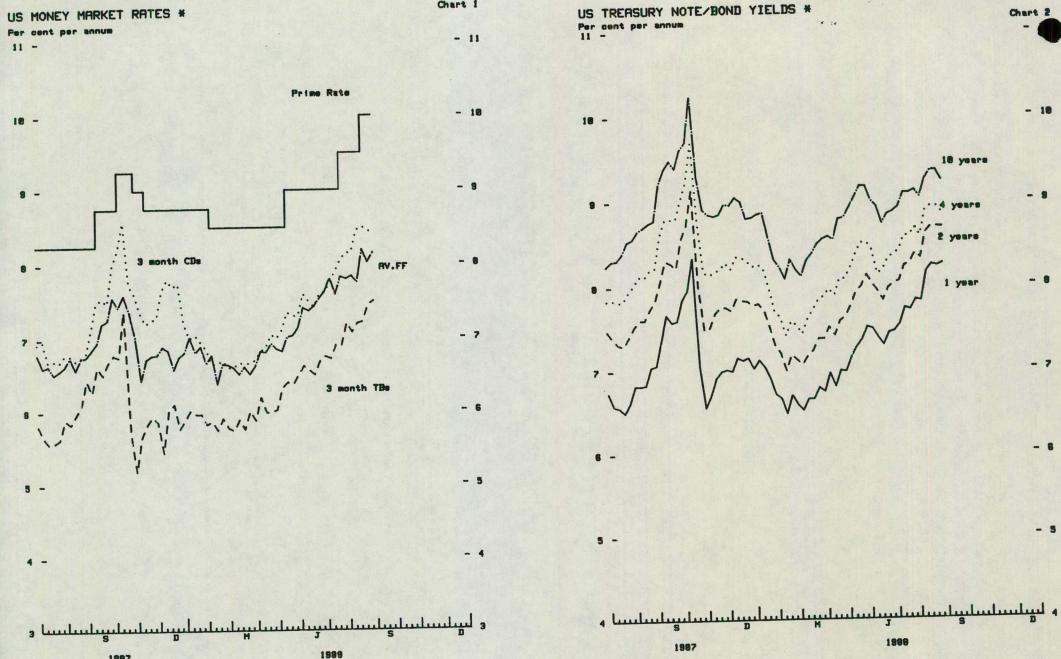


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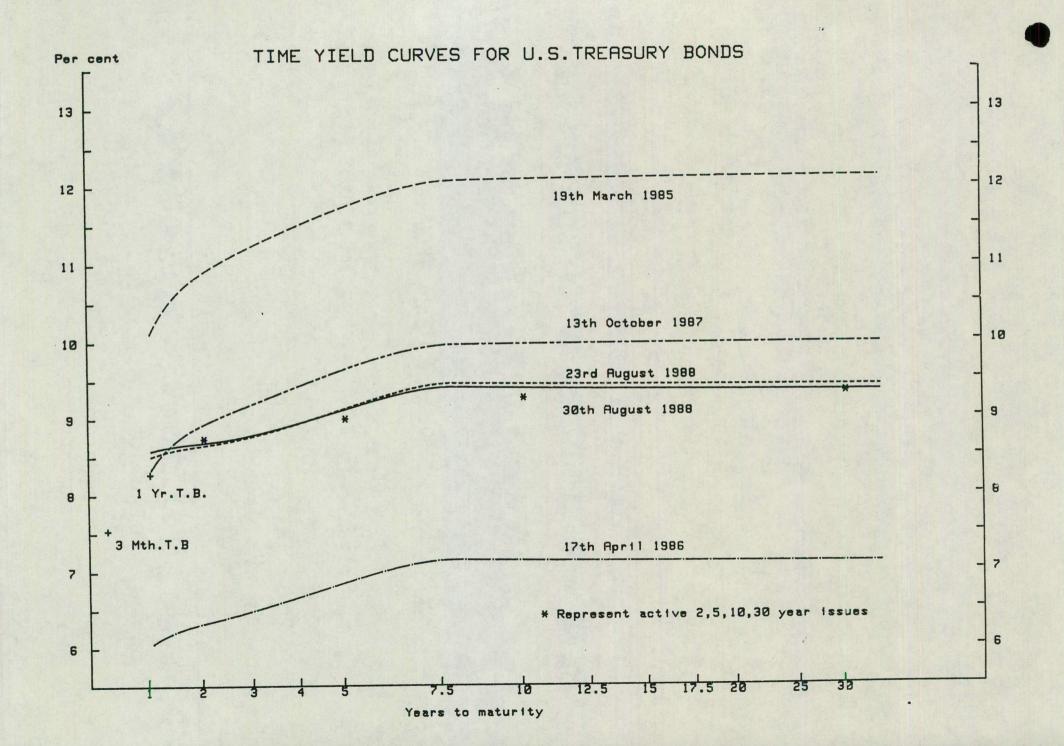
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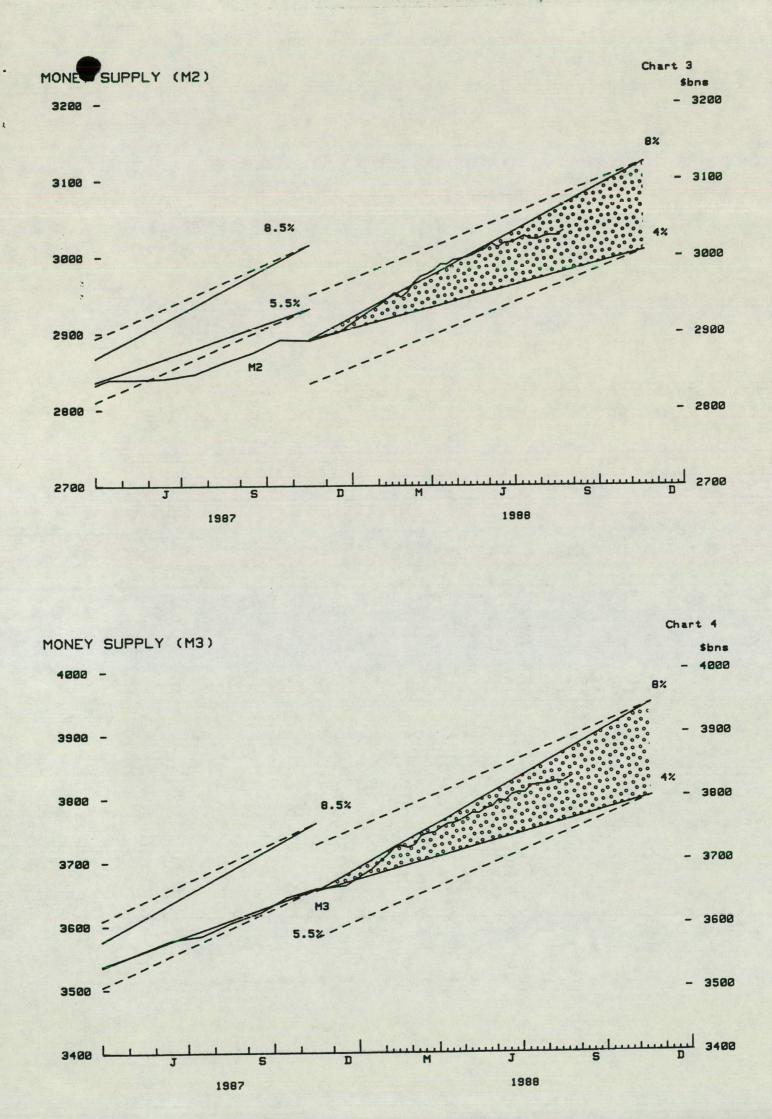
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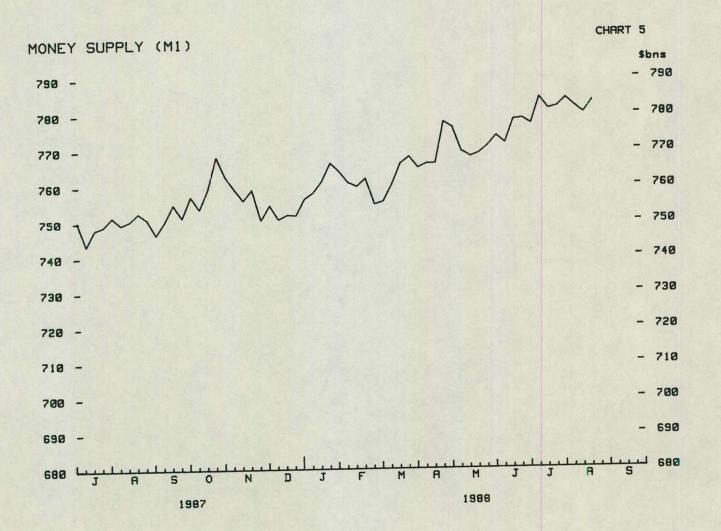
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#### SECRET

MONEY MARKETS				th September 1988
INTEREST RATES	£ Inte	rbank	Eurode	ollar
Then do the second	Today	Change	Today	Change
7 days	11	-3/8	8 1/16	-1/16
1 mth	11 13/16	-5/32	8 1/4	-1/16
3 mth	12 5/16	-3/16	8 3/8	-1/16
12 mth	12 1/4	-1/8	8 15/16	0
BILLS		Tod	av	Change
3 Mont	th Treasury Bills	+		-+
BANK MONEY MARKET OPI		+		-+
+-		Rates		
Band 1 (O-14 days)   +-	340	Due 15/9 1015/16 - 11/2	11 1/2-1, +	
Band 2 (15-31 days)  +-		 +	11 19/32	
Band 3 (32-63 days)  +-			11 3/4-2	
Band 4 (64-91 days)  +-		 	11 13/16	-3/4
TOTAL BILLS   +=	340	ļ		
Repurchase   +·		ļ		
Lending   +-		 +		
TOTAL OPERATIONS   +:	340	against surplus +	£ 350 m ========	
US RATES		3 month CDs	10 yr Tsy Bond	20 yr Tsy Bond
	Today/Change	8.30 0.00	9.02 -0.23	9.07 -0.2
STOCK MARKET		FT Ind-Ord	FTSE	Gilt index
	Today/Change	1421.8 16.7	1764.5 17.6	86.73 0.2
MARKET COMMENT GILTS opened better I steady and US bonds around the higher lev	sharply firmer.The vels and prices co	e market gained a fu insolidates around t irorising calm, and	rther 1/16 but set he opening.The upw this afternoon des	tlers emerged ard revision pite the
to July retail sales closure of US market:	Hus culton with so			

EQUITIES opened better following Wall Street's strong improvement on Friday and firmer sterling.Turnover remains low.

Peter Smith

NAME: Peter Smith TEL NO: 270 4613

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GILT-EDGED MARKET		Monday 5th 9	September 198
Transactions basis, cash values (fm);	sales + purchases -		
ISSUE DEPARTMENT: MARKET TRANSACTIONS		Today	September
	Gross sales shorts	1	1
	Gross sales mediums	22.9	90.8
Gross sa	ales longs and undated	1 27.5	123.0
Gro	oss sales index-linked	1 5.6	28.7
	Part paid calls	1	
Buying in non-r	next maturities shorts		1
Buying in non-ne	ext maturities mediums	-18.9	-80.9
Buying in non-	-next maturities longs	-33.8	-210.4
Buying in non-next ma	aturities index-linked	-5.1	-29.7
CRNE	): Market transactions	1	I
	TOTAL 'GROSS' SALES	-1.8	
Buying	in of next maturities	!	-0.7
	Redemptions	-0.2	1
TOTAL TRA	ANSACTIONS WITH MARKET	-2.0	
	Future c	alls	369
Sales required to meet *	target of £		1
PRICES/YIELDS OF GILT-EDGED STOCKS	Yesterday's close		ge from ay's close
	Par yield (per cent)	Price (£/32)	
Shorts	110.5:6		-0.06
Mediums	10.234	į 11	-0.06
Longs	9.726	1 16	-0.05
	Price (£/32)	Yield (	per cent)
REPRESENTATIVE STOCKS			
REPRESENTATIVE STOCKS		e Today	Change
	Today Chang	e Today 12   10.50	+
8% Treasury 1992	Today Chang +	12   10.50	-0.13
	Today Chang +	+	-0.13   -0.10
8% Treasury 1992 8 3/4 Treasury 1997 'C'	Today Chang 	12   10.50 17   10.12	-0.13   -0.10   -0.08
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992	Today         Chang                     92         20                       92         1                       92         1                       113         28	12     10.50       17     10.12       22     9.91	-0.13 -0.10 -0.08
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07	Today         Chang           1         92         20           1         92         1           1         92         1           1         113         28           82         10         1	12     10.50       17     10.12       22     9.91       4     8.59	-0.13 -0.10 -0.08 -0.05 0.01
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	Today     Chang       92     20         92     1         1     92     1         1     113     28         82     10         96     27	12       10.50         17       10.12         22       9.91         4       8.59         3       3.91	-0.13 -0.10 -0.08 -0.05 0.01
<pre>8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994</pre>	Today     Chang       1     92     20         1     92     1         1     113     28         1     82     10         1     96     27         1     93     2	12       10.50         17       10.12         22       9.91         4       8.59         3       3.91         2       3.55	-0.13 -0.10 -0.08 -0.05 0.01
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	Today     Chang       1     92     20       1     92     1       1     92     1       1     113     28       1     82     10       1     96     27       1     93     2       1     0pen	12       10.50         17       10.12         22       9.91         4       8.59         3       3.91         2       3.55	-0.13   -0.10   -0.05   -0.01   -0.01

NAME: TEL NO:

Peter Smith 270 4613

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ING EVENING REPORT           NG EVENING REPORT           ready 6 September 1998           Syturrency           Since since 16 methods           Syturrency           Since 16 methods           Syturrency           Since 16 methods           Since 16 methods <th <="" colspan="2" th=""><th></th><th></th><th></th><th></th><th></th><th></th><th>/</th><th></th><th></th></th>	<th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th>/</th> <th></th> <th></th>								/		
CODE LGM         EXCHANGE MARKETS         Tuesday 6 September 1988 Schange 9/currency energy           Previous clase         Today         since 8.30s         since 8.30s         since 9.10ps						SECRET	15		NP		
Krange since since since is ince is common to trace since since since is ince is pervised in the second se					MG EV	ENING REPORT			1		
Previous         Today         since	OREIGN E	XCHANGE MA	ARKETS				2	change	tember 1988		
73.5       fERI       75.7       75.9       -7.4       9.8       3.1         1.6447       5/2       1.702       23.9       11.4       2.3         3.1623       DV/Z       3.1372       3.1382       -19.6       12.4       4.7         1.5092       EGU/J       1.5144       1.5162       -23.9       11.4       2.3         99.5       SERI       -       99.1       -29.0       -4.7       -1.1         13557       DV/S       1.8535       1.844       34.0       -0.9       -2.4         135.00       Yon/S       135.05       Spot Brent Sept \$13.65       Oct \$13.87       Nov \$14.02         K RESERVE TRANSCTIONS (Smillion)         apt sin 1 Apr 88         Today innih since         -279       3309         Harket intervention       -310         -23 - 340       2459         Tota       -48       -41       -650         Tota       -431         -25       -299       3309         Tota       -431         -25       -21         Tota       -431							since	since			
1.647       5.72       1.602       23.9       11.4       2.3         3.1263       DM/f       3.1374       3.1385       -19.6       12.4       4.7         1.5092       EEU/f       1.5144       1.5162       -19.6       12.4       4.7         99.5       SERI       -       99.1       -29.0       -4.7       -1.1         1.8537       DM/fs       1.3535       1.845       76.1       13.4       5         ept \$13.72       Oct \$13.92       Not \$14.05       Spot Brent Sept \$13.65       Oct \$13.87       Not \$14.02         K RESERVE TRANSACTIONS (\$million)       a)	close						Plaza	Paris	October 1967		
3.1263 1.5092       DN/4 EU/4       1.5144 1.5162       -19.6       12.4       4.7         99.5 1.557       ERI VM/5       1.8535       1.844 1.8537       54.7       -1.1 1.8557         99.5 1.85.00       Total So.00       185.60       1.844 1.8557       54.7       -4.7       -1.1 1.34.0         99.5 1.85.00       Total So.00       Total So.00       18.64 1.455       54.65       10.4.7       -1.1 1.34.5         ept \$13.72       Oct \$13.92       Nov \$14.05       Spot Brent Sept \$13.65       Oct \$13.87       Nov \$14.02         K RESERVE TRANSACTIONS (Smillion)											
1.5022       ECU/A       1.5144       1.5162         99.5       SERI											
1.8537       DP/3       1.844       54.0       -0.9       -2.4         135.00       Yen/s       135.60       135.45       76.1       13.87       Nov \$14.02         K RESERVE TRANSACTIONS (\$million)         (b)         Estimated *         (b)         Total         (b)         Total         (b)         Estimated *         (b)         Colspan="2">Estimated *         (b)         Colspan="2">Estimated *         Total         Total         Colspan="2">Estimated *         Total         Colspan="2">Estimated *         Total         Colspan="2">Estimated *         Total         Colspan="2">Total         Total         Colspan="2">Total         Total         Total         Total         Colspan="2">Total         Colspan="2" <td colsp<="" td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td>	<td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>										
136.00     Yen/s     135.00     135.45     76.1     13.4     5.5       ppt \$13.72     Oct \$13.92     Nov \$14.05     Spot Brent Sept \$13.65     Oct \$13.87     Nov \$14.02       X RESERVE TRANSACTIONS (\$million)     *     (b)     *     *     *       a)     *     Today     This     Total     *     *     *       a)     *     *     Total     *     *     *     *       a)     *     *     *     *     *     *     *     *       a)     * <td>99.5</td> <td></td> <td>\$ERI</td> <td>-</td> <td>99.1</td> <td></td> <td></td> <td></td> <td></td>	99.5		\$ERI	-	99.1						
ept \$13.72       Oct \$13.92       Nov \$14.05       Spot Brent Sept \$13.65       Oct \$13.87       Nov \$14.02         C RESERVE TRANSACTIONS (\$million)       *       This       Total			and the state of the second					-0.9	-2.4		
C RESERVE TRANSACTIONS (Smillion)         a)       Image: Content of the state of						Sept \$13.65					
a)       (b)       Estimated end-month position         a)       (b)       Estimated end-month position         (c)       (c)       (c)											
Today       This       Total       Estimated         Today       so far       1 Apr 88         anoth       so far       1 Apr 88         25       -299       3309       Market intervention       -310         1       -48       -41       -850       Off-market transactions       -121         1       -23       -340       2459       TOTAL       -431         1       -431       -431       -431       -431       -431         1       -445       TOTAL       -445       -445       -445         1       -445       TOTAL CHANGE IN RESERVES       0       -445       -445         (b) Spot transactions only on a value       * On conventional assumption of no further market intervention.       -445       -445       -445         (c) Spot transactions only on a value       * On conventional assumption of no further market intervention.       -710M, -865       -800         (c) Spot transactions only on a value       Germany -25		E TRANSACT	IONS (\$mil)	lion)							
so far       1 Apr 88         25       -299       3309         -48       -41       -850         -23       -340       2459         -23       -340       2459         TOTAL       -431         -23       -340       2459         Total       -431         Net borrowing       -141         -48       -41         -23       -340       2459         Total       -431         Net borrowing       -141         -431       -431         Net borrowing       -141         -455       Valuation changes         0       -445         -30 Spot transactions only on a value       * On conventional assumption of no further market intervention.         (b) Spot transactions only on a value       * On conventional assumption of no further market intervention.         (chatebrack       Germany -25       Italy -1710M, -865         enmark -       Holland -505       Japan -         -ance -7005       Ireland +225       US -         CHRKET COMMENT A bearish mood continued for the dollar as market continued to digest last friday were than expected employment figures. The National Association of Purchasing Management's onthy ris in interest nates was unlikely.			This	Total			(0)		Estimated  *		
25       -299       3309       Market intervention       -310         -48       -41       -850       Off-market transactions       -121         -23       -340       2459       TOTAL       -431         -23       -340       2459       TOTAL       -431         Net borrowing       1       -141       1         1       -23       -340       2459       TOTAL       -431         Net borrowing       1       -141       1       -431       1         1       -23       -340       2459       TOTAL       -431         Net borrowing       1       -141       1       -431       1         1       -23       -340       2459       TOTAL       -431         1       -23       -340       2459       0       1       -141         1       -23       -340       2459       0       1       -141         1       -24       1       -455       1       -445       1       -445         1       -340       Germany       -25       Italy       -1710M, -865       1       1         1       -1045       Germany       -25		Today	1 month	since							
-48       -41       -850       Off-market transactions       -121         -23       -340       2459       TOTAL       -341         Net borrowing       1       -431       -431         Not borrowing       1       -141       1         Net borrowing       1       -141       1         Not adone date basis.       Valuation changes       0         TOTAL CHANGE IN RESERVES       1       -445         tate basis, as in published figures.       * On conventional assumption of no further market intervention.         regume -104s       Germany -25       Italy -171DM, -865         nmark -       Holland -50S       Japan -         ance -700s       Ireland +22S       US -         Intervention contributed for the dollar as market continued to digest last Friday         ref than expected employment figures. The National Association of Purchasing Management's         mithy report on the US economy for August showed a slowdown reinforcing the view that an         rity rise in interest rates was unlikely.         ere than expected employment figures. The National Association of Purchasing Management's         moth in steriling coupled with a chartist's view that in the medium teme stereling would rise         tere than expected employment figures. The National Association of Purchasing Management's		 +		++					++		
-48       -41       -850       Off-market transactions       -121         1       -23       -340       2459       TOTAL       1         Net borrowing       1       -431       1       -431         Not borrowing       1       -431       1       -431         Net borrowing       1       -431       1       -431         Net borrowing       1       -445       1       -445         1       -445       1       -445       1         1       -445       1       -445       1         1       -445       1       -445       1         1       -445       1       -445       1         1       -445       1       -445       1         1       -445       1       -445       1         1       -445       1       -445       1         1       -445       1       -445       1         1       -445       1       -445       1         1       -441       1       1       -445         1       -441       1       1       -445         1       -104       1	1 A.S.		-299			Market interv	vention				
-23       -340       2459         Net borrowing       -431         Net borrowing       -14         Image: Solution of the series of the s		-48	-41	-850		f-market trai	nsactions				
i		and the second s		See the second se		TOTAL					
b) Spot and forward transactions on a done date basis.       Valuation changes TOTAL CHANGE IN RESERVES       0         b) Spot transactions only on a value date basis, as in published figures.       * On conventional assumption of no further market intervention.         b) Spot transactions only on a value date basis, as in published figures.       * On conventional assumption of no further market intervention.         constraints       Germany -25       Italy -171DM, -865         constraints       Germany -25       Japan -         ance -7005       Ireland +225       US         constraints       Ireland +225       US         constraints       Sociation of Purchasing Management's inthly report on the US economy for August showed a slowdown reinforcing the view that an irty rise in interest rates was unlikely.         ending rose on technical factors this morning with dealers finding themselves long in DM and ioort in sterling. Coupled with a chartist's view that in the medium term sterling would rise the pound was, at one point, up 1 pfennig before falling back 1/2 pfennig up on the day.         ites at 5:12p.m. \$1.7043 DM3.1385 DM/\$1.8415 Yen/\$135.20.         MK KONG       Previous       Today         change       -0.0003         ing Seng Index       2508.19       2502.09       -0.1	-					Nat bonno	ing				
on a done date basis.       TOTAL CHANGE IN RESERVES						Net borrow	wing		++		
total change in RESERVES       1       -445   + + + + + + + + + + + + + + + + + +				ions		Valuation cha	anges				
(b) Spot transactions only on a value date basis, as in published figures.       * On conventional assumption of no further market intervention.         (FHER COUNTRIES MARKET INTERVENTION (Smillion equivalent)       (Smillion equivalent)         (edgium -104\$       Germany -2\$       Italy -171DM, -86\$         (engark -       Holland -50\$       Japan -         (engark -       Holland +22\$       US -         (engark -       Inteland +22\$       US -         (engark -       Holland -50\$       Japan -         (engark -       Holland -50\$       Japan -         (engark -       Holland +22\$       US -         (engark -       Holland +22\$       US -         (engark -       Inteland +22\$       US -         (engark -       Somody for August showed a slowdown reinforcing the view that an antry rise in interest rates was unlikely.         (erting rose on technical factors this morning with dealers finding themselves long in DM and nort in sterling. Coupled with a chartist's view that in the medium term sterling would rise the pound was, at one point,	on a c	done date	00313.		тот	AL CHANGE IN	RESERVES				
Penmark     Holland     -50\$     Japan       Pance     -700\$     Ireland     +22\$     US       ARKET COMMENT A bearish mood continued for the dollar as market continued to digest last friday wer than expected employment figures. The National Association of Purchasing Management's nothly report on the US economy for August showed a slowdown reinforcing the view that an early rise in interest rates was unlikely.       terling rose on technical factors this morning with dealers finding themselves long in DM and not in sterling. Coupled with a chartist's view that in the medium term sterling would rise the pound was, at one point, up 1 pfennig before falling back 1/2 pfennig up on the day.       Attes at 5:12p.m. \$1.7043 DM3.1385 DM/\$1.8415 Yen/\$135.20.       DNG KONG     Previous     Today       Change       ong Kong dollar     7.8082     7.8085     -0.0003       ang Seng Index     2508.19     2502.09     -6.1					llion equi						
Pance-700\$Ireland+22\$US-RKKET COMMENT A bearish mood continued for the dollar as market continued to digest last Friday wer than expected employment figures. The National Association of Purchasing Management's onthly report on the US economy for August showed a slowdown reinforcing the view that an arly rise in interest rates was unlikely. terling rose on technical factors this morning with dealers finding themselves long in DM and onor tin sterling.Coupled with a chartist's view that in the medium term sterling would rise be pound was, at one point, up 1 pfennig before falling back 1/2 pfennig up on the day.Attes at 5:12p.m. \$1.7043 DM3.1385 DM/\$1.8415 Yen/\$135.20.MMCMCDNG KONGPreviousTodayChange ong Kong dollar7.80827.8085cong Kong Index2508.192502.09cong Seng Index2508.192502.09	elgium	-104\$			Germany	-2\$		Italy	-171DM, -86\$		
ARKET COMMENT A bearish mood continued for the dollar as market continued to digest last Friday wer than expected employment figures. The National Association of Purchasing Management's onthly report on the US economy for August showed a slowdown reinforcing the view that an orly rise in interest rates was unlikely. erling rose on technical factors this morning with dealers finding themselves long in DM and hort in sterling.Coupled with a chartist's view that in the medium term sterling would rise he pound was, at one point, up 1 pfennig before falling back 1/2 pfennig up on the day.ONG KONGPreviousTodayChangeONG KONGPreviousTodayChangeong Kong dollar7.80827.8085-0.0003ang Seng Index2508.192502.09-6.1	enmark	-			Holland	-50\$		Japan	-		
ARKET COMMENT A bearish mood continued for the dollar as market continued to digest last Friday wer than expected employment figures. The National Association of Purchasing Management's onthly report on the US economy for August showed a slowdown reinforcing the view that an orly rise in interest rates was unlikely. erling rose on technical factors this morning with dealers finding themselves long in DM and hort in sterling.Coupled with a chartist's view that in the medium term sterling would rise he pound was, at one point, up 1 pfennig before falling back 1/2 pfennig up on the day.ONG KONGPreviousTodayChangeONG KONGPreviousTodayChangeong Kong dollar7.80827.8085-0.0003ang Seng Index2508.192502.09-6.1	ance	-700\$			Ireland	+22\$		US			
The National Association of Purchasing Management's sonthly report on the US economy for August showed a slowdown reinforcing the view that an urly rise in interest rates was unlikely. Serling rose on technical factors this morning with dealers finding themselves long in DM and hort in sterling.Coupled with a chartist's view that in the medium term sterling would rise he pound was, at one point, up 1 pfennig before falling back 1/2 pfennig up on the day.Inter at 5:12p.m. \$1.7043 DM3.1385 DM/\$1.8415 Yen/\$135.20.Medical MedicalONG KONGPreviousTodayChangeong Kong dollar7.80827.8085-0.0003ong Seng Index2508.192502.09-6.1											
Dong Kong dollar     7.8082     7.8085     -0.0003       ang Seng Index     2508.19     2502.09     -6.1	ver than onthly re- arly rise terling in nort in so ne pound	expected eport on t e in inter rose on te sterling.C was, at c	employment the US econo- cest rates we connical fac coupled with one point,up	figures. T omy for Aug was unlikel ctors this h a chartis p 1 pfennig	he Nationa ust showed y. morning wi t's view t before fa	l Association a slowdown th dealers f hat in the m lling back 1	n of Purch reinforcir inding the edium term	nasing Manay ng the view emselves lo n sterling	gement's that an ng in DM and would rise		
ang Seng Index 2508.19 2502.09 -6.1	ONG KONG				Previous		Today		Change		
ang Seng Index 2508.19 2502.09 -6.1	ong Kong	dollar			7.8082		7.8085		-0.0003		
									-6.1		
month interpank rate 0 2/0% 0 (/10 down 3/10%											
	month 11	nterbank r	ate		0 3/0%	0 /	/10		40wii 5/10%		

TT a

TEL NO: 270-5556

SECRET



#### SECRET

MONEY MARKETS			Tuesday 6	th September 1988
INTEREST RATES	£ Inte	rbank	Eurodo	llar
	Today	Change	Today	Change
7 days	10 11/16	-5/16	8 1/16	0
+ 1 mth	11 11/16	-1/8	8 1/4	0
3 mth	12 1/8	-3/16	8 3/8	0
12 mth	12 1/16	-3/16	8 13/16	-1/8
BILLS		Tod	ау	Change
3 Mon	th Treasury Bills	11 1/2	- 11 1/4	-3/8
BANK MONEY MARKET OF	TRATIONS	+		
BANK HONET HARKET OF	Purchases £ m	Rates	Discount Rate on E	licible Bank Bills
Hand 1 (0-14 days)		+	11 1/4-1/8	
Band 2 (15-31 days)		+	11 15/32-	
Band 3 (32-63 days)		+	11 11/16-2	
Band 4 (64-91 days)		÷	11 23/32-	11/16
TOTAL BILLS	0	+ l	+	
Repurchase		The way with		
Lending		† 1		
TOTAL OPERATIONS	0		£ m =======	
US RATES		3 month CDs	10 yr Tsy Bond	20 yr Tsy Bond
	Today/Change	8.30 0.00	9.02 0.00	9.07 0.00
STOCK MARKET		FT Ind-Ord	FTSE +	Gilt index
	Today/Change	1426.8 5.0	1768.0 3.5	86.79 0.06
MARKET COMMENT				
GILTS opened better	on stronger sterli	ng.Shorts and mediu	ms were 1/4 firmer	and longs 3/8

and all sectors had gained a further 1/8 by midday. The afternoon saw little retail interest and some foreign selling at the higher levels. The market sold off to close with shorts only 1/8 better, mediums 1/8 to 1/4 and longs 1/16.

INDEXED LINKED were up to a 1/4 better at one stage, but closed unchanged to 1/8 easier.

EQUITIES staged a technical rally this morning but closed off the best as Wall Street lost most of its opening gains.

Peter Smith

NAME: Peter Smith TEL NO: 270 4613

SECRET

GILT-EDGED MARKET					Tuesday 6th	September 198
Transactions basis, cash values	(£m); s	sales + purch	ases	-		
ISSUE DEPARTMENT: MARKET TRANSAC	TIONS				Today	September
		Gross sale	s sho	orts		+
		Gross sales	medi	iums	16.9	107.7
Gre	oss sal	es longs and	unda	ted	29.2	152.2
	Gros	s sales inde	x-lin	nked	11.9	40.6
		Part pa	id ca	alls		
Buying in	non-ne	ext maturitie	s sho	orts		
Buying in r	non-nex	t maturities	medi	ums	-29.2	-110.1
Buying ir	n non-r	next maturiti	es lo	ongs	-56.2	-266.6
Buying in non-ne	ext mat	urities inde	x-lin	nked	-11.0	-40.7
	CRND:	Market tran	sacti	ons	-11.2	-11.2
		TOTAL 'GROS	s' sa		-49.6	-128.1
Bu	uying i	in of next ma	turit	be-D-BA TANK		-0.7
		Red	empti	ions	-0.2	-11.2
тот/	AL TRAN	SACTIONS WIT	H MAR		-49.8	
						+
			Fu	uture calls		369
Sales required to meet *		target of	£	n	1	
Sales required to meet *		target of		n 	n 	 +====================================
	ĸs		==		Change	e from y's close
	ĸs	Yesterday's	== close		Chang yesterda	y's close
PRICES/YIELDS OF GILT-EDGED STOC	ĸs	Yesterday's Par yield (pe	close r cer		Chang yesterda	y's close Yield (%)
PRICES/YIELDS OF GILT-EDGED STOC	<b>KS</b> F orts	Yesterday's Par yield (pe	close r cer		Chang yesterda Price (£/32)	y's close Yield (%)
PRICES/YIELDS OF GILT-EDGED STOCK Sho Med	<b>KS</b>	Yesterday's Par yield (pe	close r cer + ) i +		Chang yesterda Price (£/32) 2	y's close Yield (%) 
PRICES/YIELDS OF GILT-EDGED STOCK Sho Med	<b>KS</b> Forts diums	Yesterday's Par yield (pe 110.43( 10.164 9.65	close r cer + ) i + 2 i +	nt)	Chang yesterda Price (£/32) 2 5 4	y's close Yield (%)   -0.02   -0.03   -0.01
PRICES/YIELDS OF GILT-EDGED STOCK Sha Mea Lor	<b>KS</b> Forts diums	Yesterday's Par yield (pe 110.430 10.164 9.65 Pric	== close r cer + ) i + 2   + 2   + e (£)		Chang yesterda Price (£/32) 2 5 4 Yield (p	y's close Yield (%) -0.02 -0.03 -0.01 -0.01
PRICES/YIELDS OF GILT-EDGED STOCK Sha Mea Lor	<b>KS</b> Forts diums	Yesterday's Par yield (pe 110.430 10.164 9.65 Pric	== close r cer + ) i + 2   + 2   + e (£)		Chang yesterda Price (£/32) 2 5 4 4 Yield (p Today	y's close Yield (%) -0.02 -0.03 -0.01 er cent) Change
PRICES/YIELDS OF GILT-EDGED STOCK	<b>KS</b> Forts diums	Yesterday's Par yield (pe 10.43( 10.164 9.65 Pric Today	== close r cer + ) i + 2   + 2   + e (£)		Chang yesterda Price (£/32) 2 5 4 Yield (p Today 10.45	y's close Yield (%) -0.02 -0.03 -0.01 er cent) Change -0.05
PRICES/YIELDS OF GILT-EDGED STOCK Sha Med Lor REPRESENTATIVE STOCKS	<b>KS</b> Forts diums	Yesterday's Par yield (pe 110.430 10.164 9.65 Pric Today	== close r cer + ) i + 2   + e (£,	2 nt) /32) Change	Chang yesterda Price (£/32) 2 5 4 Yield (p Today 10.45 10.09	y's close Yield (%) -0.02 -0.03 -0.01 er cent) Change -0.05 -0.03
PRICES/YIELDS OF GILT-EDGED STOCK Med Lor REPRESENTATIVE STOCKS 3% Treasury 1992 3 3/4 Treasury 1997 'C'	<b>KS</b> Forts diums	Yesterday's Par yield (pe 110.430 10.164 9.65 Pric Today 92 92	e (£)	2 nt) /32) Change 6 5	Chang yesterda Price (£/32) 2 5 4 Yield (p Today 10.45 10.09 9.90	y's close Yield (%) -0.02 -0.03 -0.01 er cent) Change -0.05 -0.03 -0.03
PRICES/YIELDS OF GILT-EDGED STOCH Sha Mea Lor REPRESENTATIVE STOCKS 3% Treasury 1992 3 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07	<b>KS</b> Forts diums	Yesterday's Par yield (pe 10.430 10.164 9.65 Pric Today 92 192 192 113 3	== close r cer + 2   + e (£) e (£)	/32) Change 6 5 2 0	Chang yesterda Price (£/32) 2 5 4 Yield (p Today 10.45 10.09 9.90 8.60	y's close Yield (%) -0.02 -0.03 -0.01 er cent) Change -0.05 -0.03 -0.01 -0.01 0.01
PRICES/YIELDS OF GILT-EDGED STOCH Sha Med Lor REPRESENTATIVE STOCKS 3% Treasury 1992 3 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992	<b>KS</b> Forts diums	Yesterday's Par yield (pe 110.430 10.164 9.65 Pric Today 192 2 192 1113 3 182 1	e (£,	2 (732) Change 6 5 2	Chang yesterda Price (£/32) 2 5 4 Yield (p Today 10.45 10.09 9.90 8.60	y's close Yield (%) -0.02 -0.03 -0.01 er cent) Change -0.05 -0.03 -0.01 -0.01 0.01
PRICES/YIELDS OF GILT-EDGED STOCH Sho Med Lor REPRESENTATIVE STOCKS 3% Treasury 1992 3 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	<b>KS</b> Forts diums	Yesterday's Par yield (pe 110.430 10.164 9.65 Pric Today 92 92 192 113 182 1 96 2	e (£)	/32) Change 6 5 2 0	Chang yesterda Price (£/32) 2 5 4 Yield (p Today 10.45 10.09 9.90 8.60 3.91	y's close Yield (%) -0.02 -0.03 -0.01 er cent) Change -0.05 -0.03 -0.01 0.01 0.01 0.01
PRICES/YIELDS OF GILT-EDGED STOCH Sho Med Lor REPRESENTATIVE STOCKS 3% Treasury 1992 3 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	<b>KS</b> Forts diums	Yesterday's Par yield (pe 110.430 10.164 9.65 Pric Today 92 92 192 113 182 1 96 2	<pre>close r cer+ 2  + 2  + e (£,+ 0  + 7  + 7  + </pre>	change 6 5 2 0 0	Chang yesterda Price (£/32) 2 5 4 Yield (p Today 10.45 10.09 9.90 8.60 3.91	y's close Yield (%) -0.02 -0.03 -0.01 er cent) Change -0.05 -0.03 -0.01 0.01 0.01 0.01
PRICES/YIELDS OF GILT-EDGED STOCH Sho Med Lor REPRESENTATIVE STOCKS 3% Treasury 1992 3 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	<b>KS</b> Forts diums	Yesterday's Par yield (pe 110.430 10.164 9.65 Pric Today 92 92 192 113 182 1 96 2	<pre>close r cer+ 2  + 2  + e (£,+ 0  + 7  + 7  + </pre>	<pre>/32) Change</pre>	Chang yesterda Price (£/32) 2 5 4 Yield (p Today 10.45 10.09 9.90 8.60 3.91	y's close Yield (%) -0.02 -0.03 -0.01 er cent) Change -0.05 -0.03 -0.01 0.01 0.01 0.00 0.02
PRICES/YIELDS OF GILT-EDGED STOCK Sha Mea	<b>KS</b> Forts diums	Yesterday's Par yield (pe 110.430 10.164 9.65 Pric Today 92 92 192 113 182 1 96 2	<pre>close r cer+ 2  + 2  + e (£,+ 0  + 7  + 7  + </pre>	<pre>/32) Change</pre>	Chang yesterda Price (£/32) 2 5 4 Yield (p Today 10.45 10.09 9.90 8.60 3.91 3.57 Close	y's close Yield (%) -0.02 -0.03 -0.01 er cent) Change -0.05 -0.03 -0.01 0.01 0.01 0.00 0.02 Volume

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#### UNCLASSIFIED



Treasury Chambers, Parliament Street, SWIP 3AG 01-270 3000

6 September 1988

Ken Smith Esq Institute of Economic Affairs 2 Lord North Street WESTMINSTER SW1P 3LB

Dear Mr Smith

"THE STATE OF THE MARKET"

You asked me a few days ago for a reference for the Chancellor's quotation from the official Chinese newspaper, in the conclusion of his lecture on "The State of the Market".

The Anglicised version of the name of the newspaper is Renmin <u>Ribao</u>. The Chancellor spotted the quotation in the IMF Press Summary for 12 July 1988, but we do not know for certain whether the quotation featured in that day's issue of the paper, or perhaps a few days earlier, and to check it would be difficult. Are you content for the footnote to say, <u>"Renmin Ribao</u>, July 1988"?

Yours sincerely, Andrew Hudson

A P HUDSON

FOR EXCHANGE MARKETS				MG EVENING REPORT Wednesday 7 %change \$/currency			
Previous close			To opening 8.30am	day close 4.00pm	since Plaza	since Paris	
75.9		ERI	76.0	75.9	-7.4	9.8	
1.7020		/£ M/£	1.7087 3.1449	1.703 3.1429	23.9	11.4	
1.5162		CU/£		1.5171	-17.5	12.0	7.7
99.1	\$	ERI		99	-29.1	-4.8	-1.2
1.8440		M/\$	1.8405			-1.0	
135.45	Y	en/\$	134.30	133.87	78.2	14.7	6.7
Sept \$13.65	Oct \$13	.87 Nov \$	\$14.02 S	pot Brent S	Sept \$13.17 Oct \$13.4	2 Nov \$13	. 52
IK RESERVE T	RANSACTI	ONS (\$mill	lion)				
(a) +	+		Total		(b)	)	++  Estimated  *
		month	since				end-month
1			1 Apr 88				position
+	-6			M	Market intervention		-316
+			+				÷÷
+	-17		-867	011	f-market transactions		-140
	-23		2436		TOTAL		-456
+	+		+		Net borrowing		+======+
a) Spot and	forward	transacti	ions		aluation changes		++
a) Spot and on a don			ions		/aluation changes		0
on a don	e date b	asis.			/aluation changes		0
on a don (b) Spot tr date bas	e date b ansactio is, as i 	asis. ns only or n publishe	n a value ed figures.	тота	AL CHANGE IN RESERVES * On conver no furthe		0   ++   -470   ++
on a don (b) Spot tr date bas	e date b ansactio is, as i 	asis. ns only or n publishe <b>ET INTERVE</b>	n a value ed figures.	тота	AL CHANGE IN RESERVES * On conver no furthe valent)	er market in	0   ++   -470   +======+
on a don (b) Spot tr date bas OTHER COUNTR Belgium -3	ansactio is, as i 	asis. ns only or n publishe <b>ET INTERVE</b>	n a value ed figures.	TOTA Llion equiv Germany -	AL CHANGE IN RESERVES * On conver- no further valent)	er market in Italy	0   ++ ++ umption of ntervention.
on a don (b) Spot tr date bas OTHER COUNTR Belgium - 3 Denmark -	ansactio is, as i 	asis. ns only or n publishe <b>ET INTERVE</b>	n a value ed figures.	TOTA Llion equiv Germany - Hoiland -	* On conver no furthe	er market in Italy Japan	0   ++ ++ umption of ntervention.
on a don (b) Spot tr date bas OTHER COUNTR Belgium -3	ansactio is, as i 	asis. ns only or n publishe <b>ET INTERVE</b>	n a value ed figures.	TOTA Llion equiv Germany -	* On conver no furthe	er market in Italy	0   ++ ++ umption of ntervention.
on a don (b) Spot tr date bas OTHER COUNTR Belgium - 3 Denmark - France - France -	e date b ansactio is, as i  IES MARK O\$,-31DM  NT t time d overni	asis. ns only or n publishe ET INTERVE	the forex	TOTA Llion equiv Germany - Hoiland - Ireland - markets ha n as marke	AL CHANGE IN RESERVES * On conver- no further valent)	ar market in Italy Japan US and Lacked	<pre>1 0   ++ 1 -470   ++ umption of ntervention21\$,-205DM any direction. Th k rates by 1/16%.</pre>
on a don (b) Spot tr date bas THER COUNTR Belgium -30 Denmark - rance - rance - rance - ARKET COMME ter a quie lollar ease pening in L he DM1.84 waited US terling fir iorning late ross curren	e date b ansactio is, as i  IES MARK 0\$,-31DM  NT t time d overni ondon th resistan PPI figu med ove r eased cies(i.e	asis. ns only or n publishe ET INTERVE dvernight ght again is morning ce level.H res due of rnight on as the of . Y/DM et	the forex the forex the forex the dollar the back dollar cons c.).Oil pr	TOTA Llion equiv Germany - Hoiland - Ireland - Ireland - markets ha n as marke ar eased ag ing found day.Market of an eas solidated.U ice eased t	AL CHANGE IN RESERVES * On conver- no further valent)	ar market in Italy Japan US and lacked ese interbar ell as the vels the dol earish for the found a es today as	<pre>1 0   ++ 1 -470   ++ umption of ntervention21\$,-205DM any direction. The rates by 1/16%. Yen)as markets test llar consolidated a the dollar. high at \$1.711 the markets focussed</pre>
on a don (b) Spot tr date bas THER COUNTR Belgium -3 Denmark - rance - rance - ARKET CONNE ter a quie lollar ease opening in L he DM1.84 waited US terling fir iorning late ross curren irmed.Gold	e date b ansactio is, as i  IES MARK 0\$,-31DM 0\$,-31DM coverni ondon th resistan PPI figu med ove r eased cies(i.e fixed at	asis. ns only or n publishe ET INTERVE Ght again is morning ce level. res due co rnight on as the co . Y/DM et \$427.25 t	the forex st the Yes the dollar control (\$mi the dollar the back dollar cont c.).Oil pr	TOTA Llion equiv Germany - Hoiland - Ireland - Ireland - markets ha n as marke ar eased ag ing found day.Market of an eas solidated.U ice eased t con( 1 Sept	AL CHANGE IN RESERVES * On conver- no furthe valent)	ar market in Italy Japan US and lacked ese interbar ell as the vels the dol earish for the found a es today as	<pre>1 0   ++ 1 -470   ++ umption of ntervention21\$,-205DM any direction. The rates by 1/16%. Yen)as markets test llar consolidated a the dollar. high at \$1.711 the markets focussed</pre>
on a don (b) Spot tr date bas THER COUNTR elgium - 30 enmark - rance - rance - ARKET COMME ter a quie ollar ease pening in L he DM1.84 waited US terling fir orning late ross curren irmed.Gold ates at 5.5	e date b ansactio is, as i  IES MARK 0\$,-31DM 0\$,-31DM coverni ondon th resistan PPI figu med ove r eased cies(i.e fixed at	asis. ns only or n publishe ET INTERVE Ght again is morning ce level. res due co rnight on as the co . Y/DM et \$427.25 t	the forex st the Yes the dollar control (\$mi the dollar the back dollar cont c.).Oil pr	TOTA Llion equiv Germany - Hoiland - Ireland - Ireland - markets ha n as marke ar eased ag ing found day.Market of an eas solidated.U ice eased t con( 1 Sept	* On conver no furthe /alent) 	ar market in Italy Japan US and lacked ese interbar ell as the vels the dol earish for the found a es today as	<pre>1 0   ++ 1 -470   ++ umption of ntervention21\$,-205DM any direction. The rates by 1/16%. Yen)as markets test llar consolidated a the dollar. high at \$1.711 the markets focussed</pre>
on a don (b) Spot tr date bas THER COUNTR Belgium -3 Denmark - rance - rance - ARKET CONNE ter a quie lollar ease opening in L he DM1.84 waited US terling fir iorning late ross curren irmed.Gold	e date b ansactio is, as i  IES MARK 0\$,-31DM  d overni ondon th resistan PPI figu med ove r eased cies(i.e fixed at 5PM :	asis. ns only or n publishe ET INTERVE Ght again is morning ce level. res due co rnight on as the co . Y/DM et \$427.25 t	the forex ast the Yen the dollar the back dollar cons c.).0il pr this afterno DM3.1486	TOTA Llion equiv Germany - Hoiland - Ireland - Ireland - markets ha n as market ar eased ag ing found day.Market of an eas solidated.U ice eased t pon( 1 Sept DM/\$1.844	* On conver no furthe /alent) 	ar market in Italy Japan US and lacked ese interbar ell as the vels the dol earish for the found a es today as	<pre>1 0   1 -470   1</pre>
on a don (b) Spot tr date bas THER COUNTR Belgium -30 Benmark - rance - rance - ARKET COMME ter a quie ollar ease pening in L he DM1.84 waited US terling fir orning late ross curren irmed.Gold ates at 5.5	e date b ansactio is, as i  IES MARK O\$,-31DM O\$,-31DM O\$,-31DM  t time d overni ondon th resistan PPI figu med ove r eased cies(i.e fixed at 5PM : 	asis. ns only or n publishe ET INTERVE Ght again is morning ce level. res due co rnight on as the co . Y/DM et \$427.25 t	the forex st the forex the forex the dollar the back the back the back this afterno DM3.1486	TOTA Llion equiv Germany - Hoiland - Ireland - Ireland - markets ha n as marke ar eased ag ing found day.Market of an eas solidated.U ice eased t pon( 1 Sept DM/\$1.844 Previous	AL CHANGE IN RESERVES * On conver- no further valent)	ar market in Italy Japan US and lacked ese interbar ell as the vels the dol earish for the found a es today as	<pre>i 0   i -470   i -470   i -470   i -21\$, -205DM any direction. The k rates by 1/16%. Yen)as markets test lar consolidated at the dollar. high at \$1.711 th s markets focused but has since</pre>

SECRET

			Wednesday	7th September 198
NTEREST RATES			Eurodol	1
	£ Inte			
	Today	Change +	Today ++	Change
7 days	10 1/2	-3/16	8   ++	-1/16
1 mth	11 5/8	-1/16 +	8 3/16   ++	-1/16
3 mth	12 1/8	0	8 5/16   ++	-1/16
12 mth	12 1/8	1/16	87/8	1/16
ILLS		Toda	ау	Change
3 Mor	nth Treasury Bills	11 5/8	- 11 1/2	1/4
		+	+	
ANK MONEY MARKET OF	PERATIONS			
	Purchases £ m	Rates	Discount Rate on El	igible Bank Bills
and 1 (0-14 days)			11 1/8-10	7/8
and 2 (15-31 days)	í	+	11 7/16-13	/32
and 3 (32-63 days)		+···	11 11/16-2	1/32
and 4 (64-91 days)	97	11 11/16	11 23/32-1	1/16
TOTAL BILLS	97	+ 	+	
Repurchase	+======================================	+ 		
Lending		<b>†</b>		
TOTAL OPERATIONS	97	+  against shortage :	£ 150 m	
	+========================	+		
S RATES		+	10 yr Tsy Bond	20 yr Tsy Bond
	Today/Change	8.25 -0.05	9.00 -0.02	9.04 -0.03
		FT Ind-Ord	FTSE	Gilt index
TOCK MARKET	the second design of the second distance of the second second second second second second second second second		1756.1 -11.9	

NAME: Peter Smith TEL NO: 270 4613

GILT-EDGED MARKET				Wednesday 7th	September
Transactions basis, cash value	s (£m); sa	ales + purchase	es -		
ISSUE DEPARTMENT: MARKET TRANS	ACTIONS			Today	September
		Gross sales s	shorts.		
		Gross sales me	ediums	8.8	116.
	Gross sale	es longs and ur	ndated	38.2	190.
	Gross	s sales index-	linked	2.8	43.
		Part paid	calls .		
Buying	in non-nex	ct maturities	shorts .		
Buying i	n non-next	t maturities me	ediums	-9.3	-119.
Buying	in non-ne	ext maturities	longs	-39.0	-305.
Buying in non	-next matu	urities index-	linked	-8.1	-48.
	CRND:	Market transac	ctions	-4.6	-15.
		TOTAL 'GROSS'	SALES	-11.2	
	Buying in	n of next matu	rities		-0.
		Redem	ptions		-15
Ţ	OTAL TRAN	SACTIONS WITH	MARKET	-11.2	
			Future calls		30
Sales required to meet	*	target of	£	n	
PRICES/YIELDS OF GILT-EDGED ST		Yesterday's cl	ose	Change yesterda	e from y's close
	Pa	ar yield (per o	cent)	Price (£/32)	Yield
	Shorts	10.396	<b>†</b>	-2	0.0
	Mediums	110.140	+	+   -1	0.0
	Longs	9.643	<b>7</b>	+· 	+ 
		+	+	+	+
REPRESENTATIVE STOCKS			(£/32)		
		+	+	Today	+
8% Treasury 1992		92 25	+	10.46	+
8 3/4 Treasury 1997 'C'		92 8	+	+	+
11 3/4% Treasury 2003/07		113 30	+	+	+
3% Treasury 1992		82 10	+	+	+
		96 24	+	+	+
2 1/2% Index-Linked 2016				3.57	0.0
2% Index-Linked 1994		92 30	0	+	+
		92 30	÷	÷	÷
2% Index-Linked 1994		÷	+ Open +	÷	Volume

TEL NO:

270 4613

						11	
ETGN E	CHANGE MAR	KETS		MG EVENING	Thur		tember 1988
						hange irrency	
Previous				day .	since Plaza	since Paris	since 16 October 1987
close			opening 8.30am	close 4.00pm	PLaza	F 01 13	
75.9	The second s	ERI	75.8	75.7	-7.7 23.4	9.6 11.0	2.9
1.7030 3.1429		/£ M/£	1.6985	3.1358	-19.7	12.3	4.6
1.5171		cu/£	1.5162	1.5159			
99	the second second second second second	ERI		99.1	-29.0 53.6	-4.7	
1.8455 133.87		M/\$ en/\$	1.8487 134.25	1.8487 133.75	78.4	14.8	6.8
ept \$13.	17 Oct \$13	.42 Nov \$	13.52 S	pot Brent Sept	\$13.15 Oct \$13.4	2 Nov \$13.	55
			ion)		The second second		
K RESERV	E TRANSACTI	ONS (SEILL	.10 <b>n</b> )		(b)		++
a)	++	This	Total		(5)		Estimated  *
	Today	month	since 1 Apr 88				end-month   position
	5	-320	++	Mark	et intervention		-311
	-16		++	Off-ma	rket transactions		i -141 i
	-11				TOTAL		-452
	++		+======+	N	et borrowing		-14
							++
				Valu	ation changes		0
on a	and forward done date b transactio basis, as	ons only o	n a value	TOTAL C	ation changes HANGE IN RESERVES * On conven	tional ass	++   -466   ++
on a	done date t	ons only o	n a value	TOTAL C	HANGE IN RESERVES	tional ass r market i	++   -466   +======+
on a (b) Spot date	done date t transactio basis, as	oasis. ons only of in publish	n a value ed figures.	TOTAL C	* On conven no furthe	r market i	umption of ntervention.
on a (b) Spot date	done date t transactio basis, as	oasis. ons only of in publish	n a value ed figures.	TOTAL C	* On conven no furthe	r market i  Italy	++   -466   ++
on a (b) Spot date	done date t transactio basis, as INTRIES MARI -82DM	oasis. ons only of in publish	n a value ed figures.  ENTION (\$mi	TOTAL C Illion equivale Germany - Holland -	* On conven no furthe	r market i Italy Japan	umption of ntervention.
on a (b) Spot date OTHER COL Belgium Denmark	done date t transactio basis, as INTRIES MARI -82DM	ons only of in publish KET INTERV	n a value ed figures.  ENTION (\$mi	TOTAL C illion equivale Germany -	HANGE IN RESERVES * On conven no furthe ent)	r market i Italy Japan US	umption of ntervention.
on a (b) Spot date OTHER COL Belgium Denmark France MARKET CC he forex and some the day a Sterling done today was see	done date t transactio basis, as 	6DM 6DM w a dull ering.Toda lose to it the Far E lowing CBI 1.695. aced with	and lethars and lethars y it trades ast this mo /FT survey Italy and	TOTAL C Germany - Holland - Ireland -580 Jic day. The c d in a narrow levels.Markets orning falling of distribut France defend	<pre>change in RESERVES  * On conven  no furthe ent)  dollar firmed over range staggering b s now await US PPI g below the key lo ive trades sterling </pre>	r market i Italy Japan US Driefly abd figures o evel of \$1. ng eased an y rates.The	<pre>+ I -466 I ++ I -466 I ++ umption of ntervention</pre>
on a (b) Spot date OTHER COL Belgium Denmark France MARKET CC he forex and some the day a Sterling done toda was see EMS tens of the n	done date t transactio basis, as UNTRIES MARI -82DM - -180\$,-14 - -180\$,-14 - - -180\$,-14 - - - - - - - - - - - - - - - - - -	6DM w a dull ering.Toda lose to it the Far E lowing CBI 1.695. aced with and which	and lethar y it tradec s opening ast this mo /FT survey Italy and closed 1 5,	TOTAL C Germany - Holland - Ireland -580 Jic day. The c d in a narrow levels.Markets orning falling of distribut France defend	<pre>thange IN RESERVES  * On conven  no furthe ent)  dollar firmed over range staggering b s now await US PPI g below the key lo ive trades sterlin ing their DM parit;</pre>	r market i Italy Japan US Driefly abd figures o evel of \$1. ng eased an y rates.The	<pre></pre>
on a (b) Spot date OTHER COU Belgium Denmark France MARKET CC he forex and some the day a Sterling done toda was see EMS tens of the na	done date t transactio basis, as UNTRIES MARI -82DM - -180\$,-14 - -180\$,-14 - - -180\$,-14 - - - - - - - - - - - - - - - - - -	6DM w a dull ering.Toda lose to it the Far E lowing CBI 1.695. aced with and which	and lethar y it tradec s opening ast this mo /FT survey Italy and closed 1 5,	TOTAL C Germany - Holland - Ireland -580 Jireland -580 Jirela	<pre>thange IN RESERVES  * On conven  no furthe ent)  dollar firmed over range staggering b s now await US PPI g below the key lo ive trades sterlin ing their DM parit;</pre>	r market i Italy Japan US Driefly abd figures o evel of \$1. ng eased an y rates.The	<pre>+ I -466 I ++ I -466 I ++ umption of ntervention</pre>
on a (b) Spot date OTHER COL Belgium Denmark France MARKET CO he forex and some the day a Sterling done toda was see EMS tens of the ni Rates at 	done date t transactio basis, as 	6DM w a dull ering.Toda lose to it the Far E lowing CBI 1.695. aced with and which	and lethar y it tradec s opening ast this mo /FT survey Italy and closed 1 5,	TOTAL C Germany - Holland - Ireland -580 Jic day. The c d in a narrow levels.Markets orning falling of distribut France defend /8% wide. /\$1.8515 Y/3 Previous	<pre>thange IN RESERVES  * On conven  no furthe ent) dollar firmed over range staggering b s now await US PPI g below the key lo ive trades sterlin ing their DM parit; \$133.90</pre>	r market i Italy Japan US Driefly abd figures o evel of \$1. ng eased an y rates.The	<pre>umption of ntervention. -317DM, -87ECU, -424 - - - - - - - - - - - - - - - - - -</pre>
on a (b) Spot date OTHER COL Belgium Denmark France MARKET CC he forex and some the day a Sterling done toda was see EMS tens of the na Rates at HONG KON Hong Kon	done date t transactio basis, as UNTRIES MARI -82DM - -180\$,-14 - -180\$,-14 - - -180\$,-14 - - - -180\$,-14 - - - - - - - - - - - - - - - - - -	6DM w a dull ering.Toda lose to it the Far E lowing CBI 1.695. aced with and which	and lethar y it tradec s opening ast this mo /FT survey Italy and closed 1 5,	TOTAL C Germany - Holland - Ireland -580 Jic day. The c d in a narrow levels.Markets orning falling of distribut France defend /%% wide. /\$1.8515 Y/3 Previous 7.809	<pre>thange IN RESERVES  * On conven no furthe ent)  dollar firmed over range staggering b s now await US PPI g below the key lo ive trades sterlin ing their DM parit; \$133.90 Today</pre>	r market i Italy Japan US Driefly abd figures o evel of \$1. ng eased an y rates.The	
on a (b) Spot date OTHER COL Belgium Denmark France MARKET CC he forex and some the day a Sterling done toda was seen the day a Sterling done toda was seen EMS tens of the na Rates at HONG KON Hong Kon Hang Sen	done date t transactio basis, as 	Assis. Ans only of in publish KET INTERV 6DM 6DM w a dull ering.Toda lose to it the Far EI 1.695. aced with and which 1953 DM3	and lethar y it traded s opening ast this may /FT survey Italy and closed 1 5, 3.1388 DM	TOTAL C Germany - Holland - Ireland -580 Jic day. The c d in a narrow levels.Markets orning falling of distribut France defend /%% wide. /\$1.8515 Y/3 Previous 7.809	<pre>change in RESERVES  * On conven  no furthe ent)  dollar firmed over range staggering b s now await US PPI g below the key lo ive trades sterlin ing their DM parit; \$133.90  Today 7.8075 2508.53</pre>	r market in Italy Japan US US rnight afte oriefly abo figures of avel of \$1. ng eased ar y rates.The	<pre>umption of ntervention. -317DM, -87ECU, -424 - - - - - - - - - - - - - - - - - -</pre>

SECRET

IONEY MARKETS			Thursday	8th September 1988	
NTEREST RATES	£ Inte	erbank	Eurodollar		
	Today	Change	Today	Change	
+ 7 days	10 5/16	-3/16	+	0	
1 mth	11 7/16	-3/16	+	1/16	
3 mth	12 3/16	1/16	8 3/8	1/16	
+ 12 mth	12 9/32	5/32	8 7/8	1 0	
ILLS +		Tod	+	Change	
3 Mon	th Treasury Bills	+   11 5/8	- 11 1/2	0	
	Aler Parts	+	·····	+	
ANK MONEY MARKET OF	PERATIONS				
	Purchases £ m	Rates	Discount Rate on E		
and 1 (0-14 days)					
and 2 (15-31 days)  +		 	11 3/8-11		
land 3 (32-63 days)  +			11 11/16-		
and 4 (64-91 days)	113	11 11/16	11 23/32-	45/64	
TOTAL BILLS	113				
Repurchase		 -+			
Lending		-+			
TOTAL OPERATIONS	113	against shortage =+	£ 100 m		
IS RATES		3 month CDs	10 yr Tsy Bond	20 yr Tsy Bond	
	Today/Change	8.30 0.05	9.01 0.01	9.05 0.01	
TOCK MARKET		FT Ind-Ord	FTSE	Gilt index	
	Today/Change	1 1401.3 -20.1	1739.8 -16.3	86.67 -0.15	
ARKET COMMENT					
SILTS opened 1/8 eas	sier in shorts and	mediums and an 1/8 nd the lower level o	down in longs follo	owing the as little	
ctivity and the may	rket drifted back of uying at the lowes	especially after the t levels,down 1/2.At	e CBI Survey before	being	
NDEXED LINKED open selling lost ground	ed 1/8 to 1/4 soft rapidly before st	er and on the back o abilizing a bit, clo	of professional and osing 5/8 down.	retail	
that recent interest	t rate rises had fi	y sharply following ailed to curb consur rket makers sales pr	ner spending		
oottom.				eter Snit	

SECRET

GILT-EDGED MARKET				Thursday 8th	September 19
Transactions basis, cash values	(£m); s	ales + purchases	s -		
ISSUE DEPARTMENT: MARKET TRANSAC	CTIONS			Today	September
		Gross sales sh	norts	5.6	5.6
		Gross sales med	diums	27.5	144.0
Gr	ross sal	es Longs and und	dated	39.7	230.1
	Gros	s sales index-l	inked	13.6	57.0
		Part paid	calls		
Buying i	n non-ne	ext maturities sl	horts	-6.0	-6.0
Buying in	non-nex	t maturities me	diums	-48.5	-167.9
Buying	in non-r	next maturities	longs	-38.3	-343.9
Buying in non-	next mat	urities index-l	inked	-37.8	-86.6
		Market transac			-15.8
		TOTAL 'GROSS'	SALES	-44.2	-183.5
	Buying	in of next matur	ities		-0.7
		Redemp	tions	-0.3	-15.8
то	TAL TRA	NSACTIONS WITH M	ARKET	-44.5	-185.5
			Future calls		369
Sales required to meet *	No. Starte	tanget of 4	man anna a la		
		target of f		n	+======================================
					+======================================
PRICES/YIELDS OF GILT-EDGED STO				Chang	e from y's close
PRICES/YIELDS OF GILT-EDGED STO	ocks	Yesterday's clo	ose	Chang yesterda	y's close
	ocks	Yesterday's clo Par yield (per c	ose	Chang	Yield (%
s	DCKS Shorts	Yesterday's clo Par yield (per c	ose	Chang yesterda Price (£/32)	Yield (%
S	DCKS Shorts Mediums	Yesterday's clo Par yield (per c 10.11:1 10.12:2	ose	Chang yesterda Price (£/32) -5	yield (% 1 0.04 0.04
S	DCKS Shorts	Yesterday's clo Par yield (per c	ent)	Chang yesterda Price (£/32)   -5   -8   -11	Yield (%   0.04   0.04   0.04
S	DCKS Shorts Mediums	Yesterday's clo Par yield (per c 10.1111 10.122 9.645	ent)	Chang yesterda Price (£/32)   -5   -5   -8   -11 Yield (p	Yield (% Yield (% 0.04
S M L	DCKS Shorts Mediums	Yesterday's clo Par yield (per c 10.1111 10.122 9.645	ent)	Chang yesterda Price (£/32)   -5   -8   -11 Yield (g Today	Yield (% Yield (% 0.04
S M L	DCKS Shorts Mediums	Yesterday's clo Par yield (per c 10.11:1 10.12:1 9.645 Price c	(£/32) Change	Chang yesterda Price (£/32)   -5   -5   -8   -11 Yield (p Today   10.52	y's close Yield (% 0.04 0.04 0.04 0.04 0.04 0.04 0.04 0.0
S M L Representative Stocks	DCKS Shorts Mediums	Yesterday's clo Par yield (per of 10./11:1 10.22 9.645 Price of Today	(£/32) Change	Chang yesterda Price (f/32) -5 -8 -11 Yield (f Today 10.52 10.13	Yield (% Yield (% 0.04
S M L REPRESENTATIVE STOCKS 8% Treasury 1992	DCKS Shorts Mediums	Yesterday's clo Par yield (per o 10.11:1 10.22 9.645 Price Today 92 20	cent) (£/32) Change -5 -8	Chang yesterda Price (f/32)   -5   -8   -11 Yield (f Today   10.52   10.13   9.94	y's close Yield (% 0.04 0.04 0.04 0.04 0.04 0.04 0.04 0.0
S M L REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C'	DCKS Shorts Mediums	Yesterday's clo Par yield (per c 10.11:1 10.12:1 9.645 Price Today 92 20 92	change -5 -12	Chang yesterda Price (£/32)   -5   -8   -11 Yield (p Today   10.52   10.13   9.94   8.63	y's close Yield (% 0.04 0.04 0.04 0.04 0.04 0.04 0.04 0.0
S M REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07	DCKS Shorts Mediums	Yesterday's clo Par yield (per of 10.11:1 10.22 9.645 Price Today 92 20 92 1 92 113 18	change -5 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7	Chang yesterda Price (f/32) -5 -8 -11 Yield (f Today 10.52 10.13 9.94 8.63 3.96	y's close Yield (% 0.04 0.04 0.04 0.04 0.04 0.04 0.04 0.0
S M L REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992	DCKS Shorts Mediums	Yesterday's clo Par yield (per of 10.11:1 10.12:1 9.645 Price Today 92 20 1 92 1 113 18 82 8	change -5 -75 -8 -12 -22	Chang yesterda Price (£/32)   -5   -8   -11 Yield (p Today   10.52   10.13   9.94   8.63   3.96	y's close Yield (% 0.04 0.04 0.04 0.04 0.04 0.04 0.04 0.0
S M L REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	DCKS Shorts Mediums	Yesterday's clo Par yield (per of 10.11:1 10.12:1 9.645 Price Today 92 20 92 1113 18 82 8 96 2	change -5 -75 -8 -12 -22	Chang yesterda Price (£/32)   -5   -8   -11 Yield (p Today   10.52   10.13   9.94   8.63   3.96	y's close Yield (% 0.04 0.04 0.04 0.04 0.04 0.04 0.04 0.0
S REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	DCKS Shorts Mediums	Yesterday's clo Par yield (per of 10.11:1 10.12:1 9.645 Price Today 92 20 92 1113 18 82 8 96 2	change -5 -75 -8 -12 -22	Chang yesterda Price (£/32)   -5   -8   -11 Yield (p Today   10.52   10.13   9.94   8.63   3.96	Yield (%   0.04   0.04 
S REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	DCKS Shorts Mediums	Yesterday's clo Par yield (per of 10.11:1 10.12:1 9.645 Price Today 92 20 92 1113 18 82 8 96 2	<b>bse</b> tent) (£/32) Change   -5   -5   -12   -12   -22   -10	Chang yesterda Price (f/32) -5 -5 -8 -11 Yield (f Today 10.52 10.13 19.94 8.63 13.96 13.65 Close	Yield (%   0.04   0.04 

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FROM: DATE:

CC

N P WILLIAMS 8 September 1988

1. MISS O'MARA Mon ga

2. ECONOMIC SECRETARY

Chancellor Paymaster General Sir G Littler Mr Lankester Mr Scholar Mr Peretz Mr Gilhooly Mr Ilett Mr Mortimer Miss Noble Mr Watts Mr Devereux Mr Parkinson Mr Nelson

Mrs Dayer T.Sol Mr Milne Bank Mr O'Connor IR

#### ECU TREASURY BILL PROGRAMME

You may like to see for information a revised version of the Bank's information memorandum (copy attached) which takes account of the Chancellor's amendments, and is intended for publication next week.

2. The memorandum now includes a list of market-makers on page 8, comprising 13 UK banks, 7 EC banks, 5 US banks and securities houses and 3 Swiss banks. There are no Japanese market-makers, as agreed by the Chancellor.

3. The Bank wish to print the memorandum tomorrow. The one point that we feel we should draw to your attention is the ordering of market-makers, with UK banks first. The Bank's Gilt-Edged Division think that it would be natural to put UK banks first, that it is an important marketing point and that foreign-owned market-makers would be neither surprised nor offended by the ordering. However, this does, of course, play down the European nature of the programme, especially when we are hoping some European governments may wish to make use of the market in London. This problem could be avoided by putting all market-makers in alphabetical order.

N P WILLIAMS

		T

						N	J	
OREIGN EXC	CHANGE MAR	KETS		NG EVENI	Fri X	day 9 Septer change urrency	mber 1988	
Previous				day	since	since Paris		097
close			opening 8.30am	close 4.00pm	Plaza	Parts	Uctober 1	901
75.7	£	ERI	75.7	75.7	-7.7	9.6	2.9	
1.6962		/£ M/£	1.6995	1.698	23.6	11.1 12.4	2.0	
1.5159		CU/£	1.5132	1.5127	-17.0	12.4		
99.1		ERI	-	99	-29.1			
1.8487 133.75		M/\$ en/\$	1.8432 132.90		53.7 78.8	-1.2		
ept \$13.15	0ct \$13	.42 Nov 5	13.55 s	pot Brent Sept	\$13.40 Oct \$13.7	2 Nov \$13.	82	
	TRANCACTI							
a) +-	+	ous (smill	++	Standard Park	(b)		++	
	Today	This	Total   since		(0)		Estimated	*
	i i i	so far	1 Apr 88				position	
+-		-321	3307		cet intervention		-312	
+-	6	-68		Off-ma	arket transactions	T. Walter	++	
+-	5	-389	2430		TOTAL		-452	
+-	+						+========+	
					let borrowing		-14	
a) Spot an on a do	nd forward one date b		ions	Valu	uation changes		0	
	one date b	asis.		Valu			++	
on a do (b) Spot t date ba THER COUNT	one date b cransactio sis, as i	asis. ns only or n publishe	n a value ed figures.	Valu TOTAL (	uation changes CHANGE IN RESERVES * On conven no furthe	tional assu r market in	D   -466   mption of tervention.	
on a do (b) Spot t date ba THER COUNT	one date b cransactio sis, as i	asis. ns only or n publishe	n a value ed figures.	Valu TOTAL (	uation changes CHANGE IN RESERVES * On conven no furthe	tional assu	D   -466   mption of tervention.	
on a do (b) Spot t date ba  THER COUNT elgium -	ransactio sis, as i rRIES MARK	asis. ns only or n publishe	n a value ed figures.	Valu TOTAL (	uation changes CHANGE IN RESERVES * On conven no furthe	tional assu r market in	D   -466   mption of tervention.	
on a do (b) Spot t date ba  THER COUNT elgium -	ransactio sis, as i RIES MARK	asis. ns only or n publishe	n a value ed figures.	Valu TOTAL ( Llion equivalo Germany -	uation changes CHANGE IN RESERVES * On conven no furthe	tional assum r market in 	D   -466   mption of tervention.	
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on a do (b) Spot t date ba THER COUNT elgium - enmark - rance - ARKET CONM arkets ver ffect on t terling tr	ransactio sis, as i rRIES MARK 24DM 14\$ HENT y quiet he rates. aded thin	asis. ns only or n publishe ET INTERVI today. Th with litt	n a value ed figures. ENTION (\$mi ne US PPI tle change	Valu TOTAL ( Ulion equivalo Germany - Holland -45 Ireland - figure of +0. in rates durin	uation changes CHANGE IN RESERVES * On conven no furthe ent) 55 6% was much as end the day.	tional assur r market in Italy Japan US	D   -466   	mifice
on a do (b) Spot t date ba THER COUNT elgium - enmark - rance - ARKET CONM arkets ver ffect on t terling tr	ransactio sis, as i rRIES MARK 24DM 14\$ HENT y quiet he rates. aded thin	asis. ns only or n publishe ET INTERVI today. Th with litt	n a value ed figures. ENTION (\$mi ne US PPI tle change	Valu TOTAL ( Ulion equivalo Germany - Holland -45 Ireland - figure of +0. in rates durin	uation changes CHANGE IN RESERVES * On conven no furthe ent) 55 6% was much as end the day.	tional assur r market in Italy Japan US	D   -466   	mifica
on a do (b) Spot t date ba THER COUNT elgium - enmark - rance - ARKET CONM arkets ver ffect on t terling tr ates at 4:	ransactio sis, as i rRIES MARK 24DM 14\$ HENT y quiet he rates. aded thin 50p.m. \$	asis. ns only or n publishe ET INTERVI today. Th with litt	n a value ed figures. ENTION (\$mi ne US PPI tle change	Valu TOTAL ( Germany - Holland -45 Ireland - figure of +0. in rates durin 1/\$1.8485 Yen/	Aation changes CHANGE IN RESERVES * On conven no furthe ent) 5\$ .6% was much as end the day. /\$133.57.	tional assur r market in Italy Japan US	<pre></pre>	mifica
on a do (b) Spot t date ba THER COUNT elgium - enmark - rance - ARKET CONH arkets ver ffect on t terling tr ates at 4: ONG KONG	ne date b ransactio sis, as i RIES MARK 24DM 14\$ 14\$ Herates, aded thin 50p.m. \$	asis. ns only or n publishe ET INTERVI today. Th with litt	n a value ed figures. ENTION (\$mi ne US PPI tle change	Valu TOTAL ( Germany - Holland -45 Ireland - figure of +0. in rates durin I/\$1.8485 Yen/ Previous	Aation changes CHANGE IN RESERVES * On conven no furthe ent) 55 67 was much as en ng the day. /\$133.57. Today	tional assur r market in Italy Japan US	-151\$ 	mifica
on a do (b) Spot t date ba THER COUNT elgium - enmark - rance - ARKET CONN arkets ver ffect on t terling tr ates at 4:	ransactio sis, as i RIES MARK 24DM 14\$ 14\$ ENT y quiet he rates. aded thin 50p.m. \$	asis. ns only or n publishe ET INTERVI today. Th with litt 1.6975 Di	n a value ed figures. ENTION (\$mi ne US PPI tle change 43.1378 DM	Valu TOTAL ( Germany - Holland -45 Ireland - figure of +0. in rates durin (\$1.8485 Yen) Previous 7.8075 2508.53	Aation changes CHANGE IN RESERVES * On conven no furthe ent) 5\$ .6% was much as end the day. /\$133.57. Today 7.8085	tional assur r market in Italy Japan US	-151\$ 	mifica

MONEY MARKETS			Friday 9th	h September 1988
INTEREST RATES				
	£ Inte	rbank	Eurodol	
	Today	Change	Today +	Change
7 days   +	10 1/4	- 1/16	8 1/16	1/16
1 mth   +	11 7/16	 +	8 3/16	-1/16
3 mth   +	12 5/32	1 - 1/16	8 5/16	-1/16
12 mth	12 5/16	1	8 13/16	-1/16
BILLS		Toda	ay	Change
3 Mon	th Treasury Bills	11 9/16	- 11 7/16	-1/16
		+		•·
BANK MONEY MARKET OP	ERATIONS			
	Purchases £ m	Rates	Discount Rate on El	ligible Bank Bills
Band 1 (0-14 days)			10 3/4-1/2	2
Band 2 (15-31 days)			11 9/32-1,	/4
Band 3 (32-63 days)			11 21/32-	5/8
Band 4 (64-91 days)	24	11 11/16	11 23/32-1	11/16
TOTAL BILLS	24	Ì		
•				
Repurchase		A	La or Disco	unt 11.5500
Repurchase   + Lending		Average ra	te of Disco	unt 11.5500
	24	Average ra		unt 11.5500
Lending	24	+		20 yr Tsy Bond
Lending   TOTAL OPERATIONS   +	24 Today/Change	+  against shortage = +	£ 100 m  10 yr Tsy Bond	20 yr Tsy Bond
Lending   TOTAL OPERATIONS   +		+  against shortage s + 	£ 100 m  10 yr Tsy Bond	20 yr Tsy Bond
Lending TOTAL OPERATIONS		against shortage 3 month CDs 8.25 -0.05 FT Ind-Ord	£ 100 m  10 yr Tsy Bond 8.97 - O+04	20 yr Tsy Bond   9.02 -0.0 <b>3</b> Gilt index
Lending TOTAL OPERATIONS	Today/Change Today/Change Today/Change sier through the l oreign demand for /8 firmer .The ann us a rumour of a b and close unchang of 1/8 easier but t he sector closed up	3 month CDs 3 month CDs 4 5 5 5 5 5 5 5 5 5 5 5 5 5	100 m 10 yr Tsy Bond 8.97 - 0.04 FTSE 1738.4 - 44 by Mrs Thatcher's construction f US PPI figures knows into equities saw into longer maturit	20 yr Tsy Bond 9.02 -0.0 <b>3</b> Gilt index 86.66 -0.01 00mments on ined in and ocked the US gilts lose
Lending TOTAL OPERATIONS	Today/Change Today/Change Today/Change sier through the l oreign demand for /8 firmer .The ann us a rumour of a b and close unchang ed 1/8 easier but t he sector closed up ply lower on rumou ton Communicatins points but this w	3 month CDs 3 month CDs 4 1 8.25 - Q. S FT Ind-Ord 1 1395.2 - 4-1 1 1395.2 - 4-1 1 stock and some domes ouncement at 1.30 of ig switch from gilts ed. here was switching to 1/8 firmer. rs, later to be conf to partially finance as recovered by mide	E 100 m 10 yr Tsy Bond 10 yr Tsy Bond 18.97 - 0 0 4 FTSE 1738.4 - 4 1738.4 - 4 1738	20 yr Tsy Bond 9.02 -0.0 <b>3</b> Gilt index 86.66 -0.61 00mments on ined in and ocked the US gilts lose ies from At worst rnoon the

NAME: Peter Smith TEL NO: 270 4613

GILT-EDGED MARKET				Friday 9th Se	eptember 198
Transactions basis, cash value	es (£m); s	ales + purchase	es -		
ISSUE DEPARTMENT: MARKET TRANS	SACTIONS			Today	September
		Gross sales s	shorts	5.4	11.0
		Gross sales me	ediums	27.4	171.4
	Gross sal	es longs and ur	ndated	26.0	256.1
	Gros	s sales index-l	inked	74.9	131.9
		Part paid	calls	0.1	0.1
Buying	in non-ne	xt maturities s	shorts		- 6.0
Buying i	in non-nex	t maturities me	ediums	-32.7	-200.6
Buying	g in non-n	ext maturities	Longs	-26.9	-370.8
Buying in nor	n-next mat	urities index-l	inked		-168.6
	CRND:	Market transac	tions		-15.8
		TOTAL 'GROSS'	SALES	-7.8	-176.8
	Buying in	n of next matur	ities		-0.7
		Redemp	otions		-15.8
1	TOTAL TRAN	SACTIONS WITH M	ARKET	-7.8	-193.3
			Future calls		369
	*	target of a	£	m	
Sales required to meet PRICES/YIELDS OF GILT-EDGED ST	TOCKS	Yesterday's clo	ose	Change yesterday	's close
	TOCKS		ose	Change	's close
	TOCKS	Yesterday's clo	cent)	Change yesterday Price (£/32)	Yield (%
	TOCKS P	Yesterday's clo ar yield (per o 1 10.469 1 10.171	cent)	Change yesterday	Yield (%
	TOCKS P Shorts	Yesterday's clo ar yield (per o 110.469	cent)	Change yesterday Price (£/32)	Yield (%
	TOCKS P Shorts Mediums	Yesterday's clo ar yield (per o 1 10.469 1 10.171	Disc cent) 	Change yesterday Price (£/32)	Yield (%
PRICES/YIELDS OF GILT-EDGED ST	TOCKS P Shorts Mediums	Yesterday's clo ar yield (per o 10.469 10.171 9.685	Disc cent) 	Change yesterday Price (£/32)	Yield (%
PRICES/YIELDS OF GILT-EDGED ST	TOCKS P Shorts Mediums	Yesterday's clo ar yield (per o 110.469 10.171 9.685 Price o	cent) (£/32) Change	Change yesterda) Price (£/32)     -1   Yield (pe	Yield (% 0.01 Change
PRICES/YIELDS OF GILT-EDGED ST	TOCKS P Shorts Mediums	Yesterday's clo ar yield (per of 10.169 10.171 9.685 Price Today	cent) (£/32) Change	Change yesterda) Price (£/32)     -1   Yield (pe Today	Yield (% 0.01 cr cent) Change
PRICES/YIELDS OF GILT-EDGED ST REPRESENTATIVE STOCKS 8% Treasury 1992	TOCKS P Shorts Mediums	Yesterday's clo ar yield (per o 10.469 10.171 9.685 Price Today 92 20	cent) (£/32) Change	Change yesterda) Price (£/32)     -1     Yield (pe Today   10.53	r's close Yield (% 0.01 er cent) Change 0.01 0.01
PRICES/YIELDS OF GILT-EDGED ST REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C'	TOCKS P Shorts Mediums	Yesterday's clo ar yield (per of 10.469 10.171 9.685 Price Today 92 20 91 31	cent) (£/32) Change	Change yesterda) Price (£/32)     -1   Yield (pe Today   10.53   10.13	r's close Yield (% 0.01 change 0.01 Change 0.01 0.01
PRICES/YIELDS OF GILT-EDGED ST REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07	TOCKS P Shorts Mediums	Yesterday's clo ar yield (per of 10.1469 10.171 9.685 Price Today 192 20 191 31 113 17	cent) (£/32) Change	Change yesterda) Price (£/32)     -1   Yield (pe Today   10.53   10.13   9.95	r's close Yield (% 0.01 er cent) Change 0.01 0.00 0.00 0.00 0.03
PRICES/YIELDS OF GILT-EDGED ST REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992	TOCKS P Shorts Mediums	Yesterday's clo ar yield (per of 10.469 10.171 9.685 Price Today 92 20 91 31 113 17 82 6	cent) (£/32) Change 	Change yesterda) Price (£/32)     -1   Yield (pe Today   10.53   10.13   9.95   8.66	r's close Yield (% 0.01 change 0.01 0.01 0.01 0.01 0.03 0.03 0.03
PRICES/YIELDS OF GILT-EDGED ST REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	TOCKS P Shorts Mediums	Yesterday's clo ar yield (per of 10.469 10.171 9.685 Price Today 92 20 91 31 113 17 82 6 96 5	cent) (£/32) Change 	Change yesterda) Price (£/32)     -1   Yield (pe Today   10.53   10.13   9.95   8.66   3.96	r's close Yield (% 0.01 change 0.01 0.01 0.01 0.01 0.03 0.03
PRICES/YIELDS OF GILT-EDGED ST REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	TOCKS P Shorts Mediums	Yesterday's clo ar yield (per of 10.469 10.171 9.685 Price Today 92 20 91 31 113 17 82 6 96 5	cent) (£/32) Change 	Change yesterda) Price (£/32)     -1   Yield (pe Today   10.53   10.13   9.95   8.66   3.96	r's close Yield (% 0.01 change 0.01 0.01 0.01 0.01 0.03 0.03
PRICES/YIELDS OF GILT-EDGED ST REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	TOCKS P Shorts Mediums Longs	Yesterday's clo ar yield (per of 10.469 10.171 9.685 Price Today 92 20 91 31 113 17 82 6 96 5	cent) (£/32) Change (	Change yesterda) Price (£/32)     -1   Yield (pe Today   10.53   10.13   9.95   8.66   3.96   3.67	r's close Yield (% 0.01 change 0.01 0.01 0.01 0.00 0.01 0.00 0.03 0.03 0.00
PRICES/YIELDS OF GILT-EDGED ST REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994 GILT FUTURES	TOCKS P Shorts Mediums Longs	Yesterday's clo ar yield (per of 10.469 10.171 9.685 Price Today 92 20 91 31 113 17 82 6 96 5 92 18	ose cent) (£/32) Change 	Change yesterda) Price (£/32)     -1   Yield (pe Today   10.53   10.13   9.95   8.66   3.96   3.67   Close	<pre>'s close Yield (% 0.01 change 0.01 0.01 0.01 0.01 0.00 0.03 0.03 0.00 0.00</pre>

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WEEKLY INTEREST/EXCHANGE RATE AND COMMODITY PRICE TABLES

CIRCULATION LIST

DATE: 9th SEPTEMBER 1988

CHANCELLOR'S OFFICE MR. S. BROOKS 88/G MR. J.W. GRICE 89/G MISS R. MCROBBIE 107/G MISS M. O'MARA 108/G MRS C. RYDING 110/G MR. P. MOUNTFIELD 80/1 MR. J. ODLING-SMEE 45/2 MR. N.J. MONCK 46/2 SIR P.E. MIDDLETON 78A/2 MR. H. WALSH 108/3 Ms. V.F. LIFE 109/3 MR. M.C. SCHOLAR 87/2 MR. S. PICKFORD 97/2 MR. P.S. CURWEN 98/2 MR. J. MCLAREN 33/3 SIR J.G. LITTLER 113/2 MR. R. MOLAN 81/1 MR. R.E. DEANE 41/3 MR. T.P. LANKESTER 116/2 SIR T. BURNS 119/2 MR. A.M. DOLPHIN 32/3 MR. M. LYON 34/3 MR. D. OWEN 36/3 Ms. C. TURK 35A/3 MR. P.N. SEDGWICK 39/3 MR. S.W. MATTHEWS 104/3 MR. D. SAVAGE 106/3 MR. H.P. EVANS 107/3 MR. W. HOOD 30A/3 MR. PERETZ 84/G MR. P. ELWOOD 106/3 MR. D. RAMSDEN 106/3 MR. G. YOUNG 112/G

Please inform Bina Doshi (ext: 5374 - room : 31/3) if there are any changes to be made to this list.



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## THREE MONTH INTEREST RATES IN THE SIX MAJOR COUNTRIES

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									-WORLD	BASKETS		UNCOVE	RED DI	FFERENTIAL
									(A)	(B)	UK RATE	UK-		
				WORLD R	ATES			- EURO	USA CD	EURODOL	INTER	WORLD	UK-	UK-
		CANADA	FRANCE	GERMANY	ITALY	JAPAN	USA	DOLLAR	RATE	RATE	BANK	BASKET	USA	GERMANY
-		1	2	3	4	5	6	7	8	9	10	11	12	13
987	QTR1	7.45	8.26	4.18	11.48	4.24	6.05	6.34	6.20	6.30	10.60	4.40	4.27	
	QTR2	8.41	8.13	3.80	10.64	3.92	6.85	7.07	6.27	6.34	9.18	2.91	2.11	5.38
	QTR3	8.99	7.89	3.97	12.00	4.08	6.98	7.15	6.45	6.51	9.81	3.36	2.66	5.84
	QTR4	8.88	8.47	4.13	11.76	4.54	7.76	7.96	6.84	6.91	9.20	2.36	1.23	5.07
988	QTR1	8.55	7.94	3.41	11.11	4.36	6.74	6.91	6.18	6.24	9.01	2.83	2.10	5.60
	QTR2	9.05	7.81	3.62	10.91	4.49	7.25	7.41	6.37	6.42	8.34	1.97	0.93	4.72
987	SEP	9.32	7.88	4.03	12.56	4.15	7.43	7.56	6.69	6.73	10.12	3.44	2.56	6.09
	ост	9.20	8.19	4.79	12.13	4.80	8.21	8.48	7.13	7.22	9.93	2.81	1.45	5.14
	NOV	8.63	8.61	3.95	11.58	4.34	7.39	7.55	6.67	6.73	8.97	2.30	1.42	5.02
	DEC	8.89	8.56	3.70	11.63	4.47	7.76	7.96	6.75	6.82	8.75	2.00	0.79	5.05
988	JAN	8.65	8.31	3.44	10.91	4.35	6.96	7.17	6.31	6.38	8.92	2.61	1.75	5.47
	FEB	8.50	7.58	3.37	11.00	4.32	6.63	6.79	6.07	6.12	9.22	3.15	2.43	5.85
	MAR	8.53	8.03		11.44	4.40	6.65	6.79	6.20	6.25	8.83	2.64	2.04	
	APR	8.83	8.13	3.43	10.88	4.19	6.92	7.11	6.25	6.32	8.32	2.06	1.21	4.89
	MAY	8.98	7.90	3.56	10.78	4.27	7.27	7.44	6.36	6.42	8.03	1.67	0.59	
	JUN	9.34	7.39		11.13	4.42	7.56	7.67	6.49	6.53	8.74	2.24	1.07	
	JUL	9.34 9.80	7.33	4.95	11.28	4.80	7.94	8.23	6.85 7.25	6.90 7.28	10.53	3.68	2.30	
												-		
	JUN 20		7.31		11.00	4.41	7.62	7.75	6.52	6.57	9.22	2.70	1.47	
	JUN 27		7.50		11.25	4.52	7.65	7.75	6.65	6.68	9.58	2.93	1.83	
	JUL 4	9.23	7.31	4.50	11.25	4.83	7.70	7.81	6.65	6.69	10.14	3.49	2.33	
	JUL 11		7.25	4.95	11.12	4.72	7.90	8.06	6.82	6.87	10.22	3.40	2.16	
	JUL 18		7.38		11.25	4.88	8.05	8.31	6.98	7.07	11.03	4.05	2.72	
	JUL 25		7.38		11.38	4.78	8.12	8.75	6.94	6.98	10.72	3.78	1.97	
	AUG 1	9.49	7.38	5.35	11.38	4.75	8.15	8.25	7.01	7.04	10.81	3.80	2.56	
	AUG 8	9.66	7.38		11.25	4.83	8.20	8.37	7.00	7.01	10.91	3.91	2.54	
	AUG 15		7.69		11.25	4.92	8.50	8.69	7.39	7.46	11.03	3.64	2.34	
	AUG 22		7.75		11.25	4.95	8.55	8.62	7.43	7.45	11.41	3.98	2.79	
	AUG 29	10.00	7.94	5.38	11.25	4.94	8.50	8.56	7.43	7.45	12.09	4.66	3.53	6.71

Column 1.	90 DAY BANKERS ACCEPTANCES
Column 2.	3 MONTH MONEY MARKET RATE
Column 3.	3 MONTH INTER BANK
Column 4.	3 MONTH INTER BANK
Column 5.	3 MONTH CERTIFICATE OF DEPOSIT
Column 6.	3 MONTH CERTIFICATE OF DEPOSIT IN NEW YORK
Column 11.	USA CD RATE(COLUMN 8) USED FOR WORLD BASKET
Column 12.	3 MONTH EURODOLLAR RATE (COLUMN 7) USED FOR USA

QUARTERLY AND MONTHLY FIGURES ARE AVERAGES OF THE WEEKLY DATA THE WEEKLY FIGURES REPRESENT THE CLOSING VALUES FOR THAT DATE



14-2-

#### USA INTEREST RATES

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						10 YEAR
				EE MONTII RATE		COMMERCIA
			TREASURY		EURO	BOND
			BILLS		DOLLAR	MOODY AA
		FED FUNDS	(RUST)	CD'S	( REU )	( REB )
		(OVERNIGHT)	(V2626)	NEW YORK	(V2627)	(V2625)
1987	QTR1	6.16	5.66	6.05	6.34	8.37
	QTR2	6.60	5.87	6.85	7.07	9.16
	QTR3	6.82	6.08	6.98	7.15	9.72
	QTR4	6.98	5.92	7.76	7.96	10.22
1988	QTR1	6.67	5.86	6.74	6.91	9.57
	QTR2	7.09	6.40	7.25	7.41	9.81
1987	AUG	6.75	6.05	6.81	7.02	9.66
	SEP	7.12	6.47	7.43	7.56	10.14
	OCT	7.36	6.24	8.21	8.48	10.55
	NOV	6.81	5.74	7.39	7.55	10.05
	DEC	6.82	5.82	7.76	7.96	10.11
1988		6.82	5.92	6.96	7.17	9.97
	FEB	6.62	5.81	6.63	6.79	9.41
	MAR	6.56	5.87	6.65	6.79	9.39
	APR	6.75	6.04	6.92	7.11	9.65
	MAY	7.04	6.48	7.27	7.44	9.89
	JUN	7.50	6.65	7.56	7.67	9.87
	JUL	7.69	6.91 7.26	7.94 8.38	8.11 8.50	9.94
	100	0.05	1.20	0.50	0.50	10.07
1988	APR 2	6.81	6.03	7.00	7.19	9.75
	MAY 2	2 6.94	6.38	7.10	7.25	9.76
	MAY 9	6.87	6.48	7.20	7.37	9.84
	MAY 10	5 7.00	6.43	7.20	7.37	9.83
	MAY 23		6.48	7.35	7.50	9.97
	MAY 30	7.25	6.62	7.50	7.69	10.04
	JUN 6	7.44	6.63	7.48	7.62	9.98
	JUN 13		6.62	7.50	7.56	9.89
	JUN 20		6.57	7.62	7.75	9.86
	JUN 27		6.79	7.65	7.75	9.80
	JUL 4		6.73	7.70	7.81	9.82
	JUL 11		6.91	7.90	8.06	9.88
	JUL 18		6.90	8.05	8.31	10.00
	JUL 25		7.10	8.12	8.25	10.04
	AUG 1	7.87	7.11	8.15	8.25	10.03
	AUG 8	7.75	7.10	8.20	8.37	10.02
	AUG 15		7.27	8.50	8.69	10.15
	AUG 22		7.27	8.55	8.62	10.15
	AUG 29		7.55	8.50	8.56	10.10
	SEPT 5	8.09	7.42	8.42	8.37	10.12

QUARTLERLY AND MONTHLY FIGURES ARE AVERAGES OF THE AVAILABLE WEEKLY DATA



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DOLLAR EXCHANGE RATES WITH FIVE MAJOR OECD COUNTRIES

EF	FECTIVE

		EFFECTIVE -					
		EXCHANGE	FRANCE		ITALY	JAPAN	CANADA
4007					470/	457 0	4 7/
1987		104.2	6.13	1.84	1306	153.2	1.34
	QTR2	101.1	6.03	1.81	1300 1331	142.6	1.32
	QTR3		6.13	1.84		150.0	1.32
	QTR4	97.0	5.75	1.71	1249	135.7	1.51
1988	QTR1	94.2	5.67	1.68	1236	128.1	1.27
	QTR2	93.5	5.78	1.71	1268	125.7	1.23
1987	AUG	103.3	6.20	1.86	1346	147.6	1.33
	SEP	100.9	6.05	1.81	1309	143.1	1.32
	ост	100.5	6.02	1.80	1302	143.3	1.31
	NOV	96.5	5.71	1.68	1239	135.4	1.32
	DEC	93.9	5.54	1.64	1205	128.5	1.31
1988	JAN	93.9	5.59	1.66	1218	127.9	1.29
	FEB	95.0	5.73	1.70	1249	129.2	1.27
	MAR	93.6	5.69	1.68	1240	127.1	1.25
	APR	92.7	5.68	1.67	1241	124.9	1.24
	MAY	93.0	5.73	1.69	1259	124.8	1.24
	JUN	94.8	5.93	1.76	1304	127.4	1.22
	JUL	98.1	6.22	1.85	1366	133.1	1.21
	AUG	99.5	6.39	1.89	1394	133.64	1.22
1988	APR 4	92.7	5.66	1.67	1237	125.2	1.24
	APR 11	93.4	5.72	1.69	1251	126.5	1.24
	APR 18	92.1	5.63	1.66	1232	124.0	1.23
	APR 25	92.7	5.70	1.68	1246	124.8	1.23
	MAY 2	92.7	5.70	1.68	1248	124.7	1.23
	MAY 9	92.8	5.70	1.69	1249	124.7	1.24
	MAY 16	92.7	5.73	1.69	1254	124.9	1.24
	MAY 23	93.2	5.75	1.70	1263	124.5	1.24
	MAY 30	93.7	5.82	1.73	1283	125.1	1.23
	JUN 6	94.0	5.80	1.72	1277	126.1	1.23
	JUN 13	93.7	5.82	1.72	1282	125.1	1.22
	JUN 20	94.4	5.93	1.76	1305	126.2	1.21
	JUN 27	97.0	6.14	1.82	1349	130.8	1.21
	JUL 4	98.5	6.16	1.83	1358	135.5	1.22
1.1	JUL 11	98.1	6.21	1.85	1367	133.0	1.21
	JUL 18	99.4	6.34	1.88	1392	134.6	1.21
	JUL 25	97.5	6.23	1.85	1362	132.0	1.21
	AUG 1	98.7	6.32	1.86	1383	132.7	1.21
	AUG 8	99.6	6.41	1.90	1403	133.8	1.21
	AUG 15	99.3	6.38	1.88	1395	133.3	1.23
	AUG 22	100.4	6.51	1.92	1403	134.0	1.23
	AUG 29	99.6	6.32	1.87	1386	134.4	1.24
	SEPT 5	99.9	6.28	1.84	1378	133.7	1.24



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STERLING EXCHANGE RATES WITH FIVE MAJOR OECD COUNTRIES

		EFFECTIVE -					
		EXCHANGE	FRANCE	GERMANY	ITALY	JAPAN	USA
1987	QTR1		9.45	2.84	2015	236.3	1.54
	QTR2		9.89		2132	234.2	
	QTR3		9.92		2152	237.9	
	QTR4	74.7		2.99	2188	237.8	
1988	QTR1	75.1	10.18	3.01	2217	229.8	1.80
	QTR2	77.8	10.64	3.14	2335	231.7	1.84
1987	AUG	72.4	9.89	2.96	2150	235.5	1.60
	SEP	73.0	9.97	2.99	2157	236.3	1.65
	OCT	73.2	9.99	3.00	2162	238.4	1.66
	NOV	75.0	10.12	2.98	2199	240.1	1.78
	DEC	75.8	10.12	2.99	2201	234.2	1.83
1988	JAN	75.3	10.05	2.97	2189	230.2	1.81
	FEB	74.3	10.08	2.98	2196	227.1	1.75
	MAR	75.9	10.43	3.07	2273	232.8	1.84
	APR	77.8	10.65	3.13	2329	234.8	1.88
	MAY	78.5	10.74	3.17	2357	234.0	1.88
	JUN	76.8	10.52	3.11	2314	225.7	1.77
	JUL	75.8	10.55	3.13	2319	226.4	1.69
	AUG	76.3	10.84	3.20	2371	226.7	1.70
1988	APR 4	76.7	10.59	3.12	2313	233.9	1.88
	APR 11	78.1	10.60	3.12	2318	234.9	1.85
	APR 18	78.3	10.72	3.15	2347	236.2	1.90
	APR 25	78.3	10.68	3.14	2337	234.0	1.87
	MAY 2	78.7	10.70	3.15	2341	234.7	1.88
	MAY 9	78.4	10.72	3.16	2349	234.5	1.88
	MAY 16	77.9	10.82	3.19	2369	236.0	1.89
	MAY 23	79.0	10.75	3.18	2362	232.8	1.87
	MAY 30	78.3	10.73	3.19	2364	232.0	1.86
	JUN 6	78.2	10.46	3.09	2302	227.3	1.80
	JUN 13	76.2	10.58	3.13	2329	227.3	1.81
	JUN 20	76.8	10.58	3.14	2329	225.3	1.78
	JUN 27	76.2	10.45	3.10	2297	222.8	1.70
	JUL 4	76.2	10.37	3.08	2285	228.0	1.68
	JUL 11	75.0	10.49	3.12	2311	224.8	1.69
	JUL 18	75.1	10.59	3.14	2325	224.8	1.67
	JUL 25	76.8	10.75	3.19	2353	228.0	1.73
	AUG 1	76.4	10.84	3.21	2371	227.5	1.71
	AUG 8	76.5	10.88	3.23	2381	227.0	1.70
	AUG 15	76.5	10.93	3.22	2390	228.3	1.71
	AUG 22	76.2	10.91	3.22	2381	224.8	1.68
	AUG 29	75.8	10.66	3.14	2334	226.0	1.69
	the second s						

SEPT 5 75.7 10.65 3.13 2332 229.3 1.69

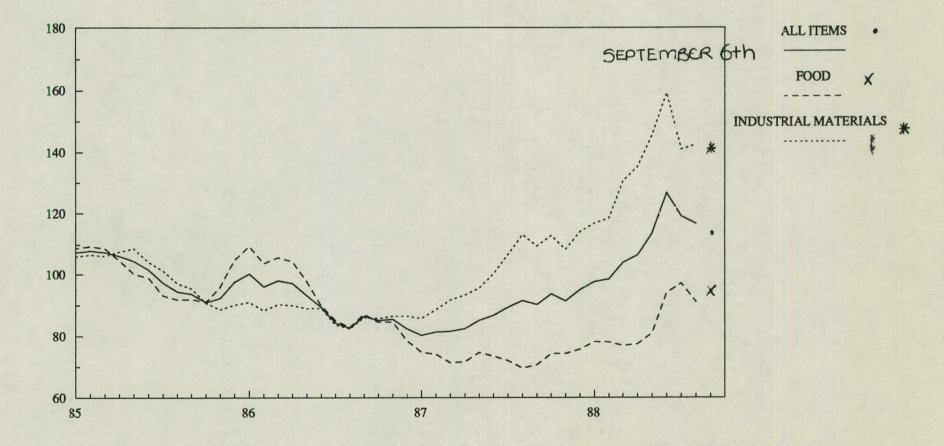
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1985=100

•				s indices			SDR ind	
Annua		SDR		Sterling	Real*	Food	Nfa**	Metals
1980	The second second	104.4	133.7	74.0	115.6	96.7	106.2	118.6
1981		99.3	115.2	73.5	105.3	93.7	100.2	106.2
1982		91.8	99.9	73.4	94.3	89.3	96.0	93.8
1982								
		107.2	112.7	95.7	110.4	102.0	116.6	110.1
1984		110.3	111.5	107.2	113.1	112.3	111.6	106.2
_1985		100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986		89.8	103.7	90.6	86.4	92.4	89.9	85.4
1987		87.4	111.5	87.1	82.2	73.0	103.3	100.6
Quart								
1986	Q3	84.6	100.2	86.2	81.8	85.1	85.5	83.1
	Q4	84.2	100.1	89.5	80.2	82.2	91.0	82.8
1987	the second se	81.0	100.8	83.5	76.5	73.2	95.2	84.3
	Q2	84.9	108.2	84.4	80.0	73.2	102.6	92.1
	Q3	90.2	113.4	90.0	83.8	70.7	111.9	108.0
	Q4	93.4	123.7	90.3	88.4	74.7	103.3	117.9
1988	Q1	99.8	134.6	95.9	94.6	77.6	105.5	133.4
	Q2	115.5	155.7	108.8	107.6	84.0	115.1	169.1
Month								
July		89.3	111.5	88.9		71.9	100 4	104 4
							109.4	104.4
Augus		91.4	114.2	91.8		69.6	115.0	111.7
Septe		90.1	114.5	89.3		70.7	111.4	107.9
Octob		93.5	119.3	92.3		74.2	106.8	117.0
Novem		91.3	121.3	88.1		74.2	101.4	113.3
Decem	ber	94.8	129.1	90.5		75.6	102.1	122.4
Janua	ry	97.4	132.2	94.1		78.1	102.7	126.6
Febru	ary	98.2	131.2	95.6		78.0	106.5	126.7
March		103.8	140.3			76.8		157.0
April			144.9				110.5	
May		113.4					114.1	
June		126.7		121.6			120.8	
July			152.9				117.7	
Augus		116.9		112.5			113.5	
Weekl	у							
						Para Anna Anna		
July		118.3				98.5		
	26	117.3	150.9	112.9		92.1	115.1	161.8
Augus		113.6	145.7			89.9		153.0
	9	117.4	149.4			92.8		
	16	117.2	149.5				115.0	
	23	118.4	149.8	114.4		90.2	111.6	171.0
	30	117.8	150.1			90.8	111.4	168.1
Sept	6(prov)	116.3	148.6	111.8		93.1	111.4	159.3
Z ch.	on one yr	+30.8	+30.5	+27.2		+33.3	-0.5	+51.8

\* In relation to prices of manufactured exports. Recent figures are estimated. \*\* Non-food agriculturals.

# ECONOMIST SDR COMMODITY PRICE INDICES 1985 = 100



1

FORETCH C	VCHANCE MI	DVETE		MG EV	VENING REPORT	landay 12 0		
FOREIGN E	XCHANGE MAI	RKETS				londay 12 Sept %Change Currency	tember1988	
Previous			To opening	oday close	since Plaza	since Paris	since 16 October 1987	7
CLOSE			8.30am		FL020	Fulls	OCLOBET TYO	
75.7	the second se	ERI	75.6	75.7	-7.7			
1.6980		S/£ DM/£	1.6922 3.1360	1.6997 3.132	23.7		2.1	
1.5127	E	CU/£	1.5138	1.5116				
99		ERI	-	98.8	-29.2			
1.8482		0M/\$ (en/\$	1.8532 133.40	1.8427 133.42	54.1 78.8			
Oct \$13.40	) Nov \$13.	72 Dec \$1	13.82 S	pot Brent	Oct \$12.95 Nov \$13.	05 Dec \$13.1	5	
UK RESERVE	IKANSACTI	ONS (\$mill	lion)					
(a) +	+		++		. (	b)	++	
	Today	This   month	Total   since				Estimated  *	
		so far	1 Apr 88				position	
i	44	-277	3351		Market intervention		-268	
t	-48	-116	-925		f-market transaction	S	++	
ŧ	-4	-393	+		TOTAL		++	
+	+		-======================================	San Barris	TOTAL		+======================================	
					Net beneridan			
					Net borrowing		-14	
	nd forward one date b		ons		Net borrowing Valuation changes		-14	
			ons			S	-14   ++   0	
on a d	one date b transactio	asis. ns only on		тот	Valuation changes TAL CHANGE IN RESERVE * On conv	S entional assu her market in	-14   ++   0   ++   -479   +=====+	
on a d (b) Spot date b	one date b transactio asis, as i	asis. ns only on n publishe	n a value	тот	Valuation changes AL CHANGE IN RESERVE * On conv no furt	entional assu	-14   ++   0   ++   -479   +=====+	
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on a d (b) Spot date b OTHER COUN	one date b transactio asis, as i TRIES MARK	asis. ns only on n publishe	a value d figures.	TOT LLion equi Germany	Valuation changes AL CHANGE IN RESERVE * On conv no furt valent)	entional assu her market in  Italy	-14   ++   0   ++   -479   +=====+ mption of tervention.	
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on a d (b) Spot date b OTHER COUN Celgium	one date b transactio asis, as i TRIES MARK	asis. ns only on n publishe	a value d figures.	TOT LLion equi Germany	Valuation changes AL CHANGE IN RESERVE * On conv no furt valent) -9\$ -	entional assu her market in  Italy	-14   ++   0   ++   -479   +=====+ mption of tervention.	
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SECRET

MONEY MARKETS Monday 12th September 1988 INTEREST RATES f Interbank Eurodollar Today Change Today Change 7 days 0 10 1/8 -1/8 8 1/16 -0 1 mth 11 3/8 -1/16 8 3/16 3 mth 0 8 5/16 12 1/16 -3/32 12 mth 12 1/4 -1/16 8 3/4 -1/16 BUIS Today Change 11 9/16 -3 Month Treasury Bills 11 5/16 -1/8 BANK MONEY MARKET OPERATIONS Discount Rate on Eligible Bank Bills Purchases £ m Rates Band 1 (0-14 days) 10 5/8-3/8 Band 2 (15-31 days) 11 1/4-3/16 Band 3 (32-63 days) 11 21/32-5/8 Band 4 (64-91 days) 11 23/32-45/64 TOTAL BILLS 0 ----Repurchase |Due 15 September at 9 7/8-10% 564 Lending TOTAL OPERATIONS 550 m 564 |against surplus £ 10 yr Tsy Bond **US RATES** 3 month CDs 20 yr Tsy Bond 8.97 -0.05 | 8.92 -0.05 Today/Change 8.25 0.00 | Gilt index STOCK MARKET FT Ind-Ord FTSE 0.10 1 Today/Change 1401.7 6.5 1744.6 6.2 86.76 MARKET COMMENT GILTS opened little changed: shorts 1/16 easier and longs 1/8, these losses were soon erased. This afternoon saw a modest rally, all be it on low turnover, prices finished below the best as the pound softened late in the day. Conventionals closed 1/8-1/4 firmer throughout.

SECRET

INDEX-LINKED shorts were softer but the longer issues put on 1/4-3/8.

EQUITIES opened firmer and moved in a narrow range thereafter in very quite trading conditions. The provisional retail sales increase for August of 0.5% and the producer price figures were inline with market expectations.

Carl Darget

NAME: Carl Davey TEL NO: 270 4613

GILT-EDGED MARKET			Monday 12th S	September 19
Transactions basis, cash values (fm	m); sales + purcha	ses -		
ISSUE DEPARTMENT: MARKET TRANSACTIO	DNS		Today	September
	Gross sales	shorts	++ 	11.0
	Gross sales	mediums	5.6	177.0
Gross	s sales longs and	undated	++	276.2
	Gross sales index	-linked	6.2	138.1
	Part paid	d calls	++	0.3
Buying in no	on-next maturities	shorts	++ 	-6.0
Buying in nor	n-next maturities i	mediums	++   -6.5	-207.1
Buying in r	non-next maturities	s longs	++	-391.9
Buying in non-next	t maturities index-	-linked	++   -6.1	-174.7
c	CRND: Market transa	actions	++ 	-15.8
	TOTAL 'GROSS	SALES	++   -1.6	and the second se
Buyi	ing in of next matu	urities	+========+ 	-0.7
	Reder	nptions	++ 	-15.8
TOTAL	TRANSACTIONS WITH	MARKET	-1.6	-194.9
Sales required to meet *	target of	£	m	
	target of			
Sales required to meet * PRICES/YIELDS OF GILT-EDGED STOCKS	target of Yesterday's cl		CONTRACT IN FAMILY CONTRACTOR OF A DESCRIPTION OF A DESCRIPANTE A DESCRIPANTE A DESCRIPANTE A DESCRIPTION OF	
		cent)	+ Change yesterday Price (£/32)	's close Yield (%
	Yesterday's cl Par yield (per	cent)	+ Change yesterday Price (£/32)	's close Yield (%
PRICES/YIELDS OF GILT-EDGED STOCKS	Yesterday's cl Par yield (per t	cent)	+ Change yesterday Price (£/32)	Yield (% -0.04
PRICES/YIELDS OF GILT-EDGED STOCKS	Yesterday's cl Par yield (per t 10-470 Ims 10.169	cent) -+ -+ -+ -+	Change yesterday Price (£/32)	' <mark>s close</mark> Yield (%
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu	Yesterday's cl Par yield (per +	cent) -+ -+ -+ -+	Change yesterday Price (£/32)	Yield (% -0.04 -0.04 -0.02
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs	Yesterday's cl Par yield (per +		Change yesterday Price (£/32) 5   7   6	Yield (% -0.04 -0.04 -0.02
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs	Yesterday's cl Par yield (per s 10-470 ms 10-169 9.689 Price	<pre>cent) -+ -+ -+ -+ (£/32) Change +</pre>	Change yesterday Price (£/32) 5   7   6   Yield (pe Today	Yield (% -0.04 -0.04 -0.02 -0.02 -0.02 Change
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS	Yesterday's cl Par yield (per 10-470 10-169 1 9.689 Price Today	<pre>cent) -+ -+ -+ (f/32) Change</pre>	Change yesterday Price (£/32) 5   7   6   7   6   7   6   7   1 6   7   1 6   7   1 0.47	Yield (% -0.04 -0.04 -0.02 r cent) Change -0.06
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992	Yesterday's cl Par yield (per 10-470 10-169 1 9.689 Price Today 92 25	<pre>cent) + i + i + i (£/32) Change i 5 i 8</pre>	Change yesterday Price (£/32) 5   7   6   Yield (pe Today 10.47   10.10	r's close Yield (% -0.04 -0.04 -0.02 r cent) Change -0.06 -0.03
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C'	Yesterday's cl Par yield (per 10-470 10.169 19.689 Price Today 92 25 192 7	<pre>cent) +</pre>	Change yesterday Price (£/32) 5   7   6   7   6   Yield (pe Today 1 10.47   1 0.10   9.92	r's close Yield (% -0.04 -0.02 -0.02 r cent) Change -0.03 -0.03
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07	Yesterday's cl Par yield (per 10-470 10-169 10.689 Price Today 192 25 192 7 113 23	<pre>cent) -+ -+ -+ -+ -+ -+ -+ -+ -+ -+ -+ -+ -+</pre>	Change yesterday Price (£/32) 5   7   6   7   6   7   6   7   1 0.10   9.92   8.64	r's close Yield (% -0.04 -0.04 -0.02 r cent) Change -0.06 -0.03 -0.03 -0.02
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992	Yesterday's cl Par yield (per is 10-470 10-169 9.689 Price Today 92 25 92 7 1113 23 82 8		Change yesterday Price (£/32) 5   7   6   Yield (pe Today 10.47   10.10   9.92   8.64   3.94	r's close Yield (% -0.04 -0.04 -0.02 r cent) Change -0.06 -0.03 -0.02 -0.02
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	Yesterday's cl Par yield (per 10-470 10.169 19.689 Price Today 192 25 192 7 1113 23 82 8 96 14		Change yesterday Price (£/32) 5   7   6   Yield (pe Today 10.47   10.10   9.92   8.64   3.94	r's close Yield (% -0.04 -0.04 -0.02 r cent) Change -0.06 -0.03 -0.02 -0.02
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	Yesterday's cl Par yield (per 10-470 10.169 19.689 Price Today 192 25 192 7 1113 23 82 8 96 14		Change yesterday Price (£/32) 5   7   6   Yield (pe Today 10.47   10.10   9.92   8.64   3.94	r's close Yield (% -0.04 -0.04 -0.02 r cent) Change -0.06 -0.03 -0.02 -0.02
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	Yesterday's cl Par yield (per 10-470 10.169 19.689 Price Today 192 25 192 7 1113 23 82 8 96 14	<pre>cent) -+ -+ -+ -+ (£/32) Change</pre>	Change yesterday Price (£/32) 5   7   6   7   6   7   6   7   7   6   7   7   6   7   7   6   7   7   7   6   7	r's close Yield (% -0.04 -0.04 -0.02 r cent) Change -0.06 -0.03 -0.03 -0.02 -0.02 -0.02 -0.02

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NAME: TEL NO:

Carl Davey 270 4613

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THE GOVERNOR'SMR TOWNEND HO-PMR C M MILESPRIVATE SECRETARY HO-PMR WARLAND HO-1MR MILNE HO-GTHE DEPUTY GOVERNOR'SMR ARROWSMITH HO-3MR MORTIMER-LEHPRIVATE SECRETARY HO-PMR BAILEY HO-2MR PAGE HO-2 MR LOEHNIS HO-P MR GEORGE HO-P MR W A ALLEN HO-P MR ALTHAUS HO-G MR A F BUSHELL HO-4 MR CHARKHAM HO-4 MR T A CLARK HO-M MR COLEBY HO-P MR FOOT HO-2 MR GILL HO-3 MR GREEN HO-3 MR J G HILL HO-G MR LATTER HO-2 MR KIRBY HO-3 MR PLENDERLEITH HO-P MS M V LOWTHER HO-G MR PRICE HO-3 MR SMEETON HO-2

MISS C M BALFOUR BB-4 MR SAGAR HO-3 MR BRIAULT/ MR I D SAVILLE HO MR M E F JONES HO-G MRS SERGEANT HO-3 MD CHEDDARD HO-4 MR M E F JONES HO-GMRS SERGEANT HO-3MR CARTER HO-MMR SHEPPARD HO-4MR COLLINS HO-MMS STONEFROST HO-MMR DE HOEST HO-4MR THORP BB-1MR DORRINGTON HO-4MR URWIN HO-2MR G I EVANS HO-2MR R G WARE HO-3MR EXETER HO-2MR R P WEBSTER HO-3MISS T A GRAY HO-4MR P A D WRIGHT HO-4MISS HOPKINSON HO-3DEALERS GIMLET HO-2MR ILES HO-3GROUP 9, ID HO-2MR M R LEWIS HO-3GROUP 11, ID HO-2 MR M R LEWIS HO-3 MR MCCONNACHIE HO-G MR MIDGLEY HO-4

MR C M MILES HO-2 MR MILNE HO-G MR MORTIMER-LEE HO-G MR I D SAVILLE HO-2 GROUP 12, BSD HO-2 LORD RICHARDSON PADS

## US FINANCIAL DEVELOPMENTS

The latest weekly summary of developments in monetary policy and the financial markets is attached.

International Division Group 1, HO-3 13 September 1988

R T Thorne (4385)

## SUMMARY: 5-11 SEPTEMBER

- The G7 meeting in West Berlin is said by officials to be likely simply to reaffirm the existing understandings on policy co-ordination and on exchange rates.
- Assistant Treasury Secretary Mulford confirmed a press report last week that he had made a secret trip to Europe in August to reaffirm the US commitment to the current G7 exchange rate and policy co-ordination agreements following Baker's resignation.
- The New York Fed reported that it bought \$2.93 bn of deutschemarks in the foreign exchange markets in the May-July quarter, intervening many times in late June and July. It also attributed the dollar's rise which provoked the intervention partly to the impression given by the Economic Declaration and officials' comments following the Toronto Summit that the G7 would tolerate a further dollar rise.
- Various Fed members confirmed the market's view that the August employment data have removed the possibility of a further Fed tightening at this stage.
- The latest 'tan book' from the Federal Reserve Districts indicates that demand pressures are starting to slacken in some parts of the economy, but the picture varied considerably between different regions and different industries. It seems likely to bolster the case at the next FOMC meeting against tightening further.
- Japan's largest inter-dealer broker announced plans to broker US Treasury bonds in Tokyo, settling the deals in dollars in New York.
- The Treasury yield curve flattened very slightly last week as oil prices fell and a purchasing managers' survey was weaker than the previous month. The dollar was stable against the deutschemark but fell against the yen as the Bank of Japan said it was ready to defend the yen's value if necessary.

### (a) The US and international co-operation

There have been comments from many sources that the G7 meeting 1 which will precede the IMF-World Bank meetings in West Berlin on 22 September will introduce no new policy initiatives, but will limit itself to a reaffirmation of the existing understandings on policy co-ordination and on exchange rates. One reason for the absence of new initiatives is the difficulty of committing the US to new policies in advance of the Presidential elections. Fed Governor Robert Heller was one of those who said that no major programmes would be presented at the meeting. Although trade imbalances were being slowly corrected, he said, the US had hoped for faster economic growth in other countries. Nevertheless "the figures in Europe are not bad; we can't complain." (West Germany's Q2 GNP figure released last week was better than expected, being 3.4% above a year earlier.)

Meanwhile, the Wall Street Journal reported last week that 2 Assistant Treasury Secretary David Mulford made a secret trip to Europe last month to reaffirm the US commitment to the G7 exchange rate and policy co-ordination agreements following Baker's resignation. Mulford confirmed that the report was basically accurate, but did not confirm all the details. According to the report, Mulford visited the UK, West Germany and France to make the reaffirmation, with the approval of Alan Greenspan, Baker and Treasury Secretary-designate Nicholas Brady, and also contacted Japanese officials with the same message. The visit was just after the US discount rate increase had caused the dollar to rise in the short-term and there had been an upsurge in market speculation that the US and Japan had a bilateral agreement to keep the dollar firm until after the Presidential election. More recently, there have been reports that the dollar's fall against the deutschemark since West Germany's own discount rate rise have helped to ease friction between the US and Europe.

#### (b) New York Fed intervention

3 The Federal Reserve Bank of New York reported that it made \$2.93 bn of dollar sales in the May-July quarter, the largest amount of quarterly dollar sales since the quarter in which the 1985 Plaza agreement was made. The New York Fed's intervention was on 16 different days between 27 June, when the dollar was at DM 1.819, and 31 July, when it finished at DM 1.878, and it consisted entirely of deutschemark purchases. Of the \$2.93 bn, \$1.32 bn was sold on behalf of the Fed and \$1.61 bn on behalf of the Treasury's Exchange Stabiliasation Fund.

4 The report accompanying the figures said that the Economic Declaration issued after the Toronto Summit had left the market with the impression that the G7 would tolerate a further rise in the dollar, as did comments by several officials at the time. (The Declaration's remarks on the dollar were identical to those in the December statement, but the deutschemark had fallen by 8% since that time. Given this feeling, it may be that the US will think that the wording of the public statement to follow this month's meeting should suggest a tougher attitude to dollar strength, even if the existing private understanding on exchange rates is left unchanged. Perhaps wording that describes a dollar rise or fall as equally counterproductive even be suggested.) The continuing buoyancy of the US economy at that time together with a perception that the Fed would tighten if there were signs of further inflationary problems added to the upward pressure on the dollar, and led to the conditions which made intervention necessary, the New York Fed said. The intervention had taken place as part of the G7 agreement.

#### (c) Domestic monetary policy

5 Various Fed Board members effectively confirmed the market's view that the August employment data have removed the possibility of a further Fed tightening at this stage. Governors Johnson, Heller and LaWare all said that economic growth appeared to be moderating, and both Heller and LaWare saw no need for a change in Fed policy at the moment. (A few market commentators had suggested that the Fed might even ease, but there is no sign whatsoever of that.)

## (d) The tan book

The latest Federal Reserve Districts' Commentary on Current 6 Economic Conditions (the "tan book") found that demand pressures are starting to slacken in some parts of the economy, and thus seems likely to bolster the case at the next FOMC meeting against tightening further. However the picture varied considerably across the country, with healthy expansion in business activity in some areas, "stable to mixed" conditions in others and even weakness in the St Louis Fed District. Activity was said to be expanding in numerous manufacturing industries, but the retailing and construction sectors were generally weak. Similarly, information on price pressures was mixed, with the prices of many raw materials and industrial components climbing strongly, but wage rises still rather patchy, affecting retailers much more than The most concrete evidence to support a possible manufacturers. moderation in labour pressures was provided by the Philadelphia Fed, which reported the first pause in employment growth for 16 months.

# (e) US Treasury bond trading in Japan

7 Japan's inter-dealer broker, Japan Securities Clearing Group, announced plans to broker US Treasury bonds in Tokyo. It will concentrate on 10- and 30-year maturities and will aim its business primarily at Japanese clients. Settlement, which will reportedly be through Bank of Tokyo's New York unit, will in principle be in dollars but could be in yen if buyer and seller agree.

### MONEY AND CREDIT

8 M1 and M2 both fell by 0.1% or less in the week ending 29 August, while M3 rose by 0.1%. In addition, the previous week's M3 figure was revised up 0.4%, and the aggregate's four-weekly average is now 6.6% (ar) above its target base, up from 6.4% the week before.

9 Consumer instalment credit rose 5.0% (ar) in July, well below the consensus forecast of about 8%, but June's increase was revised up to 16.4% from 10.2%. The series has risen by 9.4% over the last year.

#### RESERVES

10 Average adjustment and seasonal borrowing from the Fed's discount window fell by \$68 mn to \$577 mn in the week ending 7 September, the second week of the maintenance fortnight, bringing the fortnightly average to \$611 mn, up \$37 mn from the previous fortnight. Analysts continued to believe that the Fed was maintaining a steady credit stance in the wake of the weaker than expected August employment data, but they seem to have slightly increased their estimate of the degree of tightness involved in that steady stance. The consensus discount window borrowing has drifted up from \$550-600 mn to \$600 mn, while the Fed funds target estimate has narrowed from 8-8 1/4% to 8 1/8-1/4%.

11 The Fed had a large net miss in its estimate of reserves availability on Tuesday last week. Until this became known later in the week, some analysts had suspected that the Fed might have eased slightly in response to the employment figures when it added reserves to the market with Fed funds at 8 1/16%. However, the Fed helped to make it clear that its action was purely technical when it drained funds back out of the system again on Wednesday with Fed funds at 7 3/4%.

#### MARKET DEVELOPMENTS (5-9 September)

12 The Treasury yield curve flattened very slightly last week as long bond yields drifted down by about 5 bp, while bill rates ended the week little changed. Although the August producer price index was the week's major economic indicator, it was much as expected and had little market impact. Instead, the weak oil price and a decline in confidence (albeit from a high level) revealed by the National Association of Purchasing Managers survey were the factors most responsible for the strength of the long end of the market.

13 The dollar, meanwhile, attracted little attention last week, but fell by 2 yen because of Bank of Japan Governor Sumita's comments that his institution was ready to take action to defend the yen's value if necessary. This week, the US markets will focus on July's US trade deficit figure, which comes out on Wednesday and for which the consensus market forecast is \$11.5 bn, down from \$12.5 bn in the previous month.

## TREASURY AUCTIONS

Monday 12 September

Auction of \$14.0 bn of three-and six-month bills, raising \$625 mn of new cash.

# ECONOMIC INDICATORS

Tuesday	13 September	Current account; Q2
Wednesday	14 September	Merchandise trade; July Industrial production; August
Thursday	15 September	Retail sales; August Capacity utilisation; August
Friday	16 September	Business inventories; July
Tuesday	20 September	GNP; Q2 (2and revision)
Wednesday	21 September	Consumer price index; August Personal income and consumption; August Housing starts; August Real earnings; August
Friday	23 September	Durable goods orders; August
Friday	30 September	Leading indicators; August

#### OTHER DATES

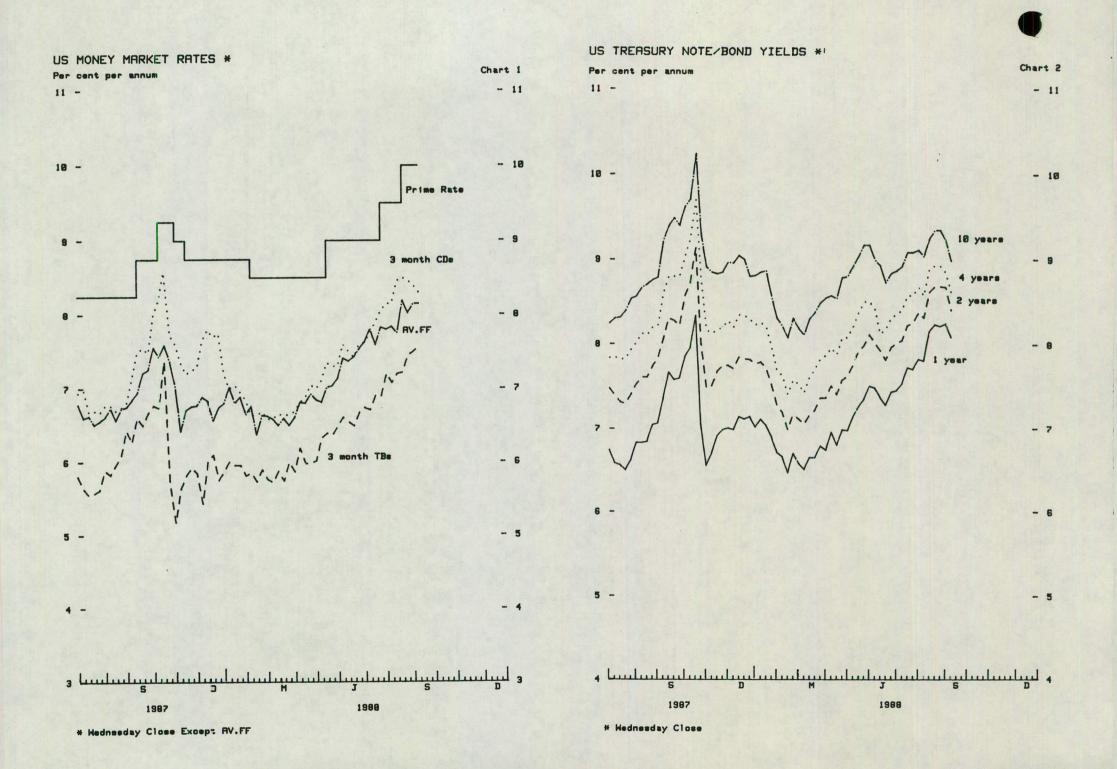
Tuesday	20 September	FOMC meeting
Thursday	22 September	IMF/World Bank meeting

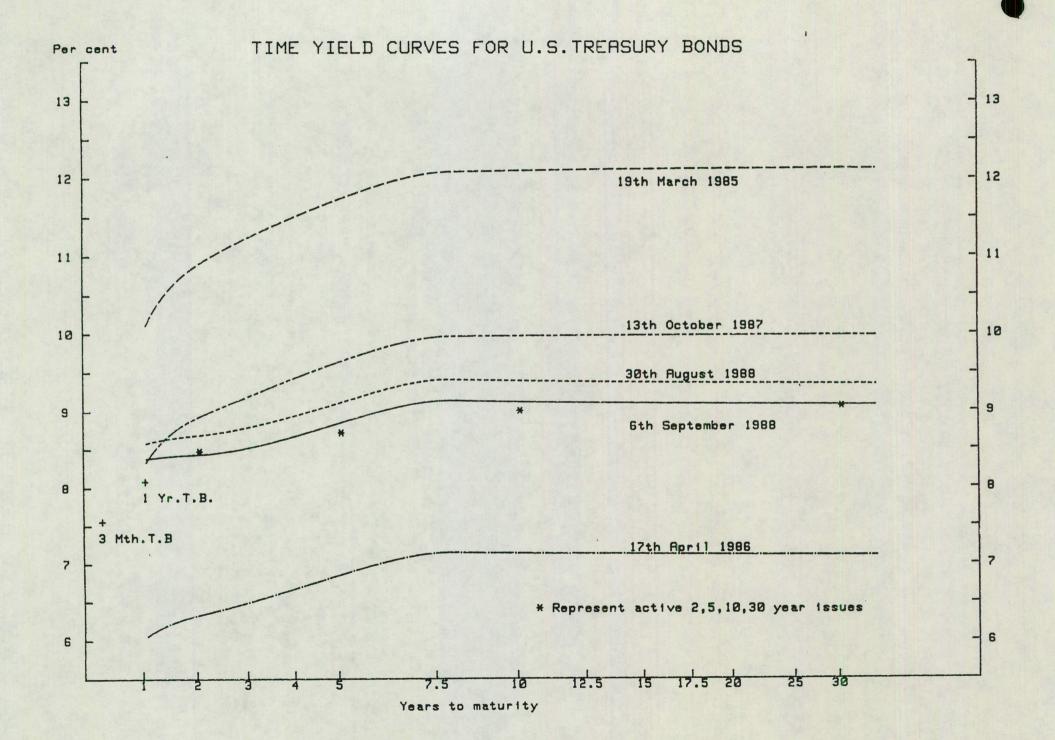
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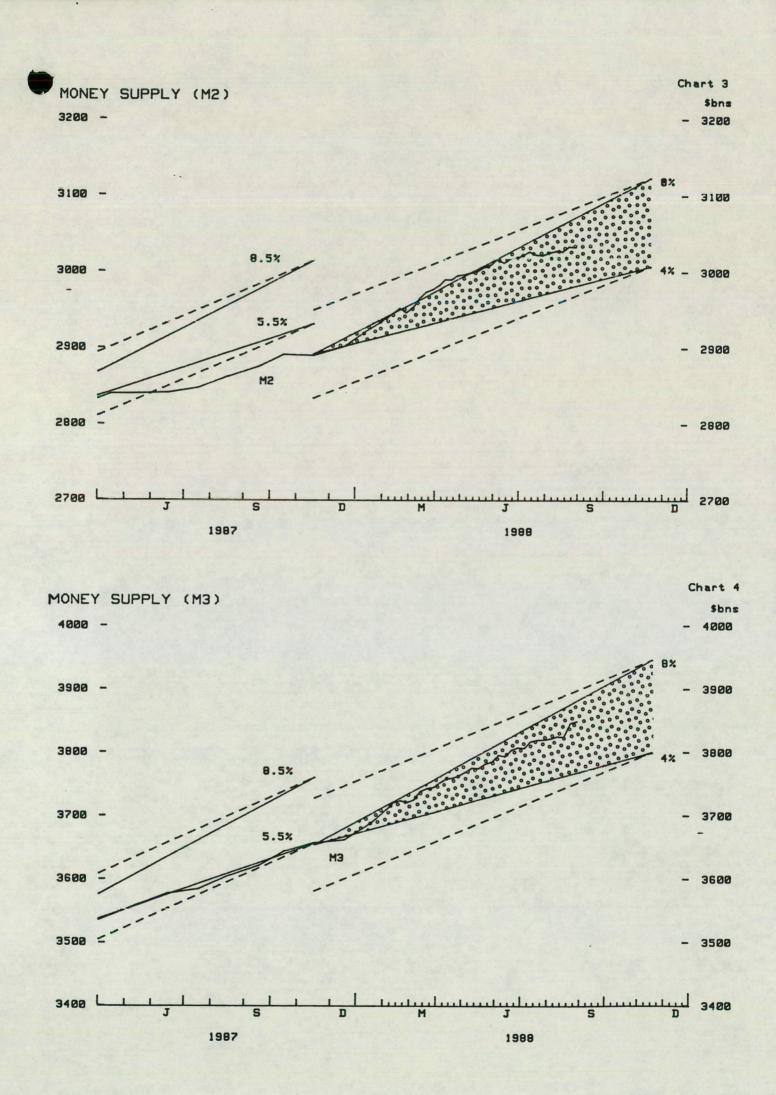
1 US: MONEY AND BANKING STATISTICS target range (1988) Change in level (\$ bn) % change (ar) Level % growth \$ bn Previous Latest 4 weekly average over: (\$ bn) Latest week/ 1 MONETARY AGGREGATES week/month Previous target weeks ended month 4 weeks 13 weeks ago base + 5.1 - 1.5 + 6.7 + 3.4 (29. 8.88)782.6 - 0.9 M1 3013.4-3129.3 + 6.1 4-8 + 2.6 + 3.53.033.6 - 0.5 + 6.3(29. 8.88)M2 3799.4-3945.6 4-8 + 6.6 + 5.8 + 6.1 +21.5 3,849.1 + 2.9 M3 (29. 8.88)8814.9-9144.4 + 9.3 7-11 + 8.5 + 7.9 Credit Aggregate (June) 8,643.2 +54.7 +58.8 Change in level (\$ bn) % Change (ar) Level 2 FINANCIAL STATISTICS Latest 4 weekly average over: Latest week Previous week (\$ bn) 4 weeks ended Previous 13 weeks ago 4 weeks - 6.4 - 2.4 -1.4 296.8 0.0 Business loans# (31. 8.88) +7.9+11.4 +1.9 (31. 8.88) 422.1 +0.3 Commercial Paper Money Market + 9.7 - 5.1 -0.7 (7.9.88) 266.9 -0.2 Mutual Funds LATEST WEEK TO 7 SEPTEMBER TWO WEEK PERIOD TO 7 SEPTEMBER Level (\$ mn) Changes in Level (\$ mn) Change in level (\$ mn) 3 RESERVES Level Latest Latest Week accounting period - 498 2,844 - 152 Discount window borrowing 3,093 of which adjustment and 577 - 68 + 37 seasonal borrowing 611 2,267 - 430 - 189 extended credit 2.482 + 30 438 Net free (borrowed) reserves Target bases (1987 Q4 averages) M2 2897.5 M3 3653.3 Credit aggregate 8238.2

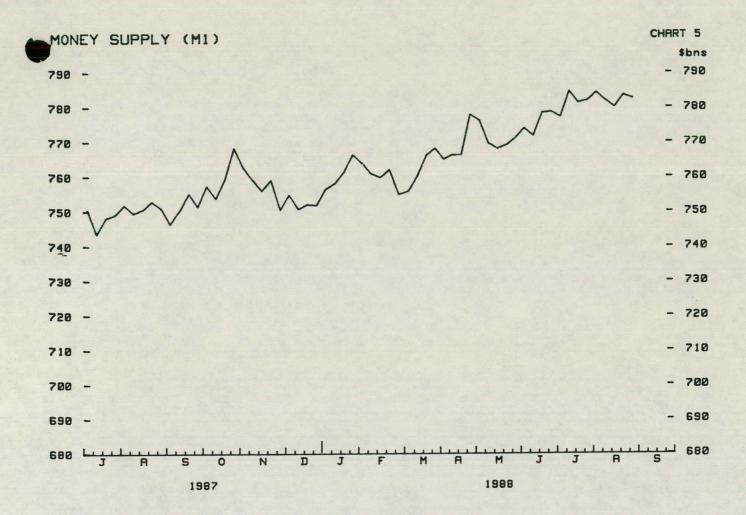
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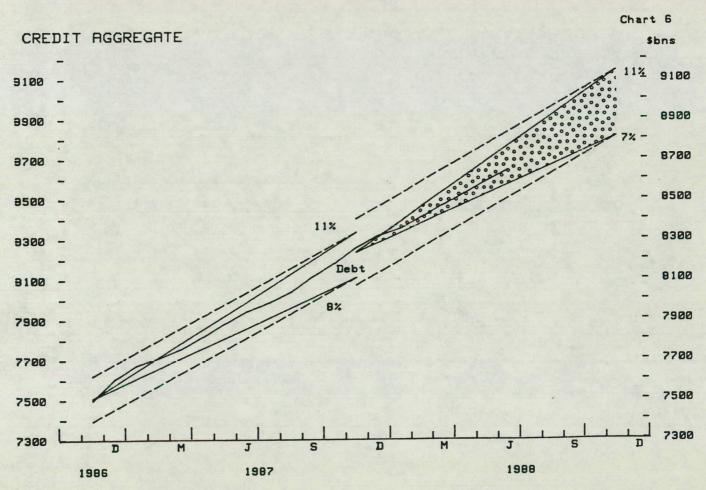
Major commercial banks #











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Mar La

				SE	CRET		Inp
FOREIGN E	XCHANGE MA	RKETS		NG EVENII	Tues Xo	sday 13 Sept change	tember 1988
Previous close			opening		since Plaza	rrency since Paris	since 16 October 1987
75.7		£ERI	8.30am 75.7	4.00pm 75.6	-7.8	9.4	2.7
1.6997		\$/£	1.7000	1.6967	23.5	11.0	1.9
1.5116		DM/£ ECU/£	3.1343 1.5135	3.135 1.513	-19.7	12.3	4.6
98.8		SERI	-	98.9	-29.2	-4.9	
1.8427 133.42		DM/\$ Yen/\$	1.8437 133.05		53.7 79.1	-1.1 15.3	
Oct \$12.95	5 Nov \$13	.05 Dec \$1	13.15 s	Spot Brent Oct	\$13.57 Nov \$13.67	Dec \$13.77	
	TRANSACT	IONS (\$mill	ion)				
					(b)		+
	Today	This month	Total since		(6)		Estimated   * end-month
	Today		1 Apr 88				position
		-268	3360	Mark	et intervention	Ī	-259
	-45		-970		rket transactions	I	-198
	-36	-429	2390	SNEW UNIVERSITY .	TOTAL		-457
		+4	-=========+		let borrowing	İ	+
		d transacti	ons	Valu	ation changes	+	-14
on a c	ione date l	basis.		TOTAL C	HANGE IN RESERVES		-471
		ons only on in publishe				ional assum market int	
THER COUN	TRIES MARI	KET INTERVE	NTION (Smi	illion equivale	ent)		
Belgium	-104DM			Germany -		Italy	-54DM
Denmark	-			Holland -		Japan	- Andread and a series
rance	-			Ireland -		US	-2010
arter cur markets ar sterling w	rrent acco re holding was again o	ount figure their brea on the side	e came out ith awaitir e-lines.	as expected,		id no effec	ranges.The US se t on the rates.
					68	lebr	
IONG KONG				Previous	Today		Change
long Kong	dollar			7.811	7.8105		0.0005
lang Seng	Index			2468.94	2473.6		4.66
month in	nterbank ra	ate		8 3/8%	8 5/16%		down 1/16%
		ing				ME: I.C.Pol NO: 270-555	

SECRET

MONEY MARKETS			Tuesday 1	3th September 1988
INTEREST RATES	£ Inter	chank	Eurodo	llar
	Today	Change		Change
+- 7 days	10 1/4	1/8	8 1/16	
1 mth	11 7/16	1/16	8 3/16	0
+- 3 mth 1	12 1/16	0	8 5/16	0
+- 12 mth	12 3/16	-1/16	8 3/4	0
+- BILLS		•	•	+
	-		ау	Change
3 Mont	th Treasury Bills	11 1/2 -	- 11 3/8	1/16
BANK MONEY MARKET OPE	ERATIONS			
	Sales Em	Rates	Discount Rate on E	ligible Bank Bills
Band 1 (0-14 days)	70	due 16/9/88 at 10%		
+- Band 2 (15-31 days)			11 9/32-7,	/32
Band 3 (32-63 days)	A STREET OF A STREET OF A STREET		11 5/8-19,	/32
Band 4 (64-91 days)			11 11/16-2	21/32
TOTAL BILLS	70			
Repurchase				
Lending				
TOTAL OPERATIONS	.70	r  against surplus =	£ 100 m	
US RATES		3 month CDs	10 yr Tsy Bond	20 yr Tsy Bond
	Today/Change	+	8.95 0.03	+
STOCK MARKET		FT Ind-Ord	FTSE	Gilt index
	Today/Change	1410.1 8.4	1756.3 11.7	86.80 0.04
		+	+	+
MARKET COMMENT				
MARKET COMMENT GILTS opened 1/8 bett from the Far East att advanced by a further spent with prices ard close 1/8 firmer over	tracted some surple r 1/8.Sellers appe ound the list.A mo	us cash from the bu ared at the highest	lding societies and levels and a dull	the market afternoon was
GILTS opened 1/8 bett from the Far East att advanced by a further spent with prices ard	tracted some surpl r 1/8.Sellers appe ound the list.A mo rall	us cash from the bu ared at the highest dset rally late in	lding societies and levels and a dull the day brought all	the market afternoon was sectors to
GILTS opened 1/8 bett from the Far East att advanced by a further spent with prices ard close 1/8 firmer over INDEXED LINKED contin	tracted some surple r 1/8.Sellers appe- ound the list.A mo- rall nued to benefit fro ly on British Gas' olders in Lasmo al 2% of the shares	us cash from the bu ared at the highest dset rally late in om recent investmen attempt to purchas so improved.It is t so far.The market c	lding societies and levels and a dull the day brought all t demand and closed e 14.9% of Lasmo; E hought that British losed reasonably we	the market afternoon was sectors to with gains nterprise Oil Gas has only

NAME: Peter Smith TEL NO: 270 4613

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GILT-EDGED MARKET				Tuesday 13th	September 1
Transactions basis, cash valu	es (£m); s	ales + purchase	s -		
ISSUE DEPARTMENT: MARKET TRAN	SACTIONS			Today	September
		Gross sales s	horts	6.8	17.8
		Gross sales me	diums	28.0	205.0
	Gross sal	es Longs and un	dated	62.4	338.6
	Gros	s sales index-l	inked	22.5	160.6
		Part paid	calls		0.3
Buying	in non-ne	xt maturities s	horts	-7.2	-13.2
Buying	in non-nex	t maturities me	diums	-34.1	-241.2
Buyin	g in non-n	ext maturities	longs	60.4	-452.3
Buying in no	n-next mat	urities index-l	inked	-23.7	-198.4
	CRND:	Market transac	tions	-15.7	-31.5
		TOTAL 'GROSS'		-21.4	
	Buying i	n of next matur		11.4	
		Redemp	tions	-0.1	-31.5
	TOTAL TRAN	SACTIONS WITH M		-10.1	
Sales required to meet		target of	£	m 	 
PRICES/YIELDS OF GILT-EDGED S	TOCKS	Yesterday's clo	se		e from
	A CONTRACTOR OF A CONTRACTOR		Constant States		y's close
		ar yield (per c	+	Price (£/32)	Yield (
	Shorts	10.424	‡ !	Price (£/32)	Yield (2 -0.02
	Shorts Mediums	10.424   10.139	+   +   +	Price (£/32)   3   7	Yield ()   -0.00
	Shorts	10.424	+   +   +	Price (£/32)	Yield ()   -0.00
REPRESENTATIVE STOCKS	Shorts Mediums	10.424   10.139   9.661	*   *   *   *	Price (£/32)   3   7	Yield ()   -0.00   -0.00
REPRESENTATIVE STOCKS	Shorts Mediums	10.424   10.139   9.661	+   +   +   + + (32)	Price (£/32)   3   7   2	Yield (3   -0.03   -0.04   -0.04   -0.04   -0.04   -0.04
<b>REPRESENTATIVE STOCKS</b> 8% Treasury 1992	Shorts Mediums	10.424   10.139   9.661   Price (	+   +   + <b>£/32)</b> Change	Price (£/32) 3 7 2 Yield (price of the second s	Yield (3   -0.07   -0.07   -0.07 er cent) Change
	Shorts Mediums	10.424   10.139   9.661   Price ( Today	<pre>+ + + + + £/32) Change + 3</pre>	Price (£/32) 3 7 2 Yield (price of the second s	Yield (3 -0.02 -0.02 -0.02 er cent) Change -0.02
8% Treasury 1992	Shorts Mediums	10.424   10.139   9.661 <b>Price (</b> Today   92 28	<pre>+ + + +  £/32) Change</pre>	Price (£/32) 3 7 2 Yield (price of the second s	Yield (2 -0.0) -0.0) <b>er cent)</b> Change -0.0 -0.0
8% Treasury 1992 8 3/4 Treasury 1997 'C'	Shorts Mediums	10.424   10.139   9.661 <b>Price (</b> Today   92 28   92 9	<pre> t f f f f f f f f f f f f f f f f f f</pre>	Price (£/32) 3 7 2 Yield (price of the second s	Yield (3 -0.02 -0.02 -0.02 er cent) Change -0.02 -0.02 -0.02 -0.02
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07	Shorts Mediums	10.424   10.139   9.661   Price ( Today   92 28   92 9   113 26	<pre>+ + + +  £/32) Change +</pre>	Price (£/32) 3 7 2 Yield (price) Today 10.44 10.07 9.91	Yield (3 -0.02 -0.02 -0.02 er cent) Change -0.02 -0.02 -0.02 -0.02 -0.02 -0.02
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992	Shorts Mediums	10.424   10.139   9.661 <b>Price (</b> Today   92 28   92 9   113 26   82 9	<pre> # # # # # # # # # # # # # # # # # # #</pre>	Price (£/32) 3 7 2 Yield (price) Today 10.44 10.07 9.91 8.63 3.93	Yield (3 -0.02 -0.02 -0.02 er cent) Change -0.02 -0
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	Shorts Mediums	10.424   10.139   9.661 <b>Price (</b> Today   92 28   92 9   113 26   82 9   96 20	<pre> # # # # # # # # # # # # # # # # # # #</pre>	Price (£/32) 3 7 2 Yield (P Today 1 0.44 1 10.07 9.91 8.63 3.93 3.64	Yield (3 -0.02 -0.02 -0.02 er cent) Change -0.02 -0
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994 GILT FUTURES	Shorts Mediums Longs	10.424   10.139   9.661   9.661   0.424   9.661   0.424   9.661   0.424   9.661   0.424   0.424   0.139   0.661   0.424   0.139   0.661   0.139   0.139   0.661   0.139   0.	f/32) Change Change 3 2 3 1 2 1 3 1 2 1 3 1 2 1 3 1 2 1 3 1 2 1 3 1 2 1 3 1 2 1 3 1 2 1 3 1 2 1 3 1 3 1 2 1 3 1 3 1 2 1 3 1 3 1 2 1 3 1 3 1 3 1 3 1 3 1 3 1 3 1 3	Price (£/32) 3 7 7 2 Yield (price) Today 10.44 10.07 9.91 8.63 3.93 3.64 Close	Yield (3 -0.02 -0.02 -0.02 er cent) Change -0.02 -0
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	Shorts Mediums Longs	10.424   10.139   9.661 <b>Price (</b> Today   92 28   92 9   113 26   82 9   96 20	<pre> # # # # # # # # # # # # # # # # # # #</pre>	Price (£/32) 3 7 7 2 Yield (P Today 1 0.44 1 10.07 9.91 8.63 3.93 3.64 Close 95.24	Yield (3 -0.02 -0.02 -0.02 er cent) Change -0.02 -0

REIGN EX	KCHANGE MAR	IKETS		MG EVI	ENING REPORT	X	nesday 14 s change urrency	September 1988	
Previous close			To opening 8.30am	day close 4.00pm			since Paris		
75.6		ERI	75.5 1.6927	75.4		-8.0	9.1 9.7		
1.6967 3.1350 1.5130	D	/£ M/£ CU/£	3.1335 1.5126	3.1451 1.515		-19.4	12.7		
98.9 1.8477 133.20	D	ERI M/\$ en/\$	- 1.8512 133.40	99.6 1.876 134,35		-28.7 51.4 77.6	-4.2 -2.6 14.3	-4.0	
					Oct \$14.15				
UK RESERVE	E TRANSACTI	ONS (\$mill	lion)						
(a) +	++		Total I			(b)		++  Estimated  *	
	Today	This month so far	Total since 1 Apr 88					end-month   position	
ļ	-11	-279	3349		Market interv	vention		-270	
I	-9	-170	the second s		f-market tra	nsactions		-207	
I	-20	-449			TOTAL			-477	
Contraction of the second second									
	and forward lone date b		ions	,	Net borrow Valuation cha AL CHANGE IN	anges		-14   	
on a d	done date b transactio	asis. ons only or		тотл	Valuation cha	anges RESERVES On conven	itional assu	++  ` 0   ++	
on a d (b) Spot date b	done date b transactio basis, as i	asis. ns only or n publishe	n a value ed figures.	тотл	Valuation cha AL CHANGE IN *	anges RESERVES On conven	tional assu r market in	++   0   ++   -491   ++ umption of	
on a d (b) Spot date b	done date b transactio basis, as i NTRIES MARK	asis. ns only or n publishe	n a value ed figures. ENTION (\$mi	тотл	Valuation cha AL CHANGE IN * valent)	anges RESERVES On conven	tional assurtion r market in Italy	umption of ntervention.	
on a d (b) Spot date b OTHER COUM	done date b transactio basis, as i NTRIES MARK	asis. ns only or n publishe	n a value ed figures. ENTION (\$mi	TOT/ Llion equiv	Valuation cha AL CHANGE IN * valent)	anges RESERVES On conven	r market in	umption of ntervention.	
on a d (b) Spot date b OTHER COUN Belgium	done date b transactio basis, as i NTRIES MARK	asis. ns only or n publishe	n a value ed figures. ENTION (\$mi	TOT/ TOT/ Llion equin Germany	Valuation cha AL CHANGE IN * valent)	anges RESERVES On conven	r market in Italy	umption of ntervention.	
on a d (b) Spot date b OTHER COUN Belgium Denmark France MARKET COP he main st than \$2bn -\$13.2bn, 0.7%.The r for most c Sterling r falling ba	transactio basis, as i NTRIES MARK - - - - - - - - - - - - - - - - - - -	was the pu the figure state the DM wing trading	h a value ed figures. ENTION (\$mi sublication s expectati stantial im es pushed t sion. on the ba	TOTA TOTA Illion equiv Germany Holland Ireland of the US on.With a provement. he \$ up by ck of the the dollar	Valuation cha AL CHANGE IN * valent) -152\$ - - - - - - - - - - - - - - - - - - -	s for July the June f rts fell t nigs to D	r market in Italy Japan US . At -\$9.5 igure from y 8.9% and 11.87 1/2 wi hing a pfei		ed
on a d (b) Spot date b OTHER COUN Belgium Denmark France MARKET COP he main st than \$2bn -\$13.2bn, 0.7%.The r for most c Sterling r falling ba	transactio basis, as i NTRIES MARK - - - - - - - - - - - - - - - - - - -	was the pu the figure state the DM wing trading	n a value ed figures. ENTION (\$mi sexpectati stantial im es pushed t sion. on the ba ng.Against	TOTA TOTA Illion equin Germany Holland Ireland Ireland of the US on.With a provement. he \$ up by ck of the the dollar 1.8785 Yea	Valuation cha AL CHANGE IN * valent) -152\$ - - trade figure revision in In July impo over 2 pfen strengtheni sterling fe n/\$134.5	anges RESERVES On conven no furthe s for July the June f rts fell t nigs to DM ng \$ gair ll 1 1/2 c	r market in Italy Japan US . At -\$9.5 igure from y 8.9% and 11.87 1/2 wi hing a pfei		ed
on a d (b) Spot date b OTHER COUN Belgium Denmark France MARKET COP he main st than \$2bn -\$13.2bn, 0.7%.The r for most c Sterling r falling ba	done date b transactio basis, as i 	was the pu the figure state the DM wing trading	n a value ed figures. ENTION (\$mi sexpectati stantial im es pushed t sion. on the ba ng.Against	TOTA TOTA Illion equiv Germany Holland Ireland of the US on.With a provement. he \$ up by ck of the the dollar	Valuation cha AL CHANGE IN * valent) -152\$ - - - - - - - - - - - - - - - - - - -	anges RESERVES On conven no furthe s for July the June f rts fell t nigs to DM ng \$ gair ll 1 1/2 c	r market in Italy Japan US . At -\$9.5 igure from y 8.9% and 11.87 1/2 wi hing a pfei		ed
on a d (b) Spot date b OTHER COUN Belgium Denmark France MARKET COP he main st than \$2bn -\$13.2bn, 0.7%.The r for most c Sterling ba Rates at 5	transactio basis, as i NTRIES MARK - - - - - - - - - - - - - - - - - - -	was the pu the figure state the DM wing trading	n a value ed figures. ENTION (\$mi sexpectati stantial im es pushed t sion. on the ba ng.Against	TOTA TOTA Illion equin Germany Holland Ireland Ireland of the US on.With a provement. he \$ up by ck of the the dollar 1.8785 Yea	Valuation cha AL CHANGE IN * valent) -152\$ - - trade figure revision in In July impo over 2 pfen strengtheni sterling fe n/\$134.5	anges RESERVES On conven no furthe s for July the June f rts fell t nigs to DM ng \$ gair ll 1 1/2 c	r market in Italy Japan US . At -\$9.5 igure from y 8.9% and 11.87 1/2 wi hing a pfei		ed
on a d (b) Spot date b OTHER COUN Belgium Denmark France MARKET COU he main st he main st than \$2bn -\$13.2bn, 0.7%.The r for most c Sterling r falling ba Rates at 5 HONG KONG	done date b transactio basis, as i NTRIES MARK - - - - MMENT tory today better tha July's sho release of of the after rose again ack in morn 5:10pm. \$1.	was the pu the figure state the DM wing trading	n a value ed figures. ENTION (\$mi sexpectati stantial im es pushed t sion. on the ba ng.Against	TOTA TOTA Llion equin Germany Holland Ireland Ireland of the US on.With a provement. he\$ up by ck of the the dollar 1.8785 Yea Previous	Valuation cha AL CHANGE IN * valent) -152\$ - - - trade figure revision in In July impo over 2 pfen strengtheni sterling fe n/\$134.5	anges RESERVES On conven no furthe s for July the June f rts fell b nigs to DM ng \$ gair ll 1 1/2 c Today 7.8105 481.57	r market in Italy Japan US . At -\$9.5 igure from y 8.9% and 11.87 1/2 wi hing a pfei		ed

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MONEY MARKETS			Wednesday	14th September 1988
INTEREST RATES	£ Inte	rhank	Eurodo	llar
	Today	Change		Change
7 days	10 5/16	1/16	8 1/16	
1 mth	+	3/32	8 3/16	0
3 mth	12 3/32	1/32	8 1/4	-1/16
12 mth	12 3/16		8 11/16	-1/16
BILLS		+		·
		Toda	ау	Change
3 Mor	nth Treasury Bills	11 1/2 -	- 11 3/8	0
BANK MONEY MARKET OF	PERATIONS			
	£m	Rates	Discount Rate on E	ligible Bank Bills
Band 1 (0-14 days)	100	Due 20/9/88 at 101/2	10 3/4-1/2	2
Band 2 (15-31 days)	 	10 103/16	11 9/32-7,	/32
Band 3 (32-63 days)	 	·+	11 5/8-19,	/32
Band 4 (64-91 days)	/ 	1	11 11/16-2	21/32
TOTAL BILLS	100	1		
Repurchase	/=====================================	* <b>+</b> 		
Lending		+		
TOTAL OPERATIONS	100	against surplus =	£ 100 m	
		3 month CDs	10 yr Tsy Bond	20 yr Tsy Bond
US RATES	Today/Change	+	+	+
STOCK MARKET	roday/change	FT Ind-Ord	FTSE	Gilt index
STOCK MARKET	Today/Change	+	1765.1 8.8	+
	roday/ change	+	+	+
MARKET COMMENT				
	Le softer-by 1/16	in shorts and medium	s and 1/8 in longs-	but quickly
recouned these loss	es. This morning's L	JK statistics were the reduced US trade	aken quietly but th	e market
1/4 firmer, mediums	1/8 better and long	gs 1/4 harder.		
INDEXED LINKED clos performing well.	ed with gains of a	1/4 to 1/8, the shor	ter maturities in p	articular
raise 303 mn and La industrial producti	smo's intention to on rose by 0.4% in ficit for July of	n news of Standard C sell its 25% holdin July had little eff \$9.53bn and held the t Goodman Fielder ha	g in Enterprise Oil ect.The market adva se gains throughout	News that nced on the the
			NAME: TEL NO:	Peter Smith 270 4613

Gross sales mediums         57.0         262.           Gross sales longs and undated         3.2.2         3.7.0           Gross sales index-linked         17.7         178.           Part paid calls         0.           Buying in non-next maturities shorts         17.5           Buying in non-next maturities mediums         -50.8           Buying in non-next maturities index-linked         -17.5           Buying in non-next maturities index-linked         -17.5           Buying in non-next maturities index-linked         -17.5           Buying in non-next maturities         -0.1           CRND: Market transactions         3.6.4           Buying in of next maturities         -0.1           CRND: Market transactions         -0.1           Buying in of next maturities         -0.1           TOTAL 'GROSS' SALES         -0.1           CARD         -0.1           Redemptions         -0.1           TOTAL TRANSACTIONS WITH MARKET         -10.2           Sales required to meet         *           target of £	GILT-EDGED MARKET			Wednesday 14t	h September	
Gross sales shorts         4.8         22.           Gross sales mediums         57.0         262.           Gross sales index-linked         17.7         178.           Part paid calls         0.         0.           Buying in non-next maturities shorts         -113.           Buying in non-next maturities index-linked         -77.5         -292.           Buying in non-next maturities index-linked         -17.5         -292.           Buying in non-next maturities index-linked         -17.5         -213.           Buying in non-next maturities index-linked         -17.5         -213.           CRND: Market transactions         3.6         -227.           TOTAL 'GROSS' SALES         0.4         -213.           Buying in of next maturities         -10.5         0.           Redemptions         -0.1         -27.           TOTAL TRANSACTIONS WITH MARKET         -10.5         0.           PRICES/VIELDS OF GILT-EDGED STOCKS         Yesterday's close         Change from yestenday's close           Par yield (per cent)         Price (£/32)         Yield (per cent)           Price (£/32)         Yield (per cent)         Price (£/32)         Yield (per cent)           REPRESENTATIVE STOCKS         Price (£/32)         Yield (per cent)		sales + purchases -				
Gross sales mediums         57.0         262.           Gross sales longs and undated         32.2         37Q           Gross sales index-linked         17.7         178.           Part paid calls         0.           Buying in non-next maturities shorts         1-13.           Buying in non-next maturities shorts         1-13.           Buying in non-next maturities index-linked         -77.5           Buying in non-next maturities index-linked         -77.5           CRND: Market transactions         3.6           Buying in of next maturities         -10.5           CRND: Market transactions         -0.1           TOTAL 'GROSS' SALES         0.4           OTAL TRANSACTIONS WITH MARKET         -10.5           PRICES/VIELDS OF GILT-EDGED STOCKS         Yesterday's close           Par yield (per cent)         Price (£/32)         Yield (per cent)           Price (£/32)         Yield (per cent)         Price (£/32)         Yield (per cent)           Representative stocks         Price (£/32)         Yield (per cent)         Price (£/32)           Kareasury 1992         93         4         10.40         -0.0           8X Treasury 1992         93         4         10.40         -0.0           8X Treasury 1992	ISSUE DEPARTMENT: MARKET TRANSACTIONS			+		
Grocs sales longs and undated       3/2       370         Gross sales index-linked       17.7       178         Part paid calls       0         Buying in non-next maturities shorts       -13.         Buying in non-next maturities index-linked       -77.5         Buying in non-next maturities index-linked       -17.5         CRND: Market transactions       3.6         Buying in of next maturities       -10.5         CRND: Market transactions       3.6         Buying in of next maturities       -10.5         CRND: Market transactions       3.6         Buying in of next maturities       -10.5         Buying in of next maturities       -10.5         Buying in of next maturities       -10.5         Buying in of next maturities       -10.2         Buying in of ext maturities       -10.5         Buying in of ext maturities       -10.5         Buying in of ext maturities       -10.5         Buying in on ext maturities       -10.5         Buying in on ext maturities       -10.5         Sales requi			1	+		
Gross sales index-linked       17.7       178.         Part paid calls       0.         Buying in non-next maturities shorts       1-73.         Buying in non-next maturities mediums       -50.8       -292.         Buying in non-next maturities index-linked       17.7       178.         Buying in non-next maturities index-linked       17.5       -282.         Buying in non-next maturities index-linked       17.5       -282.         CRND: Market transactions       3.6       -272.         TOTAL 'GROSS' SALES       0.4       -273.         Buying in of next maturities       -0.1       -27.         TOTAL TRANSACTIONS WITH MARKET       -0.1       -27.         TOTAL TRANSACTIONS WITH MARKET       -0.2       -215.         Sales required to meet       *       target of £		Gross sales mediums	5 -	+		
Part paid calls       0         Buying in non-next maturities shorts       1-13.         Buying in non-next maturities mediums       -50.8       -292.         Buying in non-next maturities longs       -46.6       -498.         Buying in non-next maturities index-linked       1-77.5       -215.         CRND: Market transactions       3.6       -27.         TOTAL '6R0SS' SALES       0.4       -213.         Buying in of next maturities       1-0.5       0.         Redemptions       -0.1       -27.         TOTAL '6R0SS' SALES       0.4       -213.         Buying in of next maturities       1-0.5       0.         Redemptions       -0.1       -27.         TOTAL TRANSACTIONS WITH MARKET       -0.1       -27.         Sales required to meet       *       target of £       m         PRICES/YIELDS OF GILT-EDGED STOCKS       Yesterday's close       Change from yesterday's close         Part yield (per cent)       Price (£/32)       Yield (per cent)         Reduums       10.125       2       -0.0         Longs       9.649       7       -0.0         83/4 Treasury 1992       93       4       10.0.40       -0.0         83/4 Treasury 1997 'C'	es asord	les longs and undater	ł	3 2.2		
Buying in non-next maturities shorts         -13.           Buying in non-next maturities mediums         -50.8         -292.           Buying in non-next maturities index-linked         -17.5         -213.           Buying in non-next maturities index-linked         -17.5         -213.           CRND: Market transactions         3.6         -27.           TOTAL 'GROSS' SALES         .0.4         -213.           Buying in of next maturities         -10.5         0.           Redemptions         -0.1         -27.           TOTAL 'GROSS' SALES         .0.4         -213.           Buying in of next maturities         -10.5         0.           Redemptions         -0.1         -27.           TOTAL TRANSACTIONS WITH MARKET         -0.1         -27.           TOTAL TRANSACTIONS WITH MARKET         -0.1         -27.           PRICES/YIELDS OF GILT-EDGED STOCKS         Yesterday's close         Price (£/32)         Yield (           Shorts         10.377         1         -0.0         -0.0           Hediums         10.125         2         -0.0         -0.0           Longs         9.649         7         -0.0         -0.0           REPRESENTATIVE STOCKS         Price (£/32)         Yield (per	Gro	ss sales index-linked	l t	17.7	178.3	
Buying in non-next maturities mediums       -50.8       -292.         Buying in non-next maturities index-linked       -17.5       -215.         CRND: Market transactions       3.6       -27.         TOTAL 'GROSS' SALES       0.4       -213.         Buying in on-next maturities       -10.5       0.         Redemptions       -0.1       -27.         TOTAL 'GROSS' SALES       0.4       -213.         Buying in of next maturities       -10.5       0.         Redemptions       -0.1       -27.         TOTAL 'GROSS' SALES       0.4       -213.         Buying in of next maturities       -10.5       0.         Redemptions       -0.1       -27.         TOTAL 'GROSS' SALES       0.4       -213.         Buying in of next maturities       -10.5       0.         Redemptions       -0.1       -27.         TOTAL 'GROS' SALES       -10.5       0.1         Sales required to meet       *       target of £       *         PRICES/YIELDS OF GILT-EDGED STOCKS       Yesterday's close       Price (£/32)       Yield (per cent)         Price (L/32)       Yield (per cent)       Price (£/32)       Yield (per cent)         Mediums       10.125 <t< td=""><td></td><td>Part paid calls</td><td>5   -</td><td>  +</td><td>0.3</td></t<>		Part paid calls	5   -	 +	0.3	
Buying in non-next maturities longs       -46.6       -498.         Buying in non-next maturities index-linked       -17.5       -215.         CRND: Market transactions       3.6       -27.         TOTAL 'GROSS' SALES       0.4       -2125         Buying in of next maturities       -10.5       0.         Redemptions       -10.5       0.         Redemptions       -10.1       -27.         TOTAL 'GROSS' SALES       0.4       -2125         Buying in of next maturities       -10.5       0.         Redemptions       -10.1       -27.         TOTAL TRANSACTIONS WITH MARKET       -10.2       -27.5         Sales required to meet       *       target of £       m         PRICES/YIELDS OF GILT-EDGED STOCKS       Yesterday's close       Price (£/32)       Yield (         Par yield (per cent)       Price (£/32)       Yield (       -0.0         Mediums       10.125       2       -0.0         Longs       9.649       7       -0.0         83/4 Treasury 1992       193       4       10.40       -0.0         83/4 Treasury 1997 'C'       92       14       5       10.05       -0.0         13/4% Treasury 1992       82       <	Buying in non-n	ext maturities shorts	s   		-13.2	
Buying in non-next maturities index-linked       -17.5       -215.         CRND: Market transactions       3.6       -27.         TOTAL 'GROSS' SALES       0.4       -213.         Buying in of next maturities       -10.5       0.         Redemptions       -0.1       -27.         TOTAL 'GROSS' SALES       0.4       -213.         Buying in of next maturities       -10.5       0.         Redemptions       -0.1       -27.         TOTAL TRANSACTIONS WITH MARKET       -10.2       -215.         Sales required to meet       *       target of £       m         PRICES/YIELDS OF GILT-EDGED STOCKS       Yesterday's close       Change from yesterday's close         Par yield (per cent)       Price (£/32)       Yield (per cent)         Shorts       10.377       1       -0.0         Longs       9.649       7       -0.0         Longs       9.649       7       -0.0         83/4 Treasury 1992       93       4       10.40       -0.0         83/4 Treasury 1992       82       12       3       8.61       -0.0         33 Treasury 1992       82       12       3       8.61       -0.0         21/2% Index-Linked 2016	Buying in non-ne	ext maturities mediums	s	-50.8	-292.0	
CRND: Market transactions       3.6       -27.         TOTAL 'GROSS' SALES       0.4       -213         Buying in of next maturities       -10.5       0.         Redemptions       -0.1       -27.         TOTAL TRANSACTIONS WITH MARKET       -10.5       0.         Future calls       36         Sales required to meet       *       target of £       m         PRICES/YIELDS OF GILT-EDGED STOCKS       Yesterday's close       Change from yesterday's close         Par yield (per cent)       Price (£/32)       Yield (0.00000000000000000000000000000000000	Buying in non-	next maturities longs	s	-46.6	-498.9	
TOTAL 'GROSS' SALES       0.4   -213         Buying in of next maturities       -10.5   0.         Redemptions       -0.1   -27.         TOTAL TRANSACTIONS WITH MARKET       -0.2   -215.         Future calls       -36         Sales required to meet       * target of £         PRICES/YIELDS OF GILT-EDGED STOCKS       Yesterday's close         Par yield (per cent)       Price (£/32)         Yield ums       10.125         Longs       9.649         Today       Change         Today       Change         Karneasury 1992       93       4         83/4 Treasury 1997 'C'       92       14       5         13/4X Treasury 1992       82       12       3         83/4 Treasury 1992       82       12       3       8.61         13/4X Treasury 1992       82       10       3.59       -0.0         14       2       8       3.92       -0.0       0         14       93       10       3.59       -0.0         13/4X Treasury 1992       82       12       3       8.61       -0.0         14       96       28       8       3.92       -0.0       -0.0	Buying in non-next ma	turities index-linked	t t	-17.5	-215.9	
Buying in of next maturities       -10.5       0.         Redemptions       -0.1       -27.         TOTAL TRANSACTIONS WITH MARKET       -0.2       -215.         Future calls	CRND	: Market transactions	5	3.6	-27.9	
Buying in of next maturities         -10.5         0.           Redemptions         -0.1         -27.           TOTAL TRANSACTIONS WITH MARKET         -0.2         -215.           Sales required to meet         *         target of £         m           PRICES/YIELDS OF GILT-EDGED STOCKS         Yesterday's close         Change from yesterday's close           PRICES/YIELDS OF GILT-EDGED STOCKS         Yesterday's close         Price (£/32)         Yield (           Shorts         10.377         1         -0.0           Mediums         10.125         2         -0.0           Longs         9.649         7         -0.0           Karneasury 1992         93         4         10.40         -0.0           8 3/4 Treasury 2003/07         114         2         8         9.88         -0.0           3% Treasury 1992         82         12         3         8.61         -0.0           21/2% Index-Linked 2016 <td></td> <td>TOTAL 'GROSS' SALES</td> <td></td> <td></td> <td></td>		TOTAL 'GROSS' SALES				
TOTAL TRANSACTIONS WITH MARKET	Buying	in of next maturities				
Future calls         Future calls       36         Future calls       36         Sales required to meet *       target of £       m         PRICES/YIELDS OF GILT-EDGED STOCKS         Par yield (per cent)       Price (£/32)       Yield (         Shorts       10.377       1       1		Redemptions	5	-0.1	-27.9	
Future calls       36         Sales required to meet *       target of £       m         PRICES/YIELDS OF GILT-EDGED STOCKS         Yesterday's close       Change from yesterday's close         Price (£/32)       Yield (per cent)       Price (£/32)       Yield (close         Shorts       10.377       1       1       1       1       1       1       1       1       1       1       1       1       1       36         Price (£/32)       Yield (per cent)         Mediums       10.125       1       2       0         Mediums       10.125       Yield (per cent)         Today       Change       Today       Change         Today       Change       Today       Change         Today       Change       Today       Change         Today <th colspa<="" td=""><td>TOTAL TRA</td><td>NSACTIONS WITH MARKET</td><td></td><td></td><td></td></th>	<td>TOTAL TRA</td> <td>NSACTIONS WITH MARKET</td> <td></td> <td></td> <td></td>	TOTAL TRA	NSACTIONS WITH MARKET			
Sales required to meet       *       target of       f       m         PRICES/YIELDS OF GILT-EDGED STOCKS       Yesterday's close       Change from yesterday's close         Par yield (per cent)       Price (f/32)       Yield (per cent)         Shorts       10.377       1       1       -0.0         Mediums       10.125       2       -0.0         Longs       9.649       7       -0.0         REPRESENTATIVE STOCKS       Price (f/32)       Yield (per cent)         Treasury 1992       93       4       10.40       -0.0         8 3/4 Treasury 1997 'C'       92       14       5       10.05       -0.0         11 3/4% Treasury 1992       82       12       3       8.61       -0.0         2 1/2% Index-Linked 2016       96       28       8       3.92       -0.0         2 1/2% Index-Linked 1994       93       10       3.59       -0.0         GILT FUTURES       Open       Close       Volume         Long Contract       December       93.20       94.00       141						
PRICES/YIELDS OF GILT-EDGED STOCKS     Vesterday's close     Change from yesterday's close       Par yield (per cent)     Price (£/32)     Yield (per cent)       Shorts     10.377     1     1     -0.0       Mediums     10.125     2     -0.0       Longs     9.649     7     -0.0       REPRESENTATIVE STOCKS     Price (£/32)     Yield (per cent)       REPRESENTATIVE STOCKS     Price (£/32)     Yield (per cent)       REPRESENTATIVE STOCKS     Price (£/32)     Yield (per cent)       8% Treasury 1992     93     4     10.40       83/4 Treasury 1997 'C'     92     14     5     10.05       11     3/4% Treasury 1997     114     2     8     9.88       2     1/2% Index-Linked 2016     96     28     8     3.92       2     1/2% Index-Linked 1994     93     10     3.59     -0.0       GILT FUTURES     Open     Close     Volume       Long Contract     December     93.20     94.00     141		Futu	ure calls		369	
PRICES/YIELDS OF GILT-EDGED STOCKS       Yesterday's close       Change from yesterday's close         Par yield (per cent)       ++++++++++++++++++++++++++++++++	Sales required to meet *			n I		
Shorts       10.377       1       -0.0         Mediums       10.125       2       -0.0         Longs       9.649       7       -0.0         REPRESENTATIVE STOCKS       Price (£/32)       Yield (per cent)         Today       Change       Today       Change         8% Treasury 1992       93       4       10.40       -0.0         8 3/4 Treasury 1997 'C'       92       14       5       10.05       -0.0         11 3/4% Treasury 2003/07       1114       2       8       9.88       -0.0         3% Treasury 1992       82       12       3       8.61       -0.0         2 1/2% Index-Linked 2016       96       28       8       3.92       -0.0         2% Index-Linked 1994       93       10       3.59       -0.0         GILT FUTURES       December       93.20       94.00       141	PRICES/YIELDS OF GILT-EDGED STOCKS	Manhandaula alana		Change	trom	
Mediums       10.125       2       -0.0         Longs       9.649       7       -0.0         REPRESENTATIVE STOCKS       Price (£/32)       Yield (per cent)         Today       Change       Today       Change         8% Treasury 1992       93       4       10.40       -0.0         8 3/4 Treasury 1997 'C'       92       14       5       10.05       -0.0         11 3/4% Treasury 2003/07       1114       2       8       9.88       -0.0         3% Treasury 1992       82       12       3       8.61       -0.0         11 3/4% Treasury 2003/07       1114       2       8       9.88       -0.0         3% Treasury 1992       82       12       3       8.61       -0.0         2 1/2% Index-Linked 2016       96       28       8       3.92       -0.0         2% Index-Linked 1994       93       10       3.59       -0.0         GILT FUTURES       Open       Close       Volume         Long Contract       December       93.20       94.00       1411					's close	
Longs       9.649       7       -0.0         REPRESENTATIVE STOCKS       Price (£/32)       Yield (per cent)         Today       Change       Today       Change         8% Treasury 1992       93       4       10.40       -0.0         8 3/4 Treasury 1997 'C'       92       14       5       10.05       -0.0         11 3/4% Treasury 2003/07       1114       2       8       9.88       -0.0         3% Treasury 1992       82       12       3       8.61       -0.0         3% Treasury 1992       82       12       3       8.61       -0.0         2 1/2% Index-Linked 2016       96       28       8       3.92       -0.0         2% Index-Linked 1994       93       10       3.59       -0.0         GILT FUTURES       Open       Close         Long Contract       December		Par yield (per cent)		Price (£/32)	Yield (%	
REPRESENTATIVE STOCKS       Price (£/32)       Yield (per cent)         Today       Change       Today       Change         8% Treasury 1992       93       4       10.40       -0.0         8 3/4 Treasury 1997 'C'       92       14       5       10.05       -0.0         11 3/4% Treasury 2003/07       1114       2       8       9.88       -0.0         3% Treasury 1992       182       12       3       8.61       -0.0         3% Treasury 1992       182       12       3       8.61       -0.0         3% Treasury 1992       182       12       3       8.61       -0.0         2% Index-Linked 2016       196       28       8       3.92       -0.0         2% Index-Linked 1994       193       10       3.59       -0.0         GILT FUTURES       Open       Close       Volume         Long Contract       December       93.20       94.00       1411	Shorts	Par yield (per cent) ++   10.377   ++	:	Price (£/32)	' <b>s close</b> Yield (% -0.01	
Today       Change       Today       Change         8% Treasury 1992       93       4       10.40       -0.0         8 3/4 Treasury 1997 'C'       92       14       5       10.05       -0.0         11 3/4% Treasury 2003/07       114       2       8       9.88       -0.0         3% Treasury 1992       82       12       3       8.61       -0.0         2 1/2% Index-Linked 2016       96       28       8       3.92       -0.0         2% Index-Linked 1994       93       10       3.59       -0.0         GILT FUTURES       Open       Close       Volume         Long Contract       December       93.20       94.00       1411	Shorts Mediums	Par yield (per cent) ++   10.377   ++   10.125   ++	:	Price (£/32) 1 2	's close Yield (% -0.01 -0.01	
8% Treasury 1992       93       4       10.40       -0.0         8 3/4 Treasury 1997 'C'       92       14       5       10.05       -0.0         11 3/4% Treasury 2003/07       114       2       8       9.88       -0.0         3% Treasury 1992       182       12       3       8.61       -0.0         3% Treasury 1992       182       12       3       8.61       -0.0         3% Treasury 1992       182       12       3       8.61       -0.0         2 1/2% Index-Linked 2016       96       28       8       3.92       -0.0         2% Index-Linked 1994       93       10       3.59       -0.0         GILT FUTURES       Open       Close       Volume         Long Contract       December       93.20       94.00       1411	Shorts Mediums	Par yield (per cent) ++   10.377   ++   10.125   ++		Price (£/32) 1 2	's close Yield (% -0.01 -0.01	
8 3/4 Treasury 1997 'C'       92       14       5       10.05       -0.0         11 3/4% Treasury 2003/07       114       2       8       9.88       -0.0         3% Treasury 1992       82       12       3       8.61       -0.0         2% Index-Linked 2016       96       28       8       3.92       -0.0         2% Index-Linked 1994       93       10       3.59       -0.0         GILT FUTURES       Open       Close       Volume         Long Contract       December       93.20       94.00       141	Shorts Mediums Longs	Par yield (per cent) ++   10.377   ++   10.125   ++   9.649   ++		Price (£/32) 1 2 7	Yield (% -0.01 -0.02	
11 3/4% Treasury 2003/07       114       2       8       9.88       -0.0         3% Treasury 1992       82       12       3       8.61       -0.0         2 1/2% Index-Linked 2016       96       28       8       3.92       -0.0         2% Index-Linked 1994       93       10       3.59       -0.0         GILT FUTURES       Open       Close       Volume         Long Contract       December       93.20       94.00       141	Shorts Mediums Longs	Par yield (per cent) 1 10.377   1 10.125   1 9.649   ++ Price (£/32	)	Price (£/32) 1 2 7 Yield (pe	's close Yield (% -0.01 -0.01 -0.02 er cent)	
3% Treasury 1992       82       12       3       8.61       -0.0         2 1/2% Index-Linked 2016       96       28       8       3.92       -0.0         2% Index-Linked 1994       93       10       3.59       -0.0         GILT FUTURES       Open       Close       Volume         Long Contract       December       93.20       94.00       141	Shorts Mediums Longs	Par yield (per cent) 10.377   10.125   10.125   10.649   Price (£/32 Today	) Change	Price (£/32) 1 2 7 <b>Yield (pe</b> Today	's close Yield (% -0.01 -0.01 -0.02 er cent) Change	
2 1/2% Index-Linked 2016       96       28       8       3.92       -0.0         2% Index-Linked 1994       93       10       3.59       -0.0         GILT FUTURES       Open Close Volume         Long Contract       December       93.20       94.00       141	Shorts Mediums Longs REPRESENTATIVE STOCKS 8% Treasury 1992	Par yield (per cent) 10.377   10.125   19.649   Price (£/32 Today 93	) Change 4	Price (£/32) 1 2 7 <b>Yield (pe</b> Today 10.40	's close Yield (% -0.01 -0.02 cr cent) Change -0.04	
2% Index-Linked 1994         93         10         3.59         -0.0           GILT FUTURES         Open         Close         Volume           Long Contract         December         93.20         94.00         141	Shorts Mediums Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C'	Par yield (per cent) 10.377   10.125   9.649   Price (£/32 Today 93   92 14	) Change 4 5	Price (£/32) 1 2 7 Yield (pe Today 10.40 10.05	r's close Yield (% -0.01 -0.02 -0.02 -0.02 -0.04 -0.04	
GILT FUTURES Long Contract December   93.20   94.00   141	Shorts Mediums Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07	Par yield (per cent) 1 10.377   1 10.125   1 9.649   Price (£/32 Today 93   92 14   114 2	) Change 4 5 8	Price (£/32) 1 2 7 Yield (pe Today 10.40 10.05 9.88	's close Yield (% -0.01 -0.02 cr cent) Change -0.04 -0.02 -0.03	
Open Close Volume Long Contract December   93.20   94.00   141	Shorts Mediums Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992	Par yield (per cent) 10.377   10.125   9.649   Price (£/32 Today 93   92 14   114 2   82 12	) Change 4 5 8 3	Price (£/32) 1 2 7 Yield (period Today 10.40 10.05 9.88 8.61	r's close Yield (% -0.01 -0.02 -0.02 -0.02 Change -0.04 -0.02 -0.03 -0.03	
Long Contract December   93.20   94.00   141	Shorts Mediums Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	Par yield (per cent) 10.377   10.125   9.649   Price (£/32) Today 93   92 14   114 2   182 12   96 28	) Change 4 5 8 3 8	Price (£/32) 1 2 7 Yield (period) Today 10.40 10.05 9.88 8.61 3.92	r's close Yield (% -0.01 -0.02 -0.02 -0.02 -0.04 -0.02 -0.03 -0.02 -0.02	
++++	Shorts Mediums Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	Par yield (per cent) 10.377   10.125   9.649   Price (£/32) Today 93   92 14   114 2   182 12   96 28	) Change 4 5 8 3 8	Price (£/32) 1 2 7 Yield (period) Today 10.40 10.05 9.88 8.61 3.92	r's close Yield (% -0.01 -0.02 -0.02 -0.02 -0.04 -0.02 -0.03 -0.02 -0.02	
Medium Contract 0   92.30   93.03   12	Shorts Mediums Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	Par yield (per cent) 10.377   10.125   9.649   Price (£/32) Today 93   92 14   114 2   182 12   96 28	) Change 4 5 8 3 8 10	Price (£/32) 1 2 7 Yield (period Today 10.40 10.05 9.88 8.61 3.92 3.59	r's close Yield (% -0.01 -0.02 er cent) Change -0.04 -0.02 -0.03 -0.02	
*******	Shorts Mediums Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994 GILT FUTURES	Par yield (per cent) 1 10.377   1 10.125   1 9.649   + Price (£/32 Today 1 93   1 92 14   1 114 2   1 82 12   1 82 12   1 96 28   	) Change 4 5 8 3 8 10 0pen	Price (£/32) 1 2 7 Yield (pe Today 10.40 10.05 9.88 8.61 3.92 3.59 Close	<pre>Yield (%         -0.01         -0.01         -0.02 er cent)         Change         -0.04         -0.02         -0.04         -0.02         -0.03         -0.02         -0.05         Volume </pre>	

FOREIGN EX	XCHANGE MAR	RKETS		NG EVENING	Thur Xo	sday 15 Se hange irrency	ptember 1988
Previous			Tod	lay	since	since	
close			opening 8.30am	close 4.00pm	Plaza	Paris	October 1987
75.4	4	ERI	75.4	75.4	-8.0	9.1	2.4
1.6765	\$	5/£	1.6770	1.6777	22.1	9.8	0.8
3.1451 1.5150		OM/£ CU/£	3.1444 1.5168	3.1482 1.5185	-19.3	12.8	5.0
99.6	\$	ERI	-	99.6	-28.7	-4.2	-0.6
1.8760		M/\$ /en/\$	1.8750 134.15	1.8765 133.85	51.4 78,2	-2.7 14.7	
Oct \$14.15	5 Nov \$14.	25 Dec \$1	4.35 Sp	ot Brent Oct	\$13.80 Nov \$13.95	Dec \$14.1	0
				*			
	E TRANSACTI	IONS (Smill	.10n)		(b)		++
(a) +		This	Total		. (b)		Estimated  *
	Today	month   so far	since   1 Apr 88				end-month   position
	++   21	-258	3370	Marke	et intervention		++   -249
	++	-187	+	Off-man	rket transactions		++   -210
	4				TOTAL		++   -459
-	++	+	-======+	Ne	et borrowing		+=======+
(a) Spot a	and forward	l transacti	ons	Valua	ation changes		++
on a c (b) Spot	and forward done date b transactio	oasis. ons only on	n a value		HANGE IN RESERVES		0   ++   -473   ++
on a c (b) Spot date b	done date b transactio basis, as i	oasis. ons only on n publishe	n a value ed figures.	TOTAL CI	HANGE IN RESERVES * On convent no further		0   ++   -473   ++
(b) Spot date b	done date b transactio basis, as i	oasis. ons only on n publishe	n a value ed figures. ENTION (\$mil	TOTAL CI	HANGE IN RESERVES * On convent no further	market ir	1 0 1 ++ 1 -473 1 ++
on a c (b) Spot date b DTHER COUN Belgium	done date b transactio basis, as i NTRIES MARK	oasis. ons only on n publishe	n a value ed figures. ENTION (\$mil	TOTAL CI Lion equivaler Germany -	HANGE IN RESERVES * On convent no further	market ir Italy	I 0   
on a c (b) Spot date b DTHER COUN Belgium Denmark	done date b transactio basis, as i NTRIES MARK	oasis. ons only on n publishe	n a value ed figures. ENTION (\$mil	TOTAL CI Lion equivaler Germany – Holland –	HANGE IN RESERVES * On convent no further	market ir Italy Japan	i 0   ++ 1 -473   ++ imption of otervention.
on a c (b) Spot date b DTHER COUN Belgium	done date b transactio basis, as i NTRIES MARK	oasis. ons only on n publishe	n a value ed figures. ENTION (\$mil	TOTAL C Lion equivale Germany - Holland - Ireland -	HANGE IN RESERVES * On convent no further	market ir Italy Japan	I 0   
on a c (b) Spot date b OTHER COUN Belgium Denmark France MARKET COM be dollar for July b markets we undertone figures of very narro Sterling r	done date b transactio basis, as i NTRIES MARK - - - - - - - - - - - - - - - - - - -	rose in N s the clos hin and q ward pull e a little he day. y firm aga xed UK eco	h a value ed figures. ENTION (\$mil e it eased juiet as Ja was limited e worse than hinst the Ma	TOTAL C Lion equivale Germany - Holland - Ireland - Ireland - it night on th off its high pan closed for for fear of expected but ark on the bac	<pre>hange in Reserves  * On convent  no further nt; he back of better t s on reports of Fec r holiday.The doll further Central Ba t had minimal effec ck of a slightly fi </pre>	Italy Japan US than expect interve ar began ank interve ct on rates	i 0   ++ 1 -473   ++ imption of otervention.
on a c (b) Spot date b OTHER COUN Belgium Denmark France MARKET COM he dollar for July b markets we undertone figures of very narro Sterling r shrugging Rates at 6	done date b transactio basis, as i NTRIES MARK - - - - - - - - - - - - - - - - - - -	rose in N s the clos hin and q ward pull e a little he day. y firm aga xed UK eco	a value ed figures. ENTION (\$mil NTION (\$mil e w York las e it eased juiet as Ja was limited e worse than tinst the Ma onomic indic	TOTAL Cl Lion equivaled Germany - Holland - Ireland - Ireland - if its high pan closed for for fear of expected but rk on the bac ators. DM/\$1.8767	<pre>hange in Reserves  * On convent  no further ht) he back of better 1 s on reports of Fec r holiday.The doll further Central Be t had minimal effec ck of a slightly fi Y/\$133.87</pre>	Italy Japan US than expect interve ar began ank interve ct on rates	<pre>i 0   ++ i -473   ++ imption of intervention</pre>
on a c (b) Spot date b OTHER COUN Belgium Denmark France MARKET COM be dollar for July b markets we undertone figures of very narro Sterling r	done date b transactio basis, as i NTRIES MARK - - - - - - - - - - - - - - - - - - -	rose in N s the clos hin and q ward pull e a little he day. y firm aga xed UK eco	a value ed figures. ENTION (\$mil NTION (\$mil e w York las e it eased juiet as Ja was limited e worse than tinst the Ma onomic indic	TOTAL Cl Lion equivaler Germany - Holland - Ireland - Ireland - ifor fear of for fear of expected but rk on the bac ators.	<pre>hange in Reserves  * On convent  no further nt; he back of better t s on reports of Fec r holiday.The doll further Central Ba t had minimal effec ck of a slightly fi </pre>	Italy Japan US than expect interve ar began ank interve ct on rates	<pre>i 0   ++ i -473   ++ imption of otervention</pre>
on a c (b) Spot date b OTHER COUN Belgium Denmark France MARKET COM he dollar for July b markets we undertone figures of very narro Sterling r shrugging Rates at 6	done date b transactio basis, as i NTRIES MARK - - - - - - - - - - - - - - - - - - -	rose in N s the clos hin and q ward pull e a little he day. y firm aga xed UK eco	a value ed figures. ENTION (\$mil NTION (\$mil e it eased juiet as Ja was limited worse than ninst the Ma onomic indic 13.1510	TOTAL Cl Lion equivaled Germany - Holland - Ireland - Ireland - if its high pan closed for for fear of expected but rk on the bac ators. DM/\$1.8767	<pre>hange in Reserves  * On convent  no further ht) he back of better 1 s on reports of Fec r holiday.The doll further Central Be t had minimal effec ck of a slightly fi Y/\$133.87</pre>	Italy Japan US than expect interve ar began ank interve ct on rates	<pre>i 0   i -473   i -474   i</pre>
on a c (b) Spot date b OTHER COUN Belgium Denmark France MARKET COM The dollar for July b barkets we undertone figures of very narro Sterling r shrugging Rates at 6 HONG KONG	done date b transactio basis, as i NTRIES MARK - - - - - - - - - - - - - - - - - - -	rose in N s the clos hin and q ward pull e a little he day. y firm aga xed UK eco	a value ed figures. ENTION (\$mil NTION (\$mil e it eased juiet as Ja was limited worse than ninst the Ma onomic indic 13.1510	TOTAL Cl Lion equivaled Germany - Holland - Ireland - Ireland - if night on th off its high pan closed fou for fear of expected but rk on the bac ators. DM/\$1.8767 Previous 7.8105	<pre>hange in Reserves  * On convent no further ht) he back of better to s on reports of Fec r holiday.The doll further Central Ba t had minimal effect ck of a slightly fin Y/\$133.87 Today</pre>	Italy Japan US than expect interve ar began ank interve ct on rates	<pre>i 0   ++ i -473   ++ imption of intervention130\$ agst DM(14 S</pre>

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MONEY MARKETS				
HONET MARKETS			Thursday	15th September 198
INTEREST RATES			Eurodo	
	£ Inte			
	Today	Change +	+	Change
7 days   +	11 1/2	1 3/16	8 1/16	0
1 mth   +	11 11/16	5/32	8 3/16	0
3 mth   +	12 5/16	7/32	8 1/4	0
12 mth   +	12 5/16	1/8	8 11/16	0
BILLS		Tod	ау	Change
3 Mon	th Treasury Bills	1 11 11/16	- 11 7/16	1/16
BANK MONEY MARKET OP	ERATIONS	*		
+	Purchases £ m	Rates	Discount Rate on E	ligible Bank Bills
Band 1 (0-14 days)   +		 +	11 3/4	
Band 2 (15-31 days)			11 5/8-9/	16
Band 3 (32-63 days)		1	11 3/4-11,	/16
Band 4 (64-91 days)	234	111 11/16	11 3/4-23,	/32
TOTAL BILLS	234		the Part of	
Repurchase		I		
Lending	85	I		
TOTAL OPERATIONS	319	+  against shortage	£ 400 m	
+		+		
US RATES		3 month CDs	10 yr Tsy Bond	20 yr Tsy Bond
US RATES	Today/Change	3 month CDs 	+	+
US RATES STOCK MARKET	Today/Change	+	+	+

INDEX-LINKED met good demand, longs gained 1/4 and shorts 1/2. The latter gaining on forecasts of inflation at or above 7% by early next year. EQUITIES after mixed opening the market eased ahead but slipped back on news of 9% annual increase in average earnings. Since then prices have gradually drifted easier.

C. Daves

Carl Davey 270 4613 NAME: TEL NO:

GILT-EDGED MARKET		Thursday 15th Septembe			
Transactions basis, cash values (fm	n); sales + pu	rchases	5 -		
ISSUE DEPARTMENT: MARKET TRANSACTIO	ONS			Today	September
	Gross sa	ales si	norts	12.7	35
	Gross sa	les med	diums	31.8	293
Gross	s sales longs a	and und	dated	14.9	385
	Gross sales in	ndex-l	inked	31.5	209
	Part	paid d	calls	1	(
Buying in no	on-next maturi	ties sl	norts	-7.8	-21
Buying in nor	n-next maturit	ies med	diums	-17.8	-309
Buying in r	non-next matur	ities	ongs	-40.0	-538
Buying in non-next	maturities in	ndex-L	inked	-31.0	-240
c	CRND: Market ti	ransact	tions	0.8	-27
	TOTAL 'GI	ROSS' S		-4.9	A 1 - 22507 & 13
Buyi	ing in of next	matur		-18.0	
		Redempt	tions	-0.2	- 1
TOTAL	TRANSACTIONS	VITH M		-23.1	
Sales required to meet *	target d	of a	Future calls	m	 
		of a		m	   
			د 	m	e from
		's clo	se	m  Chang	e from y's close
	Yesterday Par yield ( +	's clo	2 ======= se ent)	m Chang yesterda	e from y's close Yield
PRICES/YIELDS OF GILT-EDGED STOCKS	Yesterday Par yield ( +	' <mark>s clo</mark> s (per ce	se ent)	m Chang yesterda Price (£/32) 	e from y's close Yield
PRICES/YIELDS OF GILT-EDGED STOCKS	Yesterday Par yield ( 	s clos (per co	se ent)	m Chang yesterda Price (£/32) 6	e from y's close Yield
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu	Yesterday Par yield ( 	's clos (per co ).356 ).105 ).626	se ent)	m Chang yesterda Price (£/32)   -6   -11	e from y's close Yield 0
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs	Yesterday Par yield ( 	's clos (per co ).356 ).105 ).626 rice (a	se ent) (732)	m Chang yesterdar Price (£/32)   -6   -11   -12	e from y's close Yield 0 0 0 0 0 0 0
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs	Yesterday Par yield ( 	's clos (per co ).356 ).105 ).626 rice (a	e ent) (/32) Change	m Chang yesterda Price (£/32) 1 -6 1 -11 1 -12 Yield (p Today	e from y's close Yield 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS	Yesterday Par yield ( +	's clos (per co ).356 ).105 ).626 rice (1	se ent) (/32) Change -8	m Chang yesterdar Price (£/32)   -6   -11   -12 Yield (pr Today   10.49	e from y's close Yield 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992	Yesterday Par yield ( +	's clos (per co ).356 ).105 ).626 rice (1 / 24	se ent) (/32) Change -8 -10	m Changyesterda Price (£/32)   -6   -11   -12 Yield (p Today   10.49   10.11	e from y's close Yield 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C'	Yesterday Par yield ( 	s clos (per co ).356 ).105 ).626 rice (1 / 24 4	se ent) E/32) Change -8 -10 -14	m Chang yesterdar Price (f/32) -6 -11 -11 -12 Yield (price) Today 10.49 10.49 10.11 9.93 8.61	e from y's close Yield 0 0 0 0 0 0 0 0 0 0 0 0
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07	Yesterday Par yield ( 	's clos (per co ).356 ).105 ).626 rice (1 / 24 4 20	se ent) (/32) Change -8 -10 -14	m Changy yesterdar Price (f/32) -6 -11 -12 Yield (P Today 10.49 10.49 10.11 9.93 8.61	e from y's close Yield 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992	Yesterday Par yield ( +	s clos (per co ).356 ).105 ).626 ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ;	se ent) (/32) Change -8 -10 -14 0 8	m Changyesterda Price (£/32)   -6   -11   -12 Yield (p Today   10.49   10.11   9.93   8.61   3.90	e from y's close Yield 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
PRICES/YIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	Yesterday Par yield ( 	s clos (per co ).356 ).105 ).626 rice (1 , 24 4 20 12 4	se ent) (/32) Change -8 -10 -14 0 8	m Changy yesterda Price (£/32) -6 -11 -12 Yield (p Today 1 0.49 1 0.11 9.93 8.61 3.90	e from y's close Yield 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
PRICES/VIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	Yesterday Par yield ( 	s clos (per co ).356 ).105 ).626 rice (1 , 24 4 20 12 4	se ent) (4/32) Change 8 10 14 0 8 16	m Changy yesterda Price (£/32) -6 -11 -12 Yield (p Today 1 0.49 1 0.11 9.93 8.61 3.90	y's close Yield 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
PRICES/VIELDS OF GILT-EDGED STOCKS Short Mediu Longs REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	Yesterday Par yield ( 	s clos (per co ).356 ).105 ).626 ).626 rice (1 / 24 4 20 12 4 16	se ent) (4/32) Change 8 10 14 0 8 16	m Changy yesterdar Price (£/32) 1 -6 1 -11 1 -12 Yield (price) Yield (price) Today 1 10.49 1 10.11 1 9.93 1 8.61 1 3.90 1 3.49 Close	e from y's close Yield 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0

TEL NO: 270 4613

WEEKLY INTEREST/EXCHANGE RATE AND COMMODITY PRICE TABLES

CIRCULATION LIST

DATE: 16th SEPTEMBER 1988

CHANCELLOR'S OFFICE

4 ° ......

MR. S. BROOKS 88/G MR. J.W. GRICE 89/G MISS R. MCROBBIE 107/G MISS M. O'MARA 108/G MRS C. RYDING 110/G MR. P. MOUNTFIELD 80/1 MR. J. ODLING-SMEE 45/2 MR. N.J. MONCK 46/2 SIR P.E. MIDDLETON 78A/2 MR. H. WALSH 108/3 Ms. V.F. LIFE 109/3 MR. M.C. SCHOLAR 87/2 MR. S. PICKFORD 97/2 MR. P.S. CURWEN 98/2 MR. J. MCLAREN 33/3 SIR J.G. LITTLER 113/2 MR. R. MOLAN 81/1 MR. R.E. DEANE 41/3 MR. T.P. LANKESTER 116/2 SIR T. BURNS 119/2 MR. A.M. DOLPHIN 32/3 MR. M. LYON 34/3 MR. D. OWEN 36/3 Ms. C. TURK 35A/3 MR. P.N. SEDGWICK 39/3 MR. S.W. MATTHEWS 104/3 MR. D. SAVAGE 106/3 MR. H.P. EVANS 107/3 MR. W. HOOD 30A/3 MR. PERETZ 84/G MR. P. ELWOOD 106/3 MR. D. RAMSDEN 106/3 MR. G. YOUNG 112/G

Please inform Bina Doshi (ext: 5374 - room : 31/3) if there are any changes to be made to this list.



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## THREE MONTH INTEREST RATES IN THE SIX MAJOR COUNTRIES


								-WORLD BASKETS-						
									USI				RED DI	FFERENTIA
									(A)	March States of States	UK RATE			
										EURODOL		WORLD	UK-	UK-
		CANADA 1	PRANCE 2	GERMANY 3	1TALY	JAPAN 5	USA 6	DOLLAR 7	RATE 8	RATE 9	BANK 10	BASKET	USA 12	GERMANY 13
				and the second										
987	QTR1	7.45	8.26	4.18	11.48	4.24	6.05	6.34	6.20	6.30	10.60	4.40	4.27	6.42
	QTR2	8.41	8.13	3.80	10.64	3.92	6.85	7.07	6.27	6.34	9.18	2.91	2.11	5.38
	QTR3	8.99	7.89	3.97	12.00	4.08	6.98	7.15	6.45	6.51	9.81	3.36	2.66	5.84
	QTR4	8.88	8.47	4.13	11.76	4.54	7.76	7.96	6.84	6.91	9.20	2.36	1.23	5.07
988	QTR1	8.55	7.94	3.41	11.11	4.36	6.74	6.91	6.18	6.24	9.01	2.83	2.10	5.60
	QTR2	9.05	7.81	3.62	10.91	4.49	7.25	7.41	6.37	6.42	8.34	1.97	0.93	4.72
987	SEP	9.32	7.88	4.03	12.56	4.15	7.43	7.56	6.69	6.73	10.12	3.44	2.56	6.09
	ост	9.20	8.19	4.79	12.13	4.80	8.21	8.48	7.13	7.22	9.93	2.81	1.45	5.14
	NOV	8.63	8.61	3.95	11.58	4.34	7.39	7.55	6.67	6.73	8.97	2.30	1.42	5.02
	DEC	8.89	8.56	3.70	11.63	4.47	7.76	7.96	6.75	6.82	8.75	2.00	0.79	5.05
988	JAN	8.65	8.31	3.44	10.91	4.35	6.96	7.17	6.31	6.38	8.92	2.61	1.75	5.47
	FEB	8.50	7.58	3.37	11.00	4.32	6.63	6.79	6.07	6.12	9.22	3.15	2.43	5.85
	MAR	8.53	8.03	3.42	11.44	4.40	6.65	6.79	6.20	6.25	8.83	2.64	2.04	5.41
	APR	8.83	8.13	3.43	10.88	4.19	6.92	7.11	6.25	6.32	8.32	2.06	1.21	4.89
	MAY	8.98	7.90	3.56	10.78	4.27	7.27	7.44	6.36	6.42	8.03	1.67	0.59	4.47
	JUN	9.34	7.39	3.89	11.13	4.42	7.56	7.67	6.49	6.53	8.74	2.24	1.07	4.85
	JUL	9.34	7.33	4.95	11.28	4.80	7.94	8.23	6.85	6.90	10.53	3.68	2.30	5.58
	AUG	9.80	7.63	5.35	11.28	4.88	8.38	8.50	7.25	7.28	11.25	4.00	2.75	5.90
988	JUN 27	9.24	7.50	4.38	11.25	4.52	7.65	7.75	6.65	6.68	9.58	2.93	1.83	5.20
	JUL 4	9.23	7.31	4.50	11.25	4.83	7.70	7.81	6.65	6.69	10.14	3.49	2.33	5.64
	JUL 11	9.35	7.25	4.95	11.12	4.72	7.90	8.06	6.82	6.87	10.22	3.40	2.16	5.27
	<b>JUL 18</b>	9.39	7.38	5.35	11.25	4.88	8.05	8.31	6.98	7.07	11.03	4.05	2.72	5.68
	<b>JUL 25</b>	9.40	7.38	5.00	11.38	4.78	8.12	8.75	6.94	6.98	10.72	3.78	1.97	5.72
	AUG 1	9.49	7.38	5.35	11.38	4.75	8.15	8.25	7.01	7.04	10.81	3.80	2.56	5.46
	AUG 8	9.66	7.38	5.25	11.25	4.83	8.20	8.37	7.00	7.01	10.91	3.91	2.54	5.66
	AUG 15	9.93	7.69	5.38	11.25	4.92	8.50	8.69	7.39	7.46	11.03	3.64	2.34	5.65
	AUG 22	9.90	7.75	5.40	11.25	4.95	8.55	8.62	7.43	7.45	11.41	3.98	2.79	6.01
	AUG 29	10.00	7.94	5.38	11.25	4.94	8.50	8.56	7.43	7.45	12.09	4.66	3.53	6.71
	SEPT 5	10.14	8.00	5.00	11.38	5.09	8.42	8.37	7.38	7.37	12.34	4.96	3.97	7.34
	SEPT 12	10.32	8.10	5.00	11.63	5.01	8.24	8.37	7.35	7.40	12.13	4.78	3.76	7.13

Column 1.	90 DAY BANKERS ACCEPTANCES
Column 2.	3 MONTH MONEY MARKET RATE
Column 3.	3 MONTH INTER BANK
Column 4.	3 MONTH INTER BANK
Column 5.	3 MONTH CERTIFICATE OF DEPOSIT
Column 6.	3 MONTH CERTIFICATE OF DEPOSIT IN NEW YORK
Column 11.	USA CD RATE (COLUMN 8) USED FOR WORLD BASKET
Column 12.	3 MONTH EURODOLLAR RATE (COLUMN 7) USED FOR USA

QUARTERLY AND MONTHLY FIGURES ARE AVERAGES OF THE WEEKLY DATA THE WEEKLY FIGURES REPRESENT THE CLOSING VALUES FOR THAT DATE



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## USA INTEREST RATES

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			THRE	E MONTH RATE	5	10 YEAR COMMERCIA
			TREASURY		EURO	BOND
			BILLS		DOLLAR	MOODY AAA
		FED FUNDS	(RUST)	CD'S	( REU )	( REB )
		(OVERNIGHT)	(¥2626)	NEW YORK	(¥2627)	(V2625)
1987	QTR1	6.16	5.66	6.05	6.34	8.37
	QTR2	6.60	5.87	6.85	7.07	9.16
	QTR3	6.82	6.08	6.98	7.15	9.72
	QTR4	6.98	5.92	7.76	7.96	10.22
1988	QTR1	6.67	5.86	6.74	6.91	9.57
	QTR2	7.09	6.40	7.25	7.41	9.81
1987	AUG	6.75	6.05	6.81	7.02	9.66
	SEP	7.12	6.47	7.43	7.56	10.14
	OCT	7.36	6.24	8.21	8.48	10.55
	NOV	6.81	5.74	7.39	7.55	10.05
	DEC	6.82	5.82	7.76	7.96	10.11
1988	JAN	6.82	5.92	6.96	7.17	9.97
	FEB	6.62	5.81	6.63	6.79	9.41
	MAR	6.56	5.87	6.65	6.79	9.39
	APR	6.75	6.04	6.92	7.11	9.65
	MAY	7.04	6.48	7.27	7.44	9.89
	JUN	7.50	6.65	7.56	7.67	9.87
	JUL	7.69	6.91	7.94	8.11	9.94
	AUG	8.05	7.26	8.38	8.50	10.09
1988	MAY 2	6.94	6.38	7.10	7.25	9.76
	MAY 9	6.87	6.48	7.20	7.37	9.84
	MAY 16	7.00	6.43	7.20	7.37	9.83
	MAY 23	7.12	6.48	7.35	7.50	9.97
	MAY 30	7.25	6.62	7.50	7.69	10.04
	JUN 6	7.44	6.63	7.48	7.62	9.98
	<b>JUN 13</b>	7.44	6.62	7.50	7.56	9.89
	JUN 20	7.56	6.57	7.62	7.75	9.86
	JUN 27	7.56	6.79	7.65	7.75	9.80
	JUL 4	7.50	6.73	7.70	7.81	9.82
	JUL 11	7.56	6.91	7.90	8.06	9.88
	<b>JUL 18</b>	7.81	6.90	8.05	8.31	10.00
	<b>JUL 25</b>	7.87	7.10	8.12	8.25	10.04
	AUG 1	7.87	7.11	8.15	8.25	10.03
	AUG 8	7.75	7.10	8.20	8.37	10.02
	AUG 15	8.37	7.27	8.50	8.69	10.15
	AUG 22	8.06	7.27	8.55	8.62	10.15
	AUG 29	8.19	7.55	8.50	8.56	10.10
	SEPT 5	8.09	7.42	8.42	8.37	10.08
	SEPT 12	8.00	7.44	8.24	8.37	9.93

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QUARTLERLY AND MONTHLY FIGURES ARE AVERAGES OF THE AVAILABLE WEEKLY DATA



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EFFECTIVE ----------CANADA EXCHANGE FRANCE GERMANY ITALY JAPAN ------RATE --------------------------1987 QTR1 104.2 6.13 1.84 1306 153.2 1.34 QTR2 1300 101.1 6.03 1.81 142.6 1.33 QTR3 102.5 6.13 1.84 1331 150.0 1.32 135 7 QTR4 97.0 5.75 1.71 1249 1.31 1988 QTR1 94.2 5.67 1.68 1236 128.1 1.27 QTR2 125.7 1.23 93.5 5.78 1.71 1268 1987 AUG 1.33 147.6 103.3 6.20 1.86 1346 SEP 100.9 6.05 1.81 1309 143.1 1.32 1.80 OCT 100.5 6.02 1302 143.3 1.31 NOV 96.5 5.71 1239 135.4 1.32 1.68 DEC 93.9 5.54 1205 128.5 1.31 1.64 1.29 1988 JAN 93.9 5.59 1218 127.9 1.66 FEB 95.0 5.73 1.70 1249 129.2 1.27 MAR 93.6 5.69 1.68 1240 127.1 1.25 APR 92.7 1.67 1241 124.9 1.24 5.68 MAY 93.0 5.73 1.69 1259 124.8 1.24 94.8 5.93 1.76 1304 127.4 1.22 JUN JUL 98.1 6.22 1.85 1366 133.1 1.21 1.22 AUG 99.5 6.39 1.89 1394 133.64 1988 APR 4 1.67 1237 125.2 1.24 92.7 5.66 APR 11 93.4 5.72 1.69 1251 126.5 1.24 124.0 APR 18 92.1 5.63 1.66 1232 1.23 APR 25 92.7 5.70 1.68 1246 124.8 1.23 MAY 2 5.70 1.68 1248 124.7 1.23 92.7 MAY 9 92.8 5.70 1.69 1249 124.7 1.24 MAY 16 92.7 5.73 1.69 1254 124.9 1.24 MAY 23 93.2 5.75 1.70 1263 124.5 1.24 MAY 30 1.23 93.7 5.82 1.73 1283 125.1 JUN 6 94.0 5.80 1.72 1277 126.1 1.23 1282 125.1 1.22 **JUN 13** 93.7 5.82 1.72 5.93 1305 126.2 1.21 **JUN 20** 94.4 1.76 **JUN 27** 97.0 6.14 1.82 1349 130.8 1.21 JUL 4 6.16 1.83 1358 135.5 1.22 98.5 98.1 **JUL 11** 1367 133.0 1.21 6.21 1.85 99.4 **JUL 18** 1392 134.6 1.21 6.34 1.88 **JUL 25** 97.5 6.23 1.85 1362 132.0 1.21 AUG 1 98.7 6.32 1.86 1383 132.7 1.21 1.90 1403 AUG 8 99.6 6.41 133.8 1.21 **AUG 15** 99.3 6.38 1.88 1395 133.3 1.23 100.4 6.51 1.92 1403 134.0 1.23 AUG 22 AUG 29 99.6 6.32 1.87 1386 134.4 1.24 SEPT 5 99.9 6.28 1.84 1378 133.7 1.24 SEPT 12 98.8 6.28 1.85 1379 133.4 1.24

DOLLAR EXCHANGE RATES WITH FIVE MAJOR OECD COUNTRIES



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STERLING EXCHANGE RATES WITH FIVE MAJOR OECD COUNTRIES

		EFFECTIVE -					
		EXCHANGE	FRANCE	GERMANY	ITALY	JAPAN	USA
1987	QTR1	69.7	9.45	2.84	2015	236.3	1.54
	QTR2	72.8	9.89	2.96	2132	234.2	1.64
	QTR3	72.7	9.92	2.97	2152	237.9	1.62
	QTR4	74.7	10.08	2.99	2188	237.8	1.76
1988	QTR1	75.1	10.18	3.01	2217	229.8	1.80
	QTR2	77.8	10.64	3.14	2335	231.7	1.84
1987	AUG	72.4	9.89	2.96	2150	235.5	1.60
	SEP	73.0	9.97	2.99	2157	236.3	1.65
	OCT	73.2	9.99	3.00	2162	238.4	1.66
	NOV	75.0	10.12	2.98	2199	240.1	1.78
	DEC	75.8	10.12	2.99	2201	234.2	1.83
1988	JAN	75.3	10.05	2.97	2189	230.2	1.81
	FEB	74.3	10.08	2.98	2196	227.1	1.75
	MAR	75.9	10.43	3.07	2273	232.8	1.84
	APR	77.8	10.65	3.13	2329	234.8	1.88
	MAY	78.5	10.74	3.17	2357	234.0	1.88
	JUN	76.8	10.52	3.11	2314	225.7	1.77
	JUL	75.8	10.55	3.13	2319	226.4	1.69
	AUG	76.3	10.84	3.20	2371	226.7	1.70
1988	APR 4	76.7	10.59	3.12	2313	233.9	1.88
	APR 11	78.1	10.60	3.12	2318	234.9	1.85
	APR 18	78.3	10.72	3.15	2347	236.2	1.90
	APR 25	78.3	10.68	3.14	2337	234.0	1.87
	MAY 2	78.7	10.70	3.15	2341	234.7	1.88
	MAY 9	78.4	10.72	3.16	2349	234.5	1.88
	MAY 16	77.9	10.82	3.19	2369	236.0	1.89
	MAY 23	79.0	10.75	3.18	2362	232.8	1.87
	MAY 30	78.3	10.73	3.19	2364	232.0	1.86
	JUN 6	78.2	10.46	3.09	2302	227.3	1.80
	JUN 13	76.2	10.58	3.13	2329	227.3	1.81
	JUN 20	76.8	10.58	3.14	2329	225.3	1.78
	JUN 27	76.2	10.45	3.10	2297	222.8	1.70
	JUL 4	76.2	10.37	3.08	2285	228.0	1.68
	JUL 11	75.0	10.49	3.12	2311	224.8	1.69
	JUL 18	75.1	10.59	3.14	2325	224.8	1.67
	JUL 25	76.8	10.75	3.19	2353	228.0	1.73
	AUG 1	76.4	10.84	3.21	2371	227.5	1.71
	AUG 8	76.5	10.88	3.23	2381	227.0	1.70
	AUG 15	76.5	10.93	3.22	2390	228.3	1.71
	AUG 22	76.2	10.91	3.22	2381	224.8	1.68
	AUG 29	75.8	10.66	3.14	2334	226.0	1.69
	SEPT 5	75.7	10.65	3.13	2332	229.3	1.69
	SEPT 12	75.7	10.65	3.13	2339	226.3	1.70

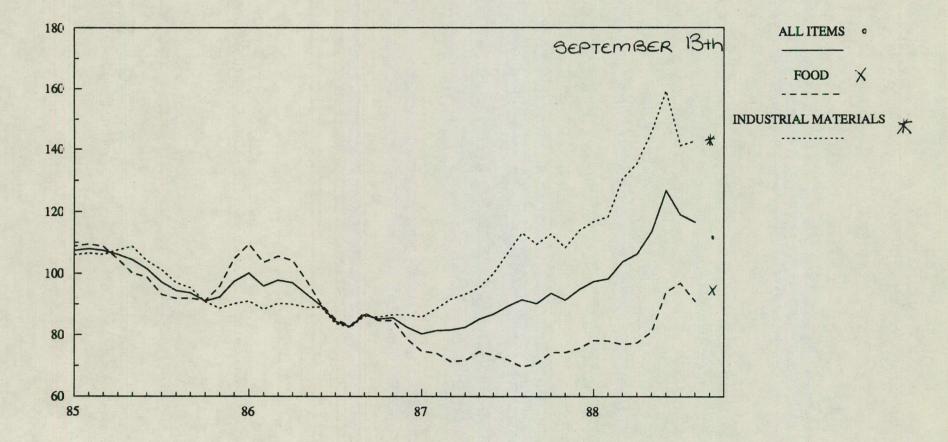
## ECONOMIST COMMODITY PRICE INDICES

1985=100

			All items					SDR indi	ces
Annu		SDR		Sterling	Real*		Food	Nfa**	Metals
1980 1981	1	104.4 99.3	133.7 115.2	74.0	115.6 105.3		96.7 93.7	106.2	118.6
1981		91.8	99.9	73.4	94.3		89.3	96.0	93.8
1983		107.2	112.7	95.7	110.4		02.0	116.6	110.1
1984		110.3	111.5	107.2	113.1		12.3	111.6	106.2
1985		100.0	100.0	100.0	100.0		00.0	100.0	100.0
1986		89.8	103.7	90.6	86.4		92.4	89.9	85.4
1987		87.4	111.5	87.1	82.2		73.0	103.3	100.6
Quar	terly								
1986	i Q3	84.6	100.2	86.2	81.8		85.1	85.5	83.1
	Q4	84.2	100.1	89.5	80.2		82.2	91.0	82.8
1987	. 01	81.0	100.8	83.5	76.5		73.2	95.2	84.3
1907	Q2	84.9	108.2	84.4	80.0		73.2	102.6	92.1
	Q3	90.2	113.4	90.0	83.8		70.7	111.9	108.0
	Q4	93.4	123.7	90.3	88.4		74.7	103.3	117.9
	a sector and								
1988		99.8	134.6	95.9	94.6		77.6	105.5	133.4
	Q2	115.5	155.7	108.8	107.6		84.0	115.1	169.1
Mont	hly								
July		89.3	111.5	88.9			71.9	109.4	104.4
Augu		91.4	114.2	91.8			69.6	115.0	111.7
	ember	90.1	114.5	89.3			70.7	111.4	107.9
Octo		93.5	119.3	92.3			74.2	106.8	117.0
	ember	91.3	121.3	88.1			74.2	101.4	113.3
	ember	94.8	129.1	90.5			75.6	102.1	122.4
Janu		97.4	132.2	94.1			78.1	102.7	126.6
	uary	98.2						106.5	
Marc		103.8	140.3	98.0			76.8	107.3	157.0
Apri		106.4	144.9				77.3	110.5	152.8
May		113.4	153.8				80.9	114.1	168.2
June		126.7	168.4					120.8	
July		119.1	152.9					117.7	
Augu	ist	116.9	148.9	112.5			91.0	113.5	163.1
Week	A CARLES AND A CARLES								
	26	117.3	150.9	112.9			92.1	115.1	161.8
A1101	ist 2	113.6	145.7	109.2			89.9	114.8	153.0
mage	9	117.4	149.4				92.8	114.9	160.9
	16	117.2	149.5				91.4	115.0	162.4
	23	118.4	149.8				90.2	111.6	171.0
	30	117.8	150.1				90.8	111.4	168.1
Sept		116.5	148.8	112.0			93.1	112.1	159.2
	13(prov)	114.5	146.8	110.9			92.1	110.6	155.4
X ch	. on one yr	+26.6	+28.9	+24.7		+	30.0	-1.9	+47.1

\* In relation to prices of manufactured exports. Recent figures are estimated. \*\* Non-food agriculturals.

# ECONOMIST SDR COMMODITY PRICE INDICES 1985 = 100



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-						041	prenti .	
FOREIGN EX	CHANGE MARI	CETS		MG EVENI	NG REPORT Fri	day 16 Sept	cember 1988	e who
Previous				day	since	urrency since	since 16	
close			opening 8.30am	close 4.00pm	Plaza	Paris	October 1	98010
75.4 1.6777 3.1482 1.5185	\$/ Di	ERI /£ 1/£ CU/£	75.4 1.6775 3.1403 1.5155	75.4 1.6762 3.1446 1.5155	-8.0 22.0 -19.4	9.1 9.7 12.7	2.4 0.7 4.9	NST
99.6 1.8765 133.85	DI	ERI 4/\$ en/\$	1.8720 133.75	99.6 1.876 134.2	-28.7 51.4 77.8	-4.2 -2.6 14.4	-0.6 -4.0 6.5	and
Oct \$13.80	Nov \$13.9	95 Dec \$1	14.10 Sp	pot Brent Oct	\$13.65 Nov \$13.80	Dec \$13.9	5	VI
	TRANSACTIO	NS (Smill	ion)					
(a) +-	+-		++		(b)		++	
	Today	This month so far	Total since 1 Apr 88				Estimated   end-month   position   ++	*
<b>!</b> .	4	-254	3374		cet intervention		-245	Constant .
+	-3	-190	+	Off-ma	arket transactions		-212	
ļ.	·····	-444	2375		TOTAL		-457	
							-14	
					let borrowing		++	and the second
	nd forward one date ba		ions	Valu	uation changes		0	
			ions	Valu			0	
on a do	one date ba transaction	nsis. As only on		Valu	uation changes CHANGE IN RESERVES * On conven	tional assu r market in	-471	
on a do (b) Spot t date ba	one date ba transactior asis, as ir	nsis. Ins only on In publishe	n a value ed figures.	Valu	ation changes CHANGE IN RESERVES * On conven- no further		mption of	
on a do (b) Spot t date ba	one date ba transactior asis, as ir	nsis. Ins only on In publishe	n a value ed figures.	Valu TOTAL (	ation changes CHANGE IN RESERVES * On conven- no further		mption of	
(b) Spot t date ba OTHER COUNT Belgium -	one date ba transactior asis, as ir	nsis. Ins only on In publishe	n a value ed figures.	Valu TOTAL (	ation changes CHANGE IN RESERVES * On conven- no further	r market in	mption of	
on a do (b) Spot t date ba OTHER COUNT Belgium - Denmark -	one date ba transactior asis, as ir	nsis. Ins only on In publishe	n a value ed figures. ENTION (\$mil	Valu TOTAL ( Llion equival) Germany -	ation changes CHANGE IN RESERVES * On conven- no further	r market in Italy	mption of	
(b) Spot t date ba OTHER COUNT Belgium - Denmark - France - France - GARKET COU fter a quie etc.), the coust esolve of the dollar. Sterling we appring pre-	TRIES MARKE TRIES	ns only on publishe T INTERVE In traded by pushing ost ground s of mark RPI figur	h a value ed figures. ENTION (\$mil h where the in a narrow it above I today part cet attentio	Valu TOTAL ( TOTAL ( Llion equivalo Germany - Holland - Ireland +571 market conco w range with a DM1.88 before ticularly again on today.It of a yearly RPI	ation changes CHANGE IN RESERVES * On conven- no further	r market in Italy Japan US in cross c but not wil talk remai rk. back of fo published	<pre>mption of tervention. - - - - - - - - - - - - - - - - - - -</pre>	the or he e and
(b) Spot t date ba oTHER COUNT Belgium - benmark - irance - irance - ter a quie etc.), the count iter ling was orning pre- ended the count iter ing rate	TRIES MARKE TRIES MARKE TRIES MARKE TRIES MARKE TRIES MARKE TRIES MARKE TRIES MARKE TRIES MARKE	ns only on publishe T INTERVE T INTERVE T INTERVE T INTERVE T INTERVE T INTERVE T INTERVE	h a value ed figures. ENTION (Smill in a narrow j it above I today part cet attentic e.But when from where	Valu TOTAL ( TOTAL ( Llion equivalo Germany - Holland - Ireland +571 market conco w range with a DM1.88 before ticularly again on today.It of a yearly RPI	Antion changes CHANGE IN RESERVES * On conven- no further ent) M entrated on trading a high of DM1.8775 I the weekend.Market inst the Deutschema bened easier on the figure of 5.7% was hough slightly easier	r market in Italy Japan US in cross c but not wil talk remai rk. back of fo published	<pre>mption of tervention. - - - - - - - - - - - - - - - - - - -</pre>	the or he e and
(b) Spot t date ba oTHER COUNT Belgium - benmark - irance - ter a quie tc.), the c esolve of the dollar. iterling wa borning pre- inded the c	TRIES MARKE TRIES MARKE TRIES MARKE TRIES MARKE TRIES MARKE TRIES MARKE TRIES MARKE TRIES MARKE	ns only on publishe T INTERVE T INTERVE T INTERVE T INTERVE T INTERVE T INTERVE T INTERVE	h a value ed figures. ENTION (Smill in a narrow j it above I today part cet attentic e.But when from where	Valu TOTAL ( Ition equivalo Germany - Holland - Ireland +571 market conco wrange with a DM1.88 before ticularly aga on today.It of a yearly RPI it began alt	Antion changes CHANGE IN RESERVES * On conven- no further ent) M entrated on trading a high of DM1.8775 I the weekend.Market inst the Deutschema bened easier on the figure of 5.7% was hough slightly easier	r market in Italy Japan US in cross c but not wil talk remai rk. back of fo published	<pre>mption of tervention. - - - - - - - - - - - - - - - - - - -</pre>	the or he e and
on a do (b) Spot t date ba THER COUNT Belgium Denmark France tranc trance tranc tranc trance tranco trance trance trance trance trance	TRIES MARKE TRIES MARKE TRIES MARKE MMENT et overnigh dollar agai the Fed. b .The Yen Lo as the focu ess of the day slightl tes. .05PM: \$1.	ns only on publishe T INTERVE T INTERVE T INTERVE T INTERVE T INTERVE T INTERVE T INTERVE	h a value ed figures. ENTION (Smill in a narrow j it above I today part cet attentic e.But when from where	Valu TOTAL ( Ition equivalo Germany - Holland - Ireland +571 market conce wrange with a DM1.88 before ticularly again on today.It of a yearly RPI it began alth DM/\$1.8720	<pre>ation changes CHANGE IN RESERVES  * On conven  no furthe ent)  M entrated on trading a high of DM1.8775 i the weekend.Market inst the Deutschema bened easier on the figure of 5.7% was hough slightly easie Y/\$134.15</pre>	r market in Italy Japan US in cross c but not wil talk remai rk. back of fo published	mption of tervention.	the or he e and
on a do (b) Spot t date ba other count telgium - telgium - tenmark - rance - ternark - terning pro- terling was orning pro- terling was orning pro- terling was onded the co- tosing rate ates at 6. ong Kong co-	TRIES MARKE TRIES MARKE	ns only on publishe T INTERVE T INTERVE T INTERVE T INTERVE T INTERVE T INTERVE T INTERVE	h a value ed figures. ENTION (Smill in a narrow j it above I today part cet attentic e.But when from where	Value TOTAL ( Ition equivalor Germany - Holland - Ireland +571 market conco w range with a ticularly again on today.It of a yearly RPI it began alth DM/\$1.8720 Previous	Antion changes CHANGE IN RESERVES * On convent no further ent) M entrated on trading a high of DM1.8775 the weekend.Market inst the Deutschemat bened easier on the figure of 5.7% was hough slightly easier Y/\$134.15 Today	r market in Italy Japan US in cross c but not wil talk remai rk. back of fo published	urrencies (i ling to test ns bullish f recasts in t sterling ros st last nigh MALL Change	the or he e and
(b) Spot t date ba THER COUNT Relgium - Penmark - rance - TARKET COU trance - TARKET COU TARKET COU TARKE	TRIES MARKE TRIES MARKE	ns only on publishe T INTERVE T INTERVE In traded by pushing ost ground s of mark RPI figur y firmer	h a value ed figures. ENTION (Smill in a narrow j it above I today part cet attentic e.But when from where	Valu TOTAL ( Ition equivalo Germany - Holland - Ireland +571 market conco w range with a before ticularly aga on today.It of a yearly RPI it began alth DM/\$1.8720 Previous 7.8105 2474.08	Antion changes CHANGE IN RESERVES * On conven- no further ent) M entrated on trading high of DM1.8775 the weekend.Market inst the Deutscheman bende easier on the figure of 5.7% was hough slightly easie Y/\$134.15 Today 7.81	r market in Italy Japan US in cross c but not wil talk remai rk. back of fo published er as again	mption of tervention. - - - - - - - - - - - - - - - - - - -	the or he e and

SECRET

NONEY MARKETS			Friday 16	th September 1988
INTEREST RATES	£ Int	erbank	Eurodo	llar
	Today	Change	Today	Change
+- 7 days		-+	8 1/16	0
+. 1 mth	11 5/8	-+	8 1/4	1/16
+- 3 mth	12 3/16	-+	8 5/16	1/16
+- 12 mth	12 5/16	0	8 3/4	1/16
+-			+	Change
3 Mont	th Treasury Bills	+		1/16
J HOIN	in measury bries	+		.,
ANK MONEY MARKET OPI	ERATIONS			
	Purchases £ m	Rates	Discount Rate on E	igible Bank Bills
and 1 (0-14 days)			11 3/8	
and 2 (15-31 days)		1	11 1/2-7/	16
and 3 (32-63 days)			11 3/4-11,	/16
Band 4 (64-91 days)	326	11 11/16	11 3/4-23,	/32
TOTAL BILLS	326		and the second second second	
Repurchase				
Lending		Average rate of di	count 11.6348%	
TOTAL OPERATIONS	326	-+  against shortage =+	£300 m	
IS RATES		+	10 yr Tsy Bond +	+
	Today/Change	8.18 0.03	÷	
STOCK MARKET		FT Ind-Ord	FTSE	Gilt index
	Today/Change	1421.3 -0.7	1766.7 -2.6	86.70 -0.01
ADVET CONNENT				
IARKET COMMENT				a law hat to d
ILTS opened easier b the nervousness.Altho	ough the market m	oved a little easier	rries about inflations still, some good to d throughto the anno	vo way

SECRET

INDEXED LINKED were bid from the start and gained up to 3/8 at one stage. Sellers appeared at the higher levels but the market was still 1/4 better at the close.

EQUITIES opened easier in anticipation of a sharp increase in the RPI.Prices recovered some of the lost ground prior to the announcement which showed that annual inflation had jumped to 5.7%; the PSBR surplus for August of 1.5bn was largely ignored.The Account closed in moderate trading at just below's Thursday's close

Peter Smith

NAME: Peter Smith TEL NO: 270 4613

GILT-EDGED MARKET				Friday 16th	September 19
Transactions basis, cash val	Lues (£m); s	ales + purchases	5 -		
ISSUE DEPARTMENT: MARKET TRA	ANSACTIONS			Today	September
	attaun .	Gross sales sh	norts	5.1	40.4
		Gross sales med	liums	1	293.8
	Gross sal	es longs and und	lated	14.4	400.1
	Gros	s sales index-li	inked	17.9	227.7
		Part paid c	alls	0.1	0.4
Buyir	ng in non-ne	ext maturities sh	orts	-5.0	-26.0
Buying	, in non-nex	t maturities med	liums	-10.2	-320.0
Buyi	ing in non-n	ext maturities l	ongs	-18.6	-557.5
Buying in r	non-next mat	urities index-li	nked	-26.2	-273.1
	CRND:	Market transact	ions	-0.1	-27.2
		TOTAL 'GROSS' S	ALES	-22.6	-241.4
	Buying i	n of next maturi	ties		-28.8
		Redempt	ions	-4.7	- 64
	TOTAL TRAN	SACTIONS WITH MA		-38.3	-276.6
Sales required to meet					
		target of £			
	STOCKS	target of £			e from y's close
	STOCKS		e	Change	y's close
	STOCKS	Yesterday's clos	e ent)	Change yesterday	y's close Yield (%
	STOCKS P	Yesterday's clos ar yield (per ce	e ent)	Chango yesterday Price (£/32)	y's close Yield (%
	STOCKS P Shorts	Yesterday's clos ar yield (per ce 10.428	e ent)	Chango yesterday Price (£/32)	y's close Yield (% 0.02 0.01
PRICES/YIELDS OF GILT-EDGED	STOCKS P Shorts Mediums	Yesterday's clos ar yield (per ce 10.428   10.156	e ent)	Change yesterday Price (£/32)   -2   -1	y's close Yield (% 0.02 0.01 -0.00
PRICES/YIELDS OF GILT-EDGED	STOCKS P Shorts Mediums	Yesterday's clos ar yield (per ce 1 10.428   10.156   9.671	e ent)	Chango yesterday Price (£/32)   -2   -1   1	y's close Yield (% 0.02 0.01 -0.00
PRICES/YIELDS OF GILT-EDGED	STOCKS P Shorts Mediums	Yesterday's clos ar yield (per ce 1 10.428   10.156   9.671   • Price (f	e ent) 	Change yesterday Price (£/32)   -2   -1   1 Yield (pe Today	y's close Yield (% 0.02 0.01 -0.00 er cent) Change
PRICES/VIELDS OF GILT-EDGED REPRESENTATIVE STOCKS 8% Treasury 1992	STOCKS P Shorts Mediums	Yesterday's clos ar yield (per ce 10.428   10.156   9.671   Price (f Today	e ent) :/32) Change -2	Change yesterday Price (£/32) -2 -1 -1 1 1 Yield (pe Today 10.52	y's close Yield (% 0.02 0.01 -0.00 er cent) Change 0.03
PRICES/YIELDS OF GILT-EDGED REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C'	STOCKS P Shorts Mediums	Yesterday's clos ar yield (per ce   10.428     10.156     9.671   Price (f Today   92 22	e ent) :/32) Change -2	Chang yesterday Price (£/32) -2 -2 -1 1 1 1 Yield (per Today 10.52 10.11	y's close Yield (% 0.02 0.01 -0.00 er cent) Change 0.03
PRICES/YIELDS OF GILT-EDGED REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07	STOCKS P Shorts Mediums	Yesterday's clos ar yield (per ce 1 10.428   10.156   9.671   Price (£ Today 92 22   92 3	e ent) 2/32) Change -2 -1 0	Chango yesterday Price (£/32) -2 -1 -1 1 1 Yield (po Today 10.52 10.11 9.93	y's close Yield (% 0.02 0.01 -0.00 er cent) Change 0.03 0.00
PRICES/YIELDS OF GILT-EDGED REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992	STOCKS P Shorts Mediums	Yesterday's clos ar yield (per ce 10.428   10.156   9.671   Price (f Today 92 22   92 3   113 20	e ent) :/32) Change -2 -1 0 0	Change yesterday Price (£/32) -2 -1 1 -1 1 Yield (pe Today 10.52 1 10.11 9.93 8.62	y's close Yield (% 0.02 0.01 -0.00 er cent) Change 0.03 0.00 0.00
PRICES/YIELDS OF GILT-EDGED REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	STOCKS P Shorts Mediums	Yesterday's clos ar yield (per ce   10.428     10.156     9.671   Price (f Today   92 22     92 3     113 20     82 12	e ent) :/32) Change -2 -1 0 0	Change yesterday Price (£/32) -2 -2 -1 1 1 1 Yield (pe Today 10.52 10.11 9.93 8.62 3.94	y's close Yield (% 0.02 0.01 -0.00 er cent) Change 0.03 0.00 0.00 0.01 0.04
PRICES/YIELDS OF GILT-EDGED REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	STOCKS P Shorts Mediums	Yesterday's clos ar yield (per ce 1 10.428   10.156   9.671   Price (£ Today 92 22   92 3   113 20   82 12   97 10	se ent) 5/32) Change -2 -1 0 0 0	Change yesterday Price (£/32) -2 -1 1 -1 1 1 Yield (pe Today 10.52 10.11 9.93 8.62 3.94	y's close Yield (% 0.02 0.01 -0.00 er cent) Change 0.03 0.00 0.00 0.01 0.04
PRICES/YIELDS OF GILT-EDGED	STOCKS P Shorts Mediums Longs	Yesterday's clos ar yield (per ce 1 10.428   10.156   9.671   Price (£ Today 92 22   92 3   113 20   82 12   97 10	e ent) (/32) Change -2 -1 0 0 6 8	Chang yesterday Price (£/32) -2 -2 -1 1 1 1 Yield (per Today 10.52 10.11 9.93 8.62 3.94 3.58	y's close Yield (% 0.02 0.01 -0.00 er cent) Change 0.03 0.00 0.00 0.00 0.01 0.04 0.09

NAME: Per TEL NO: 270

Peter Smith 270 4613

3					E C R E T		1.	M
EIGN EX	CHANGE MAR					nday 19 Sept Xchange	tember 1988	
Previous close			Tod opening 8.30am	ay close 4.00pm	since Plaza	currency since Paris		987
75.4 1.6762 3.1446 1.5155	\$ D	ERI /£ M/£ CU/£	75.3 1.6775 3.1352 1.5127	75.3 1.6767 3.1371 1.513	-8.2 22.0 -19.6	9.0 9.7 12.4		
99.6 1.8760 134.20	D	ERI M/\$ en/\$	1.8690 133.77	99.4 1.871 133.72	-28.8 51.8 78.4	-4.4 -2.4 14.8	-3.8	
Oct \$13.65	Nov \$13.	80 Dec \$1	3.95 Sp	ot Brent Oct	t \$13.15 Nov \$13.3	5 Dec \$13.5	i0	
UK RESERVE	TRANSACTI	ONS (\$mill	ion)					
(a) +	Today	This month	Total   since   1 Apr 88		(b	)	++  Estimated   end-month   position	*
Ţ	42	-212	3416	Mai	rket intervention		-203	
I	-2	-192		Off-I	market transactions		-211	
1	40	CHIEF IN THE CONTRACTOR OF A DRIVE	2415		TOTAL		-414	
					Net borrowing		-14	
	nd forward	********						
	one date b		ons		luation changes		0	
	one date b	asis.			Luation changes			
(b) Spot f date ba	one date b transaction asis, as in TRIES MARK	asis. ns only on n publishe	a value d figures. NTION (\$mil	TOTAL	CHANGE IN RESERVES * On conver no furthe		++   -428   ++	
(b) Spot f date ba	one date b transaction asis, as in TRIES MARK	asis. ns only on n publishe	a value d figures. NTION (\$mil	TOTAL	CHANGE IN RESERVES * On conver no furthe	er market ir	I -428	
on a do (b) Spot f date ba DTHER COUN Belgium Denmark	one date b transaction asis, as in 	asis. ns only on n publishe ET INTERVE	a value ed figures. ENTION (\$mil	TOTAL Lion equival Germany - Holland - Ireland -	CHANGE IN RESERVES * On conver no furthe	er market ir Italy Japan US	I -428   mption of itervention.	
on a do (b) Spot f date ba DTHER COUN Belgium Denmark France France MARKET COM Very quiet The dollar the Far Eas a narrow ra Sterling op lost 1/2 p	one date b transaction asis, as in TRIES MARK - - - - MENT t day on the drifted lu st this mon ange closin pened the o	asis. ns only on n publishe ET INTERVE ET INTERVE nower in Ne rning ahea ng just ab day with m later reg	a value d figures. NTION (\$mil arkets. W York on F d of the G7 ove its New parkets a li pained its e	TOTAL Lion equival Germany - Holland - Ireland - riday night meeting lat York Friday	CHANGE IN RESERVES * On conver- no furthe Lent) on pre weekend bool ter this week.Today y night closes. s of tomorrows UK me es.	er market in Italy Japan US k squaring.1 in London 1	I -428   -428   aded in	
(b) Spot f date ba OTHER COUN Belgium Denmark France ARKET COM Very quiet The dollar the Far Eas Denrow ra Sterling of Ost 1/2 p Rates at 6	one date b transaction asis, as in TRIES MARK - - - - MENT t day on the drifted la st this mon ange closin pened the of fennig but	asis. ns only on n publishe ET INTERVE ET INTERVE nower in Ne rning ahea ng just ab day with m later reg	a value d figures. NTION (\$mil NTION (\$mil W York on F d of the G7 bove its New warkets a li pained its e 13.1352 D	TOTAL Lion equival Germany - Holland - Ireland - Ireland - riday night meeting lat York Friday ttle nervous arlier losse	CHANGE IN RESERVES * On conver- no furthe Lent) on pre weekend bool ter this week.Today y night closes. s of tomorrows UK me es.	er market in Italy Japan US k squaring.1 in London 1	I -428   -428   aded in	
(b) Spot for date bases of the dollar che far East of the dollar che far Ea	one date b transaction asis, as in TRIES MARK - - - - - - - - - - - - - - - - - - -	asis. ns only on n publishe ET INTERVE ET INTERVE nower in Ne rning ahea ng just ab day with m later reg	a value d figures. NTION (\$mil NTION (\$mil W York on F d of the G7 bove its New warkets a li pained its e 13.1352 D	TOTAL Lion equival Germany - Holland - Ireland - Ireland - riday night meeting lat York Friday ttle nervous arlier losse	CHANGE IN RESERVES * On conver- no furthe Lent) on pre weekend bool ter this week.Today y night closes. s of tomorrows UK me es. Y/\$133.57 Today	er market in Italy Japan US k squaring.1 in London 1	I -428 I Imption of itervention.	aded in
on a do (b) Spot f date ba DTHER COUN Belgium Denmark France France MARKET COM Very quiet The dollar the Far Eas a narrow ra Sterling of lost 1/2 p	one date b transaction asis, as in TRIES MARK - - - - MENT t day on the drifted lu st this mon ange closin pened the fennig but .50PM: \$1	asis. ns only on n publishe ET INTERVE ET INTERVE nower in Ne rning ahea ng just ab day with m later reg	a value d figures. INTION (\$mil NTION (\$mil w York on F d of the G7 bove its New barkets a li pained its e 13.1352 D	TOTAL Lion equival Germany - Holland - Ireland - Ireland - riday night meeting lat York Friday ttle nervous arlier losse M/\$1.8682 Previous	CHANGE IN RESERVES * On conver- no furthe Lent) on pre weekend bool ter this week.Today y night closes. s of tomorrows UK me es. Y/\$133.57 Today	er market in Italy Japan US k squaring.1 in London 1	tt lost groun the dollar tr s.Sterling qu Change	aded in

1



MONEY MARKETS			Monday 19th September 1988		
INTEREST RATES	£ Inte	rbank	Eurodo	llar	
and the second	Today	Change	Today	Change	
7 days	10 3/4	-1/4	8 1/16	0	
1 mth	11 5/8	0	8 1/8	-1/8	
3 mth	12 1/4	1/16	8 1/4	-1/16	
12 mth	12 5/16	0	8 3/4	0	
BILLS		Toda	у	Change	
3 Mor	nth Treasury Bills		- 11 1/2	0	
BANK MONEY MARKET OF	PERATIONS Purchases £ m	Rates	Discount Rate on E	ligible Park Rills	
Band 1 (0-14 days)	Fulcidses I m +	t	11 1/8-11		
Band 2 (15-31 days)	 	+			
	and the second	1	11 3/8-5/	16	
and the second	+		11 3/8-5/		
Band 3 (32-63 days)	   	     	11 23/32-	11/16	
		         		11/16	
Band 3 (32-63 days) Band 4 (64-91 days) - TOTAL BILLS	0	 	11 23/32- 11 3/4-23,	11/16	
Band 3 (32-63 days) Band 4 (64-91 days) TOTAL BILLS Repurchase	0	             Due 22 September at	11 23/32- 11 3/4-23,	11/16	
Band 3 (32-63 days) Band 4 (64-91 days) TOTAL BILLS Repurchase Lending	0	+   +	11 23/32- 11 3/4-23, 10 1/8-1/4%	11/16	
Band 3 (32-63 days) Band 4 (64-91 days) TOTAL BILLS Repurchase	0	 	11 23/32- 11 3/4-23, 10 1/8-1/4%	11/16	
Band 3 (32-63 days) Band 4 (64-91 days) TOTAL BILLS Repurchase Lending	0	+    against surplus +	11 23/32- 11 3/4-23, 10 1/8-1/4%	11/16 /32	
Band 3 (32-63 days) Band 4 (64-91 days) TOTAL BILLS Repurchase Lending TOTAL OPERATIONS	0	against surplus 3 month CDs	11 23/32- 11 3/4-23, 10 1/8-1/4% 200 m	11/16 /32 20 yr Tsy Bond	
Band 3 (32-63 days) Band 4 (64-91 days) TOTAL BILLS Repurchase Lending TOTAL OPERATIONS	0 195 195	against surplus against surplus a month CDs	11 23/32- 11 3/4-23, 10 1/8-1/4% 200 m 10 yr Tsy Bond	11/16 /32 20 yr Tsy Bond	

#### MARKET COMMENT

GILTS opened easier, down 1/8 throughout, the market drifted off during a very quiet day to close 1/4 down throughout.

INDEX-LINKED opened firmer, shorts up 1/8 and longs 1/2, but fell away with profit taking at the longer end; shorts closed up 1/4 and longs 1/8 better.

EQUITIES were quietly steady until a weak Wall Street, reacting to lower U.S. Bonds, forced prices lower.

Carlin

NAME: Carl Davey TEL NO: 270 4613

GILT-EDGED MARKET				Monday 19th S	eptember 19
Transactions basis, cash values	(£m); sa	les + purchases	5 -		
ISSUE DEPARTMENT: MARKET TRANSA	CTIONS			Today	September
	- and	Gross sales s	norts	4.9	45.3
		Gross sales med	diums .		293.8
G	iross sale	s Longs and und	dated	18.7	418.8
	Gross	sales index-l	inked	14.1	241.8
		Part paid o	calls	369.2	369.6
Buying i	t maturities sl	norts		-26.0	
Buying in	non-next	maturities med	diums	-11.8	-331.8
Buying	in non-ne	xt maturities	Longs	-25.8	-583.3
Buying in non-	next matu	rities index-l	inked	-12.3	-285.4
	CRND:	Market transact	tions	-10.4	-37.6
		TOTAL 'GROSS'	SALES	346.6	105.2
	Buying in	of next matur	ities	-0.1	-28.9
		Redemp	tions		-6.4
тс	TAL TRANS	ACTIONS WITH M	ARKET	346.5	69.9
PRICES/YIELDS OF GILT-EDGED STO	ocks			Change	from
		esterday's clo		yesterday	
		r yield (per c	+	Price (£/32)	
	shorts	10.478	•	-2	
	lediums	10.162	•	-8	0.04
	ongs	9.679	<b>!</b>	-9 +	0.03
REPRESENTATIVE STOCKS		Price (	£/32)	Yield (p	er cent)
		Today	Change	Today	Change
		92 12	-10	10.63	0.11
8% Treasury 1992		+	-9	10.16	0.05
8% Treasury 1992 8 3/4 Treasury 1997 'C'		91 26		State of the state	
		113 11	+	9.97	0.04
8 3/4 Treasury 1997 'C'		+	-9	+	
8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07		113 11	-9   -2	+	0.03
8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992		113 11   82 10	-9   -2   4	8.65	0.03
8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016		113 11   82 10   97 14	-9   -2   4	8.65   3.93	0.03
8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994		113 11   82 10   97 14	-9   -2   4   8	8.65   3.93	0.03 -0.01

NAME: Carl TEL NO: 270

Carl Davey 270 4613

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ON COMFORTABLE WITH STERLING EXCHANGE RATE -WAS CONFORTABLE WITH THE CURRENT EXCHANGE RATE OF STERLING. DURING A PRESS BRIEFING, HE REPLIED TO A QUESTION ABOUT

Chancellor 12/2

GROUP OF SEVEN (GT) COUNTRIES EXCHANGE RATES BY SAYING, "I THINK NOST OF US ARE CONFORTABLE WITH THE RATES THAT THERE ARE AT THE PRESENT TIME."

STERLING, HE SAID, "YES."

20-SEP-1204. MON066 MONJ

LAY

CONTINUED ON NRAT

MONITOR SEE AAAA 1528

LAWSON COMFORTABLE WITH STERLING EXCHANGE RATE -PART 2 NRAT THE POUND WAS TRADING AT 3.1410/45 MARKS AT MIDDAY IN LONDON, UP FROM 3.1345/80 AT THE OPENING AND 3.1365/1400 AT

YESTERDAY'S CLOSE.

THE DOLLAR WAS TRADING QUIETLY TODAY AROUND 1.86 MARKS AND 134 YEN.

"THE DOLLAR/DEUTSCHEMARK RATE IS BANG IN THE LOUVRE RANGE NOW, " LAWSON SAID. "WE ARE BACK IN THE LOUVRE RANGE AND HAVE BEEN FOR SOME TIME.

"AS FAR AS THE DOLLAR/YEN RANGE IS CONCERNED, THE YEN IS NOW HIGHER BUT I THINK THAT IS WHOLLY APPROPRIATE WITH THE JAPANESE. ECONOMY'S PERFORMANCE," HE SAID. 20-SEF-1217. MONOS1 MONJ

CONTINUED FROM - NRAS ₽.

CONTINUED ON - NRBQ

MONITOR SEE AAAA 1528

LAWSON COMFORTABLE WITH STERLING EXCHANCE RATE -PART 3 NREQ HE SAID HE WAS NOT WORRIED ABOUT THE YEN'S STRENGTH. "I THINK, TOO, THE GERMANS FOR THEIR PART AT THE TIME OF THE LOUVRE

WOULD HAVE LIKED TO HAVE SEEN THE YEN A LITTLE BIT HIGHER (AGAINST THE MARK) SO I THINK THERE IS GENERAL SATISFACTION." SPEAKING TO JOURNALISTS BEFORE LEAVING THIS WEEK FOR THE SERIES OF INTERNATIONAL MONETARY MEETINGS IN WEST BERLIN, LAWSON SAID INTERNATIONAL ECONOMIC COOPERATION WAS WORKING VERY WELL: THE RECENT WAVE OF INTEREST NATE INCREASES HAD BEEN WHOLLY APPROPRIATE IN BOTH NATIONAL AND INTERNATIONAL TERMS, HE SAID.

20-SEP-1242. MONII4 MONK CUNTINUED FROM - NRAT

#### CONTINUED ON - NRBR

MONITOR SEE AAAA 1528

LAWSON COMFORTABLE WITH BIERLING EXCHANGE RATE FLART 4 为应为应 "IT HAS NOT IN ANY WAY CAUSED PROBLEMS WITH INTERNATIONAL

CBOPERATION," HE SAID. ASKED ABOUT WEST GERMANY, LAWSON NOTED ITS ECONOMY HAD BEEN PERFORMING BETTER THAN EXPECTED, LARGELY BECAUSE OF THE GROWTH IN THE WORLD ECONOMY.

"BUT I STILL THINK THEY HAVE DONE LESS THAN THEY SHUULD HAVE ON THE SUPPLY SIDE," HE ADDED.

HE SAID BRITISH MO NARROW MONEY SUPPLY MEASURE, WHICH NOSE 1.0 PCT IN AUGUST AND IS CURRENTLY RUNNING AT AN ANNUAL 7.8 PCT INCREASE COMPARED WITH THE ONE TO FIVE PCT TARGET KANGE, DID NOT REFLECT THE RECENT INTEREST RATE TIGHTENING. 20-SEP-1251. MON122 MONK CONTINUED FROM - NRBQ

CUMFORTABLE WITH STEALING EXCHANCE RATE -PARY 5 NRDC ST.HE SAID THE BROAD HONEY REGREGATES HAD BEEN CONSIDERABLY TTER THAN MARKETS HAD BEEN EXPECTING.

I REALLY DON'T THINK IT IS DENSIBLE TO PLACE ANY SIGNIFICANCE ON A SINGLE MONTH'S FIGURES: WE NEED TO SEE A RUN OF FIGURES, " HE ADDED.

LAWSON SAID THE EFFECTS OF BRITAIN'S TIGHTER MONETARY POLICY WILL BE SEEN IN STAGES, WITH THE HOUSING MARKET PROBABLY THE FIRST TO REACT AND THE CURRENT ACCOUNT PROBABLY THE LAST.

HE SAID BRITAIN'S RISING INFLATION RATE WAS LARGELY DUE TO THE SPEED OF THE COUNTRY'S GROWTH BUT HAD BEEN AGGRAVATED BY RISING PAY AWARDS. 20-SEP-1319. MON157 MONL CONTINUED FROM - NRBR

CONTINUED ON - NRDD

MONITOR SEE AAAA 1528

LAWSON COMFORTABLE WITH STERLING EXCHANGE RATE -PART 6-NRDD "THE WAGE CULTURE HAS NOT CHANGED ADEQUATELY AND THAT ADDS TO THE DIFFICULTIES," HE SAID.

LAWSON DOUBTED THE IMF/G7 MEETINGS WOULD BE EVENTFUL, WITH THE U.S. OCCUPIED BY A PRESIDENTIAL ELECTION.

DISCUSSIONS ON AN IMF QUOTA INCREASE WOULD LIKELY BE DEFERRED TO THE SPRING MEETING WHEN THE NEW U.S. ADMINISTRATION IS IN PLACE AND THE PROPOSAL FOR A GENERAL CAPITAL INCREASE FOR THE WORLD BANK HAS PASSED THROUGH CONGRESS, HE SAID.

HE ALSO EXPECTED A REAFFIRMATION OF G7 COOPERATION AND PROGRESS ON BRITAIN'S FLAN TO BRING DEBT RELIEF TO THE WORLD'S POOREST AFRICAN NATIONS. 20-SEF-1319. MON159 MONL

CONTINUED FROM - NRDC 1 ....

ENDS

MONITOR SEE AAAA i528

REIGN EX	CHANGE MAR	KETS		NG EVENING	Tues Xc	day 20 Sep hange irrency	tember 1988	
revious close			To opening 8.30am	day close 4.00pm	since Plaza	since Paris	since 16 October 1987	
75.3 1.6767 3.1371 1.5130	\$ D	ERI /f M/f CU/f	75.3 1.6787 3.1361 1.5130	75.6 1.6865 3.1379 1.5162	-7.8 22.7 -19.6	9.4 10.4 12.4	2.7 1.3 4.7	
99.4 1.8710 133.72	D Y	ERI M/\$ 'en/\$	1.8682 134.1	99.3 1.8665 134.1	-28.9 52.2 77.9	-2.1 14.5	6.5	
ct \$13.15	5 Nov \$13.	35 Dec \$1	3.50 s	pot Brent Oct \$	13.35 Nov \$13.55	Dec \$13.7		
IK RESERVI	E TRANSACTI	ONS (Smill	ion)				++	
a) -	Today	This month	Total since 1 Apr 88		(b)		Estimated  *  end-month   position	
	1 77 1	-135	3493	Marke	t intervention		-126	
- Sure	-89		-1090		ket transactions		-206	1
	-12		2403	+	TOTAL		-332	
					t borrowing		-14   ++   0	
	and forward done date b		ions		Ation changes		++	
				Service and the service of the servi	Salar and and		+=========+	
DTHER COU	NTRIES MAR	KET INTERV	ENTION (\$m	illion equivaler			ntervention.	
Belgium	NTRIES MAR	KET INTERV	ENTION (\$m	Germany -		Italy	+30 Ffr, +155DM	
Belgium Denmark France	-			Germany - Holland - Ireland -	nt)	Italy Japan US	+30 Ffr, +155DM - -	
Belgium Denmark France MARKET CO he dollar about the Sterling focussed ignored. the dolla	- - - - - - - - - - - - - - - - - - -	ower in Li 's health uiet in mo ter than e a lift to away.	ght tradin affected t prning trad expected M4 the pound	Germany - Holland - Ireland - in advance of the yen which east ing until the p	the G7 meeting the sed against the do ublication of the the worse than pro- high of 1.6872 ar	Italy Japan US nis weekend ollar. money figu	+30 Ffr, +155DM - - Japanese concerns	
Belgium Denmark France MARKET CO he dollar about the Sterling focussed ignored. the dolla Rates at	- - - - - - - - - - - - - - - - - - -	ower in Li 's health uiet in mo ter than e a lift to away.	ght tradin affected t prning trad expected M4 the pound	Germany - Holland - Ireland - Ireland - ing in advance of the yen which east ing until the pu figure, while which reached a 1/\$1.8650 Yen/\$	the G7 meeting the sed against the do ublication of the the worse than pro- high of 1.6872 ar	Italy Japan US nis weekend ollar. money figu	+30 Ffr, +155DM - - Japanese concerns res Attention and M3 figures were	
Belgium Denmark France MARKET CO he dollar about the Sterling focussed ignored. the dolla Rates at HONG KONG	- - - - - - - - - - - - - - - - - - -	ower in Li 's health uiet in mo ter than e a lift to away.	ght tradin affected t prning trad expected M4 the pound	Germany - Holland - Ireland - Ireland - ing in advance of the yen which eas ing until the pu figure, while which reached a 4/\$1.8650 Yen/\$	the G7 meeting th sed against the do ublication of the the worse than pro high of 1.6872 ar 133.90. Today	Italy Japan US nis weekend ollar. money figu	+30 Ffr, +155DM - - - Japanese concerns res Attention and M3 figures were round that level as	
Belgium Denmark France MARKET CO he dollar about the Sterling focussed ignored. the dolla Rates at HONG KONG	- - - - - - - - - - - - - - - - - - -	ower in Li 's health uiet in mo ter than e a lift to away.	ght tradin affected t prning trad expected M4 the pound	Germany - Holland - Ireland - Ireland - ing in advance of the yen which eas ing until the pu- figure, while which reached a 4/\$1.8650 Yen/\$ Previous 7.8112	the G7 meeting th sed against the do ublication of the the worse than pre high of 1.6872 ar 133.90. Today 7.8113	Italy Japan US nis weekend ollar. money figu	+30 Ffr, +155DM - - Japanese concerns res Artention and M3 figures were round that level as	
Belgium Denmark France MARKET CO he dollar about the Sterling focussed ignored. the dolla Rates at HONG KONG Hong Kong	- - - - - - - - - - - - - - - - - - -	ower in li 's health uiet in mo ter than e a lift to away. 1.6837 D	ght tradin affected t prning trad expected M4 the pound	Germany - Holland - Ireland - Ireland - ing in advance of the yen which easy ing until the pu figure, while which reached a 4/\$1.8650 Yen/\$ Previous 7.8112 2447.58	the G7 meeting th sed against the do ublication of the the worse than pro- high of 1.6872 ar 133.90. Today 7.8113 2423.23	Italy Japan US nis weekend ollar. money figu	+30 Ffr, +155DM - - Japanese concerns res Attention and M3 figures were round that level as	
Belgium Denmark France MARKET CO he dollar about the Sterling focussed ignored. the dolla Rates at HONG KONG Hong Kong	- - - - - - - - - - - - - - - - - - -	ower in li 's health uiet in mo ter than e a lift to away. 1.6837 D	ght tradin affected t prning trad expected M4 the pound	Germany - Holland - Ireland - Ireland - ing in advance of the yen which eas ing until the pu- figure, while which reached a 4/\$1.8650 Yen/\$ Previous 7.8112	the G7 meeting th sed against the do ublication of the the worse than pre high of 1.6872 ar 133.90. Today 7.8113 2423.23 8 3/8%	Italy Japan US Dis weekend Dilar. money figu edicted MO nd closed a	+30 Ffr, +155DM - - Japanese concerns res Attention and M3 figures were round that level as Change -0.0001 -24.35 down 1/32% Polin	
Belgium Denmark France MARKET CO he dollar about the Sterling focussed ignored. the dolla Rates at HONG KONG Hong Kong	- - - - - - - - - - - - - - - - - - -	ower in li 's health uiet in mo ter than e a lift to away. 1.6837 D	ght tradin affected t prning trad expected M4 the pound	Germany - Holland - Ireland - Ireland - ing in advance of the yen which east ing until the pu figure, while which reached a 4/\$1.8650 Yen/\$ Previous 7.8112 2447.58 8 13/32%	the G7 meeting th sed against the do ublication of the the worse than pre high of 1.6872 ar 133.90. Today 7.8113 2423.23 8 3/8%	Italy Japan US Dis weekend Dilar. money figu edicted MO nd closed a	+30 Ffr, +155DM - - Japanese concerns res Attention and M3 figures were round that level as Change -0.0001 -24.35 down 1/32% Polin	

MONEY MARKETS			Tuesday a	20th SEptember 1988
INTEREST RATES				
	£ Inte		Eurodo	ollar
	Today	Change +	Today +	Change ++
7 days	10 7/8	1/8		0
1 mth	11 11/16	1/16	8 1/8	0
3 mth	12	-1/4	8 1/4	0
12 mth	12 1/8	-3/16	8 3/4	0
BILLS		Toda	av	Change
3 Mor	th Treasury Bills	+	- 11 1/2	++ 1 0 1
		+		++
BANK MONEY MARKET OF	PERATIONS			
	Sales £m	Rates	Discount Rate on E	ligible Bank Bills
Band 1 (0-14 days)	90	Due 22/9/88 at 10 /	11 1/4-11	
Band 2 (15-31 days)			11 1/2-7/	16
Band 3 (32-63 days)			11 11/16-	21/32
Band 4 (64-91 days)			11 45/64-	21/32
- TOTAL BILLS	90			+
Repurchase		and the second s		
+ Lending				
TOTAL OPERATIONS	90	⊦  against surplus	100 m	
+				
US RATES		+	10 yr Tsy Bond	20 yr Tsy Bond
	Today/Change	8.17 0.00	8.97 0.04	9.07 0.06
STOCK MARKET		FT Ind-Ord	FTSE	Gilt index
	Today/Change	1430.0 11.4	1772.1 12.2	87.03 0.43
MARKET COMMENT				
GILTS opened just a list.Some of the 11. strong rally began.A advantage of a short and longs 1.	30 figures, particulthough most of the	larly M4 bank lendi	ng pleased the mar	ket and a
INDEXED LINKED saw si	horter issues up 1	8 turn of the contu	av stocks up 5/8	d Longe 7 (9
EQUITIES remained sto in bank and building	Lending of 5.8bn w	as better than expe	cted and prices da	ined a
little ground.Further Wall Street's early t	firmness, much of w	hich had been lost	by 5pm Clyde Petrol	aum'sf121mm
rights issue to finar market.	nce the purchase of	North Sea oil and	gas assets did not	disturb the

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SECRET

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TEL NO: 270 4613

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Peter Smith

GILT-EDGED WARKET		Tuesday 20th	SEptember 1
Transactions basis, cash values (fm	); sales + purchases -		
ISSUE DEPARTMENT: MARKET TRANSACTIO	NS	Today	September
-	Gross sales shorts	I	45.3
	Gross sales mediums	1 34.3	1 328.1
Gross	sales longs and undated	1 26.3	445.1
	Gross sales index-linked	7.1	248.9
	Part paid calls	ļ	369.6
Buying in nor	n-next maturities shorts	!	-26.0
Buying in non-	-next maturities mediums	-29.1	-360.9
Buying in no	on-next maturities longs	-32.5	-615.8
Buying in non-next	maturities index-linked	-17.7	-303.1
CI	RND: Market transactions	0.6	-37.0
	TOTAL 'GROSS' SALES	-11.0	and the second state of th
Buyiı	ng in of next maturities	1 2.4	
	Redemptions	I	-6.4
TOTAL	FRANSACTIONS WITH MARKET	-8.6	61.3
	Future c	alls	+
Males required to meet *	target of f	m =====	+   +===========
PRICES/YIELDS OF GILT-EDGED STOCKS	Yesterday's close	Chang yesterda	e from y's close
	Par yield (per cent)	Price (£/32)	Yield (%
	10.539	1 14	-0.11

REPRESENTATIVE STOCKS

8% Treasury 1992
8 3/4 Treasury 1997 'C'
11 3/4% Treasury 2003/07
3% Treasury 1992
2 1/2% Index-Linked 2016
2% Index-Linked 1994
GILT FUTURES

		Open	Close	Volume
Long Contract	December	93.13	94.11	20310
Medium Contract	0	92.17	93.04	462
	F		NAME:	Peter Smith

9.713

Today

93

92

114

82

97

94

Price (£/32)

19

12

16

30 |

2 |

Change

20

25 |

33 |

6 |

16 |

21

Longs

TEL NO:

Peter Smit 270 4613

-0.10 |

-0.22

-0.14 |

-0.12 |

-0.06 |

-0.03

-0.01 |

Change

31 |

Today

10.41 |

10.02 |

9.85 |

8.59

3.90

3.53

Yield (per cent)

20-SEP-0840. MON706 MONF Continued from - Nrlg

LAWSON COMFORTABLE WITH STERLING EXCHANGE RATE NRAS LONDON, SEPT 20, REUTER - CHANCELLOR NIGEL LAWSON SAID HE

DURING A PRESS BRIEFING, HE REPLIED TO A QUESTION ABOUT GROUP OF SEVEN (G7) COUNTRIES' EXCHANGE RATES BY SAYING, "I THINK MOST OF US ARE COMFORTABLE WITH THE RATES THAT THERE ARE AT THE PRESENT TIME."

AT THE PRESENT TIME." ASKED LATER AT THE PRESS BRIEFING IF THAT APPLIED TO STERLING, HE SATD, "YES."

20-SEP-1204, MON066 MONJ

CONTINUED ON - NRAT

FOREX - SEE INFO 0007

LAWSON COMFORTABLE WITH STERLING EXCHANGE RATE -PART 2 NRAT THE POUND WAS TRADING AT 3.1410/45 MARKS AT MIDDAY IN

LONDON, UP FROM 3.1345/80 AT THE OPENING AND 3.1365/1400 AT YESTERDAY'S CLOSE.

THE DOLLAR WAS TRADING QUIETLY TODAY AROUND 1.86 MARKS AND 134 YEN.

"THE DOLLAR/DEUTSCHEMARK RATE IS BANG IN THE LOUVRE RANGE NOW," LAWSON SAID. "WE ARE BACK IN THE LOUVRE RANGE AND HAVE BEEN FOR SOME TIME.

"AS FAR AS THE DULLAR/YEN RANGE IS CONCERNED, THE YEN IS NOW HIGHER BUT I THINK THAT IS WHOLLY APPROPRIATE WITH THE JAPANESE ECONOMY'S PERFORMANCE," HE SAID.

CONTINUED FROM - NRAS

CONTINUED ON - NRBQ

FOREX - SEE INFO 0807

LAWSON COMFORTABLE WITH STERLING EXCHANGE RATE -PART 3 NRBQ HE SAID HE WAS NOT WORRIED ABOUT THE YEN'S STRENGTH. "I THINK, TOO, THE GERMANS FOR THEIR PART AT THE TIME OF THE LOUVRE WOULD HAVE LIKED TO HAVE SEEN THE YEN A LITTLE BIT HIGHER (AGAINST THE MARK) SO I THINK THERE IS GENERAL SATISFACTION."

SERIES OF INTERNATIONAL ECONOMIC COOPERATION WAS WORKING VERY WELL.

THE RECENT WAVE OF INTEREST RATE INCREASES HAD BEEN WHOLLY APPROPRIATE IN BOTH NATIONAL AND INTERNATIONAL TERMS, HE SAID.

20-SEP-1242. MON114 MONK CONTINUED FROM - NRAT

CONTINUED ON - NRBR

LAWSON COMFORTABLE WITH STERLING EXCHANGE RATE -PART 4 NRBR

ASKED ABOUT WEST GERMANY, LAWSON NOTED ITS ECONOMY HAD BEEN PERFORMING BETTER THAN EXPECTED, LARGELY BECAUSE OF THE GROWTH

SIGNIFICANCE ON A SINGLE MONTH'S FIGURES. WE NEED TO SEE A RUN

WILL BE SEEN IN STAGES, WITH THE MOUSING MARKET PROBABLY THE FIRST TO REACT AND THE CURRENT ACCOUNT PROBABLY THE LAST.

20-SEP-1319. MON157 MONL

"THE WAGE CULTURE HAS NOT CHANGED ADEQUATELY AND THAT ADDS TO THE DIFFICULTIES," HE SAID. LAWSON DOUBTED THE IMF/G7 MEETINGS WOULD BE EVENTFUL, WITH

mom/pa.032

SECRET .

FROM: MISS M O'MARA DATE: 21 September 1988

CHANCELLOR OF THE EXCHEQUER

cc: Economic Secretary Sir P Middleton Sir G Littler Mr Peretz Mr Gieve Mr N P Williams OR

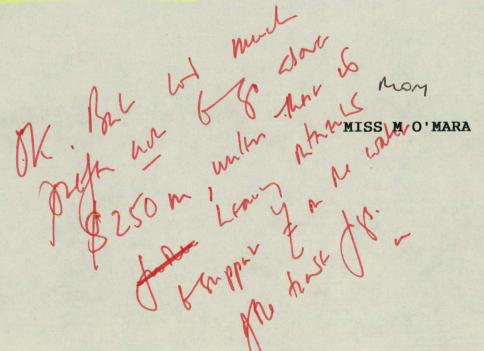
## SEPTEMBER END MONTH RESERVES FIGURE

We need to decide shortly what figure to publish for the underlying reserves change in September. Wednesday 28 is the last dealing day this month.

2. As of today, the reserves would show a true underlying fall of around \$500 million in September. We have, however, to allow for the possibility of some further intervention in support of sterling on publication of the UK trade figures next Tuesday.

3. We see some advantage in publishing a modest underlying fall this month, not least because it will be taken as evidence of the authorities' willingness to support the exchange rate at the beginning of the month. We therefore suggest it would be sensible to plan on the basis that we publish an underlying fall of around \$250 million on 4 October but that we accept the possibility that the figure might be slightly larger, if we need to intervene in the aftermath of the trade figures.

4. Are you content?



5 - 2

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					SECRET	/.		M	
FOREIGN EX		DVETC		MG EN	VENING REPORT	Und	15 vobaa	eptember 1988	
FOREIGN EX	CHANGE HA	RKETS				X.	change urrency	eptember 1900	-
Previous   close			To opening 8.30am			since Plaza	since Paris		
75.6 1.6787 3.1479 1.5162	:	£ERI \$/£ DM/£ ECU/£	75.4 1.6822 3.1410 1.5148	75.3 1.6755 3.1394 1.1549		-8.2 21.9 -19.6	9.0 9.6 12.5	2.3 0.7 4.8	
99.3 1.8665 134.10	ľ,	\$ERI DM/\$ Yen/\$	1.8672 134.10	99.5 1.8737 134.17		-28.7 51.6 77.8	-4.3 -2.5 14.4	-3.9 6.5	
Oct \$13.3	5 Nov \$13	3.55 Dec \$	\$13.70 \$	Spot Brent	Oct \$13.35	Nov \$13.5	5 Dec \$13.	70	
UK RESERVE	TRANSACT	IONS (\$mill	lion)		्रेक				
(a) +	Today		Total since 1 Apr 88			(b)		++  Estimated  *  end-month   position   ++	
	-1	-136			Market interv	vention		-127	
	3			Of	f-market tran	nsactions		-206	
1 1	2		2405		TOTAL			-333	
					Net borrow	wing		-14   ++	
(a) Spot a on a d	nd forward one date b		ions		Valuation cha			0   ++	
and the start of the				TOT	TAL CHANGE IN	RESERVES		-347	
		ons only on in publishe			*		tional assu r market in	mption of tervention.	
OTHER COUN	TRIES MARK	ET INTERVE	NTION (Smi	Llion equi	valent)				
Belgium	_			Germany	-3\$		Italy	+269DM	
Denmark				Holland	-		Japan		
France	- annihilat in			Ireland	-		US	-	
that the fears .The outcome of Sterling sa	<b>US economy</b> dollar tra the weeke aw some se t the trad	was slow ded at the end's G7 me elling on p le balance	<b>ing down.T</b> e top end eting. rofit taki	<b>he contin</b> of recent ng followi	days' ranges	s and the r	<b>price als</b> narket is noney suppl	afternoon sugges o eased inflati now focussing on y figures.Howeve the market ahead	onary the
Rates at 5	:07pm. \$1.	6757 DM3.	1419 DM/\$	1.8750 Ye	n/\$134.26.		001	jebe.	
HONG KONG				Previous	1	loday		Change	
Hong Kong d	dollar			7.8113	7	.8115		-0.0002	
Hang Seng 1	Index			2423.23		2432		8.77	
3 month int	terbank ra	te		8 3/8%	8 5/	16%		down 1/16%	
							ME: I.C.Po	Lin	

TEL NO: 270-5556

SECRET

INTEREST RATES			Wednesda	y 21st September 19		
	£ Intc	rbank	Eurod	lollar		
	Today	Change	Today	Change		
7 days	+	+	+   8 1/16	0		
1 mth	11 11/16	U	8 3/16	+1/16		
3 mth	12 1/16	+	8 1/4	1 0		
12 mth	12 3/16	++1/16	8 3/4	1 0		
BILLS	+===================================	+	+	Change		
			ay 	Change +		
5 MOI	nth Treasury Bills	11 5/8	- 11 1/2			
ANK MONEY MARKET O	PERATIONS					
	Purchases £ m	Rates	Discount Rate on	Eligible Bank Bills		
Band 1 (0-14 days)		1	11 3/8-1	/8		
Band 2 (15-31 days)	1	[	1 11 9/16-7/16			
and 3 (32-63 days)			11 23/32-11/16			
and 4 (64-91 days)			11 45/64-11/16			
TOTAL BILLS	0	1				
Repurchase		Due 23 September a	t 10 1/4%			
Lending						
TOTAL OPERATIONS	75	against surplus	£ 100 m			
IS RATES		3 month CDs	10 yr Tsy Bond	20 yr Tsy Bond		
	Today/Change	+	+	9.04 -0.03		
TOCK MARKET	· · · · · ·	FT Ind-Ord	+	Gilt index		
TOOR IMARET		+	FTSE			
	Today/Change	1443.8 13.8	1 1796.8 24.7	87.04 0.01		

NAME: Carl Davey TEL NO: 270 4613

## SECRET

.

SECRET

					Wednesday 21	st Septembe	
Transactions basis, cash values	(£m); s	ales + purc	hases	-			
ISSUE DEPARTMENT: MARKET TRANSAC	TIONS				Today September		
		Gross sal	es sh	orts	4.8	50.	
		Gross sale	s med	liums	21.3	349.	
Gr	oss sal	es longs an	d und	lated	47.4	492.	
	Gros	s sales ind	ex-li	nked	2.8	251.	
		Part p	aid c	alls	0.1	369.	
Buying in	non-ne	xt maturiti	es sh	orts	+ 	-26.0	
Buying in	non-nex	t maturitie	s med	liums	-25.0	-385.	
Buying i	n non-n	ext maturit	ies l	ongs	-52.4	-668.	
Buying in non-n	ext mat	urities ind	ex-li	nked	-4.1	-307.	
	CRND:	Market tra	nsact	ions	0.2	-36.	
		TOTAL 'GRO	ss' s		-4.9		
В	uying i	n of next m	aturi		-0.2	-26.	
		Re	dempt	ions	+ 	-6.	
тот	AL TRAN	SACTIONS WI	TH MA		-5.1		
Sales required to meet *		target of			n -		
PRICES/YIELDS OF GILT-EDGED STOC		Yesterday's close			Change from yesterday's close		
	Р	ar yield (p	er ce	nt)	Price $(f/32)$	Yield (	
Sh	orts		341		-4		
Me	diums	10.	074		-2		
Lo	ngs	9.	589		-4	0.0	
REPRESENTATIVE STOCKS		Pri		(32)	Yield (p	er cent)	
					Today		
3% Treasury 1992		+	28		+	+	
3 3/4 Treasury 1997 'C'		+	16	-3	+	+	
		+	8 1				
11 3/4% Treasury 2003/07		1 82	16		+		
11 3/4% Treasury 2003/07 3% Treasury 1992		1 97	28 1	-2			
5% Treasury 1992			+	-2	+		
and the supervised of the second second		+	i			0.0	
3% Treasury 1992 2 1/2% Index-Linked 2016		+	‡		+		
5% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994		+		Open	Close		
5% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994		+	+ +	Open 94.04	CLose 94.06	Volume	
5% Treasury 1992			+	-2	3.54		

+					SECREI	. / /	r	N			
				MG E	ENING REPOR	2T	1	1			
FOREIGN I	EXCHANGE MAR	KETS		ino Et		Thu	rsday 22 Se change	eptember 1988			
Previous			Tor	day		urrency since	irrency				
close			opening 8.30am	close 4.00pm		since Plaza	Paris	October 198	7		
75.3	and the second	ERI /£	75.2	75.1		-8.4 21.5	8.7 9.2	2.0			
3.1394	DM/£ 3.1393 3. ECU/£ 1.5135 1.1					-19.7	12.3	4.6			
99.5		ERI	_	99.7		-28.6	-4.1	-0.5			
1.8737	D	M/\$ en/\$	1.8770 134.50	1.8775		51.3 77.3	-2.7 14.1	-4.1 6.2			
Oct \$13.35 Nov \$13.55 Dec \$13.70 Spot Brent Oct \$13.40 Nov \$13.55 Dec \$13.70											
UK RESERV	VE TRANSACTI	ONS (Smill	ion)		*.a						
(a)			+			(b)		++			
(4)	   Today	This   month	Total   since			(5)		Estimated  *			
			1 Apr 88					position			
	-9	-145	3483		Market inte	ervention		-136			
	-74		-1161	01	ff-market tr	ansactions		-205			
and the second	-83	-497	2322		TOTAL	-		-341			
	++	4	+		Net borr	owing		-14			
	and forward		ons		Valuation o	hanges		0			
on a	done date b	asis.		тот	TAL CHANGE	IN RESERVES		-355			
								+======+			
	t transactio basis, as i				*		tional assu				
						no furthe	r market in	tervention.			
OTHER COU	JNTRIES MARK	ET INTERVE	NTION (Smil	lion equi	ivalent)						
Belgium	-			Germany	-31\$		Italy				
Denmark				Holland	-		Japan	-			
France	-			Ireland	-		US	-50\$ agnst DM			
MARKET CO	MMENT										
			nges on fea	irs of pos	sible Centr	al Bank int	ervention a	nd in advance	of		
	end's G7 mee eased as ma		d nervously	towards	next week's	trade figu	res.				
							1				
Rates at	5:50pm. \$1.	6680 DM3.	1330 DM/\$1	.8783 Ye	en/\$134.67.		(Sal				
							10 an	<u>k.</u>			
HONG KONG	•			Previous		Today		Change			
Hong Kong	dollar			7.8115		7.8115		0			
Hang Seng	Index			2432		2455.84		23.84			
3 month i	nterbank ra	te		8 5/16%	8	1/4%		down 1/16%			
						N	AME: I.C.Po				
						TEL	NO: 270-55	56			

5.

SECRET

MONEY MARKETS Thursday 22nd September 1988 **INTEREST RATES** £ Interbank Eurodollar Today Change Today Change 7 days 11 1/8 0 8 3/16 1/8 1 mth 0 8 1/8 -1/16 11 11/16 12 3/32 0 3 mth 1/32 8 1/4 8 11/16 12 mth | 12 5/32 -1/16 -1/32 -----BILLS Change Today 3 Month Treasury Bills 11 9/16 -11 7/16 -1/16 BANK MONEY MARKET OPERATIONS Discount Rate on Eligible Bank Bills Purchases £ m Rates Band 1 (0-14 days) 11 1/4-11 Band 2 (15-31 days) 11 9/16-1/2 Band 3 (32-63 days) 11 23/32-11/16 Band 4 (64-91 days) 59 11 23/32-11/16 111 11/16 TOTAL BILLS 59 ==== Repurchase Lending 50 TOTAL OPERATIONS 109 100 m |against shortage £ \_\_\_\_ 3 month CDs 10 yr Tsy Bond 20 yr Tsy Bond **US RATES** 9.02 -0.02 | 8.92 8.15 -0.02 Today/Change -0.01 STOCK MARKET FT Ind-Ord FTSE Gilt index 0.02 | 1440.7 -3.1 1788.7 87.06 Today/Change -8.1 MARKET COMMENT GILTS had a quiet day. The opening was slightly easier on exchange rates; shorts were off 1/8, mediums 1/8 and longs 3/16. Prices recovered during the day, with some switching to longer issues reported. Shorts closed unhanged mediums down 1/16 and longs unchanged.

SECRET

INDEX-LINKED lost 1/8.

EQUITIES were easier and drifted lower with Sterling. CGL slipped back 55p on the triple hurdles facing Minorco- price, the South African connection and the possisble referral to MMC. BP is to sell 20% of one of its fields in the North Sea; the company has delayed the sale of part of its Gold subsiduary on account of the weak Bullion prices.

Carl Darget

NAME: Carl Davey TEL NO: 270 4613

GILT-EDGED MARKET				Thursday 22nd	d September	
Transactions basis, cash values (fm);	sales + purch	ases		mar sau y LLin	a ocpremoti	
ISSUE DEPARTMENT: MARKET TRANSACTIONS	succes · purch			Today	September	
	Gross sale	s sh	orts	+	50.	
	Gross sales		A CARLES STREET.	29.0	378.	
Gross sa	les longs and			+	568.	
	ss sales inde			+	253.	
GIO			State of the	+	369.	
Duving in ser a	Part pa		No. Section and the section of	+	+	
Buying in non-n			A. A. Martin	+	-26. -413.	
Buying in non-ne Buying in non-			a final a sub-	-116.3	+	
				+	+	
Buying in non-next ma				-1.8	+	
CRND	: Market tran			16.9	+	
	TOTAL 'GROS			-21.6	+==========	
Buying	in of next ma		A Martin State State	÷	4.	
			ions .	-0.1 9.5	+	
TOTAL TRA	NSACTIONS WIT	н ма		+=======		
Sales required to meet *					e from	
PRICES/YIELDS OF GILT-EDGED STOCKS	Yesterday's	clos	e	yesterda		
	Par yield (pe	r ce		Price (£/32)		
Shorts	10.3	40		1	-0.0	
Mediums	1 10.0	69		-1	0.0	
Longs	9.5	74		1	-0.0	
REPRESENTATIVE STOCKS	Pric	e (£	/32)	Yield (per cent)		
	Today		Change	Today	Change	
8% Treasury 1992	1 92	30	2	10.43	-0.(	
8 3/4 Treasury 1997 'C'	1 92	12	-4	10.06	0.0	
11 3/4% Treasury 2003/07	1 114	9	1	9.85	-0.(	
3% Treasury 1992	82	16	0	8.59	0.0	
2 1/2% Index-Linked 2016	1 97	22	-6	3.92	0.0	
2% Index-Linked 1994	1 94	+	0	3.54	0.0	
GILT FUTURES	+	+				
			Open	Close	Volume	
Long Contract	December	+	94.02	94.07	1135	

.

TEL NO:

270 4613

chex.nh/mw/58

SECRET





FROM: MISSUM P WALLACE DATE: 22 September 1988

MISS O'MARA

cc Economic Secretary Sir P Middleton Sir G Littler Mr Peretz Mr Gieve Mr N P Williams

SEPTEMBER END MONTH RESERVES FIGURES

The Chancellor was grateful for your minute of 21 September.

2. He is content with what you propose, but he would much prefer not to go beyond \$250 million, unless there is any heavy intervention next week.

MOIRA WALLACE

MR A.C.S Allan 12/2

CHIEF NOT UNDULY CONCERNED BY DOLLAR RISE

WEST BERLIN, SEFT 22, REUTER - MICHEL CAMDESSUS, MANAGING UIRECTOR OF THE INTERNATIONAL MONETARY FUND (IMF), SAID A RECENT UPWARD TREND IN THE DOLLAR MIGHT MAKE A REDUCTION OF THE U.S. BALANCE OF FAYMENTS DEFICIT MORE DIFFICULT.

HOWEVER, AT A NEWS CONFERENCE AT THE START OF THIS YEAR'S ANNUAL MEETING OF THE IMF AND WORLD BANK IN WEST BERLIN, HE ADDED: "(THIS SITUATION) DOES NOT AS SUCH JUSTIFY TOO MANY WORRIES." HE ADDED "CENTRAL BANKS ARE NOT TOD UNHAPPY WITH THE

SITUATION AND I SHARE THEIR JUDGEMENT." ACCORDS BY MAJOR NATIONS HAD NOT CREATED FULL, FOREIGN EXCHANGE STABILITY BUT HAD REDUCED VOLATILITY, HE SAID. 22-SEP-1055, MON575 MONM

CONTINUED DN - NREN

REM

REUTER MONITOR

IMF CHIEF NOT UNDULY CONCERNED BY DOLLAR RISE - PART 2 TREN CAMDESSUS SAID INTERNATIONAL TRADE IMBALANCES WERE NOT BEING REDUCED AS RAPIDLY AS WOULD HAVE BEEN DESIRED, BUT NOTED THIS PROCESS WAS PART OF A MEDIUM TERM STRATEGY.

ALL COUNTRIES HAD TO FLAY THEIR PART IN THE PROCEES. THE UNITED STATES SHOULD MAKE USE OF AN OPPORTUNITY TO REDUCE 118 BUDGET DEFICIT, HE SAID.

CAMDESSUS ALSO STRESSED THE INTERDEPENDENCE OF ALL MALOR INDUSTRIAL COUNTRIES AND THE NEED FOR THEM. TO TAKE THE CONCERNS OF OTHERS INTO CONSIDERATION. IN A REFERENCE TO THE SEVEN LEADING INDUSTRIAL DEMOCRACIES, HE SAID: "NO ONE OF THE SEVEN COUNTRIES CAN IGNORE THE OTHERS." 22-SEP-1109. MON595 MONM

CONTINUED FROM - NREM 120

CONTINUED ON - NRED

REUTER MONITOR 1252

IMF CHIEF NOT UNDULY CONCERNED BY DOLLAR RISE -PART 3 NREO CAMDESSUS EXPRESSED SATISFACTION WITH CURRENT ECONOMIC GROWTH IN THE INDUSTRIALISED WORLD, DESPITE SIGNS, MOST RECENTLY FROM THE UNITED STATES, THAT RATES OF EXPANSION MAY BE SLOWER THAN PREVIOUSLY EXPECTED.

HE PREDICTED FOUR PCT GROWTH IN THE INDUSTRIAL COUNTRIES THIS YEAR AND A SLIGHT SLOWDOWN IN 1989. THE MOST RECENT INDICATIONS OF SLOWDOWN WERE NOT SUFFICIENT TO MAKE THE IMP ADJUST ITS FORECASTS.

CURRENT ECONOMIC EXPANSION HAD NOT BEEN ACCOMPANIED BY INFLATIONARY EXPECTATIONS, HE ADDED.

22-SEP-1110. MON597 MONM CONTINUED FROM - NREN E

ENDS

NEWS SEE AAAA-1315 CAMDESSUS MAKES PLEA FOR IMF FUNDS INCREASE

A PAR

NREY WEST BERLIN, SEPT 22, REUTER - INTERNATIONAL MONETARY FUND F) MANAGING DIRECTOR MICHEL CAMDESSUS BEGAN THIS YEAR'S WORLD BANK ANNUAL MEETING WITH A STRONG APPEAL FOR AN INCREASE IN THE RESOURCES OF HIS ORGANISATION.

AT A NEWS CONFERENCE ON THE FIRST OF EIGHT DAYS OF TALKS IN WEST BERLIN, CAMDESSUS ALSO SAID THAT COMMERCIAL BANKS WOULD HAVE TO CONSIDER BRINGING DEBT FORGIVENESS INTO THEIR MENU OF OPTIONS FOR DEALING WITH THE GLOBAL DEBT PROBLEM. NOTING THE IMF HAD TO DECIDE ON A RISE IN IMP. MEMBERS

QUOTAS, THE ALLOCATIONS OF FUNDS THEY MAKE TO THE FUND, BY NEXT APRIL, HE SAID: "YES, WE NEED A SUBSTANTIAL QUOTA INCREASE." 22-SEP-1129. MON628 MONM

CONTINUED ON - NREZ

## NEWS - SEE AAAA 1313

CAMDESSUS MAKES FLEA FOR IMF FUNDS INCREASE -PART 2 ON THE QUESTION OF COMMERCIAL BANKS' FORGIVING DEBTS OF MIDDLE-INCOME COUNTRIES, INCLUDING LATIN AMERICAN DEBTORS, CAMDESSUS BELIEVED MORE BANKS WOULD CONSIDER THE CONCEPT.

"I THINK THIS HAS TO BE CONSIDERED, HAS TO FIND ITS PLACE IN THE MENU." IT WAS UP TO COMMERCIAL BANKS TO CONSIDER HOU THEY COULD BEST MAKE A CONTRIBUTION TO THE FINANCING PACKAGES OF DEBTOR COUNTRIES.

DEBT FORGIVENESS BY GOVERNMENT CREDITORS OWED MONEY BY THE WORLD'S VERY PODREST COUNTRIES WAS AN EASIER MATTER TO DECIDE. HE SAID. IN THESE CASES, CAMDESSUS HAD "NO DOURT THAT DEBT & FORGIVENESS IS IN ORDER". 22-SEP-1129. MON629 MONM CONTINUED FROM - NREY

CONTINUED ON - NREA

NEWS - SEE AAAA 1315

CAMDESSUS MAKES PLEA FOR IMF FUNDS .INCREASE -PART . 3 NREA CAMDESSUS NOTED THE IMF NEELED A 50 PCT RISE IN ITS CURRENT RESOURCES OF AROUND 115 BILLION DLRS JUST TO KEEP PACE WITH GROWTH IN THE WORLD ECONOMY OVER THE LAST FIVE YEARS. .

BUT HE ADDED THAT THE IMF HAD BORROWED MONEY IN THE 1980S AND SAID THESE CREDITS HAD TO BE REDUCED, IF NOT ELIMINATED ALTOGETHER. "IF WE ELIMINATE THE BORROWING ALTOGETHER, THEN WE SHOULD DOUBLE THE QUOTAS," HE SALD.

THE UNITED STATES HAS VOICED OBJECTIONS TO A RISE IN THE QUOTES. CAMDESSUS CONCEDED A BOUBLING OF THE FUND'S RESOURCES Would be "A BIG JUMP". "THEREFORE A POSSIBLE SOLUTION WOULD BE IN THE MIDDLE," HE SAID. 22-SEP-1143. MON656 MONM CONTINUED FROM - NREZ

ENUS

NEWS - SEE AAAA 1315

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CAMDESSUS WEIGHS GREATER ROLE FOR SDR NRF WEST BERLIN, SEPT 22, REUTER - INTERNATIONAL MONETARY FUND (IMF) MANAGING DIRECTOR MICHEL CAMDESSUS SAID CONSIDERATION HAD TO BE GIVEN TO INCREASING THE ROLE OF THE FUND'S CURRENCY, THE SPECIAL DRAWING RIGHT (SDR), IN THE WORLD ECONOMY.

HE TOLD A NEWS CONFERENCE AT THE START OF THE ANNUAL IMF/WORLD BANK MEETING: "WE HAVE TO ASK HOW THE SDR COULD OR NOT PLAY A CENTRAL ROLE -- AS THE ECU (EUROPEAN CURRENCY UNIT) PLAYS IN THE EMS (EUROPEAN MONETARY SYSTEM)." HE STRESSED THAT HE WAS NOT MAKING PROFOSALS BUT JUST RAISING QUESTIONS AS SOMEONE WHOSE JOB IT WAS TO PROMOTE FOREIGN EXCHANGE RATE STABILITY.

22-SEP-1158. MON694 MONN

CONTINUED ON - NREN

NEWS - SEE AAAA 1315

CAMDESSUS WEIGHS GREATER ROLE FOR SDR -PART 2 CAMDESSUS SAID IT WOULD BE NAIVE TO BELIEVE THAT THE EXPERIENCE OF THE EMS COULD BE TRANSLATED TO THE GLOBAL ECONOMY, BUT THE QUESTION HAD TO BE RAISED AS TO HOW THE WORLD MONETARY SYSTEM COULD BE BETTER ANCHORED. typ1./pej/ln/if2/7.22.9.3p

Winch Winch RNS Wantts ece, cc PPS d'gaminh? Mr Mr Mr Mr Mr Mr Mr

SIR TERENCE BURNS

FROM: SUSIE SYMES DATE: 23 September 1988

Sir Geoffrey Littler\* Mr Lankester Mr H P Evans o.r\* Mr S Matthews\* Mr Hood \*with book

# PETER KENEN ON MANAGING EXCHANGE RATES

I attach an advance copy of Professor Kenen's book 'Managing Exchange Rates' which will be published in London on 28 September, and in the United States in a few weeks.

Susie Stryes

SUSIE SYMES

WEEKLY INTEREST/EXCHANGE RATE AND COMMODITY PRICE TABLES

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CIRCULATION LIST -----DATE: 23th SEPTEMBER 1988

CHANCELLOR'S OFFICE MR. S. BROOKS 88/G MR. J.W. GRICE 89/G MISS R. MCROBBIE 107/G MISS M. O'MARA 108/G MRS C. RYDING 110/G MR. P. MOUNTFIELD 80/1 MR. J. ODLING-SMEE 45/2 MR. N.J. MONCK 46/2 SIR P.E. MIDDLETON 78A/2 MR. H. WALSH 108/3 Ms. V.F. LIFE 109/3 MR. M.C. SCHOLAR 87/2 MR. S. PICKFORD 97/2 MR. P.S. CURWEN 98/2 MR. J. MCLAREN 33/3 SIR J.G. LITTLER 113/2 MR. R. MOLAN 81/1 MR. R.E. DEANE 41/3 MR. T.P. LANKESTER 116/2 SIR T. BURNS 119/2 MR. A.M. DOLPHIN 32/3 MR. M. LYON 34/3 MR. D. OWEN 36/3 Ms. C. TURK 35A/3 MR. P.N. SEDGWICK 39/3 MR. S.W. MATTHEWS 104/3 MR. D. SAVAGE 106/3 MR. H.P. EVANS 107/3 MR. W. HOOD 30A/3 MR. PERETZ 84/G MR. P. ELWOOD 106/3 MR. D. RAMSDEN 106/3 MR. G. YOUNG 112/G

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Please inform Bina Doshi (ext: 5374 - room : 31/3) if there are any changes to be made to this list.



## THREE MONTH INTEREST RATES IN THE SIX MAJOR COUNTRIES

									-WORLD	BASKETS	-			
									USI	NG		-UNCOVE	RED DI	FFERENTIAL
									(A)	(B)	UK RATI	E UK-		
				WORLD R	ATES			- EURO	USA CD	EURODOL	INTER	WORLD	UK-	UK-
		CANADA	FRANCE	GERMANY	ITALY	JAPAN	USA	DOLLAR	RATE	RATE	BANK	BASKET	USA	GERMANY
	and allow	1	2	3	4	5	6	7	8	9	10	11	12	13
987	QTR1	7.45	8.26	4.18	11.48	4.24	6.05	6.34	6.20	6.30	10.60	4.40	4.27	6.42
	QTR2	8.41	8.13	3.80	10.64	3.92	6.85	7.07	6.27	6.34	9.18	2.91	2.11	5.38
	QTR3	8.99	7.89	3.97	12.00	4.08	6.98	7.15	6.45	6.51	9.81	3.36	2.66	5.84
	QTR4	8.88	8.47	4.13	11.76	4.54	7.76	7.96	6.84	6.91	9.20	2.36	1.23	5.07
988	QTR1	8.55	7.94	3.41	11.11	4.36	6.74	6.91	6.18	6.24	9.01	2.83	2.10	5.60
	QTR2	9.05	7.81	3.62	10.91	4.49	7.25	7.41	6.37	6.42	8.34	1.97	0.93	4.72
987	SEP	9.32	7.88	4.03	12.56	4.15	7.43	7.56	6.69	6.73	10.12	3.44	2.56	6.09
	ост	9.20	8.19	4.79	12.13	4.80	8.21	8.48	7.13	7.22	9.93	2.81	1.45	5.14
	NOV	8.63	8.61	3.95	11.58	4.34	7.39	7.55	6.67	6.73	8.97	2.30	1.42	5.02
	DEC	8.89	8.56	3.70	11.63	4.47	7.76	7.96	6.75	6.82	8.75	2.00	0.79	5.05
988	JAN	8.65	8.31	3.44	10.91	4.35	6.96	7.17	6.31	6.38	8.92	2.61	1.75	5.47
	FEB	8.50	7.58	3.37	11.00	4.32	6.63	6.79	6.07	6.12	9.22	3.15	2.43	5.85
	MAR	8.53	8.03	3.42	11.44	4.40	6.65	6.79	6.20	6.25	8.83	2.64	2.04	5.41
	APR	8.83	8.13	3.43	10.88	4.19	6.92	7.11	6.25	6.32	8.32	2.06	1.21	4.89
	MAY	8.98	7.90	3.56	10.78	4.27	7.27	7.44	6.36	6.42	8.03	1.67	0.59	4.47
	JUN	9.34	7.39	3.89	11.13	4.42	7.56	7.67	6.49	6.53	8.74	2.24	1.07	4.85
	JUL	9.34	7.33	4.95	11.28	4.80	7.94	8.23	6.85	6.90	10.53	3.68	2.30	5.58
	AUG	9.80	7.63	5.35	11.28	4.88	8.38	8.50	7.25	7.28	11.25	4.00	2.75	5.90
988	JUL 4	9.23	7.31	4.50	11.25	4.83	7.70	7.81	6.65	6.69	10.14	3.49	2.33	5.64
	JUL 11	9.35	7.25	4.95	11.12	4.72	7.90	8.06	6.82	6.87	10.22	3.40	2.16	5.27
	<b>JUL 18</b>	9.39	7.38	5.35	11.25	4.88	8.05	8.31	6.98	7.07	11.03	4.05	2.72	5.68
	<b>JUL 25</b>	9.40	7.38	5.00	11.38	4.78	8.12	8.75	6.94	6.98	10.72	3.78	1.97	5.72
	AUG 1	9.49	7.38	5.35	11.38	4.75	8.15	8.25	7.01	7.04	10.81	3.80	2.56	5.46
	AUG 8	9.66	7.38	5.25	11.25	4.83	8.20	8.37	7.00	7.01	10.91	3.91	2.54	5.66
	AUG 15	9.93	7.69	5.38	11.25	4.92	8.50	8.69	7.39	7.46	11.03	3.64	2.34	5.65
	AUG 22	9.90	7.75	5.40	11.25	4.95	8.55	8.62	7.43	7.45	11.41	3.98	2.79	6.01
	AUG 29	10.00	7.94	5.38	11.25	4.94	8.50	8.56	7.43	7.45	12.09	4.66	3.53	6.71
	SEPT 5	10.14	8.00	5.00	11.38	5.09	8.42	8.37	7.38	7.37	12.34	4.96	3.97	7.34
	SEPT 12	2 10.32	8.10	5.00	11.63	5.01	8.24	8.37	7.35	7.40	12.13	4.78	3.76	7.13
	SEPT 19	9 10.52	8.00	4.95	11.63	5.01	8.20	8.25	7.32	7.33	12.13	4.81	3.88	7.18

Column 1.	90 DAY BANKERS ACCEPTANCES
Column 2.	3 MONTH MONEY MARKET RATE
Column 3.	3 MONTH INTER BANK
Column 4.	3 MONTH INTER BANK
Column 5.	3 MONTH CERTIFICATE OF DEPOSIT
Column 6.	3 MONTH CERTIFICATE OF DEPOSIT IN NEW YORK
Column 11.	USA CD RATE(COLUMN 8) USED FOR WORLD BASKET
Column 12.	3 MONTH EURODOLLAR RATE(COLUMN 7) USED FOR USA

QUARTERLY AND MONTHLY FIGURES ARE AVERAGES OF THE WEEKLY DATA THE WEEKLY FIGURES REPRESENT THE CLOSING VALUES FOR THAT DATE



### USA INTEREST RATES

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						10 YEAR
			THREE	MONTH RATES	s	COMMERCIAL
			TREASURY		EURO	BOND
			BILLS		DOLLAR	MOODY AAA
		FED FUNDS	(RUST)	CD'S	( REU )	( REB )
		(OVERNIGHT)	(V2626)	NEW YORK	(V2627)	(V2625)
1987	QTR1	6.16	5.66	6.05	6.34	8.37
	QTR2	6.60	5.87	6.85	7.07	9.16
	QTR3	6.82	6.08	6.98	7.15	9.72
	QTR4	6.98	5.92	7.76	7.96	10.22
1988	QTR1	6.67	5.86	6.74	6.91	9.57
	QTR2	7.09	6.40	7.25	7.41	9.81
1987	AUG	6.75	6.05	6.81	7.02	9.66
	SEP	7.12	6.47	7.43	7.56	10.14
	ост	7.36	6.24	8.21	8.48	10.55
	NOV	6.81	5.74	7.39	7.55	10.05
	DEC	6.82	5.82	7.76	7.96	10.11
1988	JAN	6.82	5.92	6.96	7.17	9.97
	FEB	6.62	5.81	6.63	6.79	9.41
	MAR	6.56	5.87	6.65	6.79	9.39
	APR	6.75	6.04	6.92	7.11	9.65
	MAY	7.04	6.48	7.27	7.44	9.89
	JUN	7.50	6.65	7.56	7.67	9.87
	JUL	7.69	6.91	7.94	8.11	9.94
	AUG	8.05	7.26	8.38	8.50	10.09
1988	MAY 9	6.87	6.48	7.20	7.37	9.84
	MAY 16	7.00	6.43	7.20	7.37	9.83
	MAY 23	7.12	6.48	7.35	7.50	9.97
	MAY 30	7.25	6.62	7.50	7.69	10.04
	JUN 6	7.44	6.63	7.48	7.62	9.98
	JUN 13	7.44	6.62	7.50	7.56	9.89
	JUN 20		6.57	7.62	7.75	9.86
	JUN 27	7.56	6.79	7.65	7.75	9.80
	JUL 4	7.50	6.73	7.70	7.81	9.82
	JUL 11	7.56	6.91	7.90	8.06	9.88
	JUL 18	7.81	6.90	8.05	8.31	10.00
	JUL 25	7.87	7.10	8.12	8.25	10.04
	AUG 1	7.87	7.11	8.15	8.25	10.03
	AUG 8	7.75	7.10	8.20	8.37	10.02
	AUG 15	8.37	7.27	8.50	8.69	10.15
	AUG 22	8.06	7.27	8.55	8.62	10.15
	AUG 29	8.19	7.55	8.50	8.56	10.10
		8.09	7.42	8.42	8.37	10.08
	SEPT 12		7.44	8.24	8.37	9.93
	SEPT 19		7.37	8.20	8.25	9.79



## DOLLAR EXCHANGE RATES WITH FIVE MAJOR OECD COUNTRIES

	EFFECTIVE - EXCHANGE	FRANCE	GERMANY	ITALY	JAPAN	CANADA
	RATE -					
1987 QTR1	104.2	6.13	1.84	1306	153.2	1.34
QTR2	101.1	6.03	1.81	1300	142.6	1.33
QTR3	102.5	6.13	1.84	1331	150.0	1.32
QTR4	97.0	5.75	1.71	1249	135.7	1.31
1988 QTR1	94.2	5.67	1.68	1236	128.1	1.27
QTR2	93.5	5.78	1.71	1268	125.7	1.23
1987 AUG	103.3	6.20	1.86	1346	147.6	1.33
SEP	100.9	6.05	1.81	1309	143.1	1.32
ОСТ	100.5	6.02	1.80	1302	143.3	1.31
NOV	96.5	5.71	1.68	1239	135.4	1.32
DEC	93.9	5.54	1.64	1205	128.5	1.31
1988 JAN	93.9	5.59	1.66	1218	127.9	1.29
FEB	95.0	5.73	1.70	1249	129.2	1.27
MAR	93.6	5.69	1.68	1240	127.1	1.25
APR	92.7	5.68	1.67	1241	124.9	1.24
MAY	93.0	5.73	1.69	1259	124.8	1.24
JUN	94.8	5.93	1.76	1304	127.4	1.22
JUL	98.1	6.22	1.85	1366	133.1	1.2
AUG	99.5	6.39	1.89	1394	133.64	1.22
988 APR 4	92.7	5.66	1.67	1237	125.2	1.24
APR 1	1 93.4	5.72	1.69	1251	126.5	1.24
APR 1	8 92.1	5.63	1.66	1232	124.0	1.23
APR 2		5.70	1.68	1246	124.8	1.23
MAY	2 92.7	5.70	1.68	1248	124.7	1.23
MAY		5.70	1.69	1249	124.7	1.24
MAY 1		5.73	1.69	1254	124.9	1.24
MAY 2		5.75	1.70	1263	124.5	1.24
MAY 3		5.82	1.73	1283	125.1	1.2
JUN 6		5.80	1.72	1277	126.1	1.23
JUN 1		5.82	1.72	1282	125.1	1.22
JUN 2		5.93	1.76	1305	126.2	1.2
JUN 2		6.14	1.82	1349	130.8	1.2
JUL 4		6.16	1.83	1358	135.5	1.22
JUL 1		6.21	1.85	1367	133.0	1.2
JUL 1		6.34	1.88	1392	134.6	1.21
JUL 2			1.85	1362		1.21
		6.23	1.86		132.0	
AUG 1		6.32		1383	132.7	1.21
AUG 8		6.41	1.90	1403	133.8	1.21
AUG 1		6.38	1.88	1395	133.3	1.23
AUG 2		6.51	1.92	1403	134.0	1.23
AUG 2		6.32	1.87	1386	134.4	1.24
SEPT		6.28	1.84	1378	133.7	1.24
SEPT		6.28	1.85	1379	133.4	1.24
SEPT	19 99.5	6.37	1.87	1395	134.1	1.22



SEPT 19

75.3

10.66

3.14

2340

224.3 1.68

EFFECTIVE -----EXCHANGE FRANCE GERMANY ITALY JAPAN USA RATE -----1987 QTR1 69.7 9.45 2.84 2015 236.3 1.54 QTR2 2132 72.8 9.89 2.96 234.2 1.64 QTR3 72.7 9.92 2.97 2152 237.9 1.62 QTR4 2188 237.8 1.76 74.7 10.08 2.99 1988 QTR1 75.1 10.18 3.01 2217 229.8 1.80 QTR2 77.8 10.64 3.14 2335 231.7 1.84 1987 AUG 72.4 9.89 2.96 2150 235.5 1.60 9.97 SEP 73.0 2.99 2157 236.3 1.65 238.4 OCT 73.2 9.99 3.00 2162 1.66 NOV 75.0 10.12 2.98 2199 240.1 1.78 DEC 75.8 10.12 2.99 2201 234.2 1.83 230.2 1.81 1988 JAN 75.3 10.05 2.97 2189 FEB 74.3 10.08 2.98 2196 227.1 1.75 2273 232.8 MAR 75.9 10.43 3.07 1.84 234.8 1.88 2329 APR 77.8 10.65 3.13 MAY 78.5 10.74 3.17 2357 234.0 1.88 76.8 10.52 2314 225.7 1.77 JUN 3.11 2319 JUL 75.8 10.55 3.13 226.4 1.69 10.84 2371 226.7 1.70 AUG 76.3 3.20 1988 APR 4 76.7 10.59 3.12 2313 233.9 1.88 **APR 11** 78.1 10.60 3.12 2318 234.9 1.85 2347 236.2 1.90 APR 18 78.3 10.72 3.15 APR 25 78.3 10.68 3.14 2337 234.0 1.87 2341 234.7 1.88 MAY 2 78.7 10.70 3.15 MAY 9 2349 78.4 10.72 3.16 234.5 1.88 **MAY 16** 77.9 10.82 3.19 2369 236.0 1.89 MAY 23 79.0 10.75 3.18 2362 232.8 1.87 2364 232.0 MAY 30 78.3 10.73 3.19 1.86 2302 227.3 1.80 JUN 6 78.2 10.46 3.09 2329 227.3 1.81 **JUN 13** 76.2 10.58 3.13 **JUN 20** 76.8 10.58 3.14 2329 225.3 1.78 **JUN 27** 76.2 10.45 3.10 2297 222.8 1.70 2285 228.0 1.68 JUL 4 76.2 10.37 3.08 **JUL 11** 75.0 10.49 3.12 2311 224.8 1.69 2325 224.8 **JUL 18** 75.1 10.59 3.14 1.67 228.0 1.73 **JUL 25** 76.8 10.75 3.19 2353 AUG 1 76.4 10.84 3.21 2371 227.5 1.71 2381 227.0 AUG 8 76.5 10.88 3.23 1.70 2390 228.3 1.71 **AUG 15** 76.5 10.93 3.22 2381 224.8 AUG 22 76.2 10.91 3.22 1.68 AUG 29 75.8 10.66 3.14 2334 226.0 1.69 SEPT 5 75.7 10.65 3.13 2332 229.3 1.69 2339 3.13 226.3 1.70 SEPT 12 75.7 10.65

STERLING EXCHANGE RATES WITH FIVE MAJOR OECD COUNTRIES

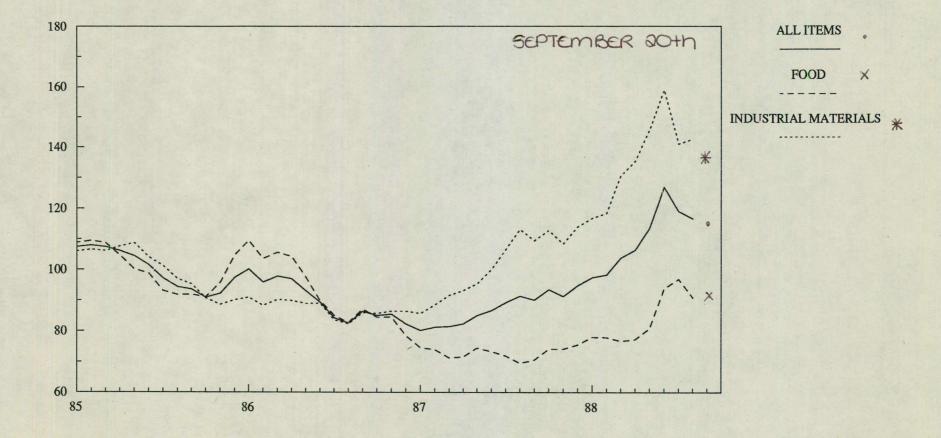
# ECONOMIST COMMODITY PRICE INDICES

1985=100

				s indices			SDR ind	ices
Annua		SDR	Dollar	Sterling	Real*	Food	Nfa**	Metals
1980		104.4	133.7	74.0	115.6	96.7	106.2	118.6
1981		99.3	115.2	73.5	105.3	93.7	104.7	106.2
1982		91.8	99.9	73.4	94.3	89.3	96.0	93.8
1982		107.2		95.7	110.4	102.0	116.6	110.1
1985			112.7	the second se		112.3	111.6	106.2
		110.3	111.5	107.2	113.1	100.0	100.0	100.2
1985		100.0	100.0	100.0	100.0			
1986		89.8	103.7	90.6	86.4	92.4	89.9	85.4
1987		87.4	111.5	87.1	82.2	73.0	103.3	100.6
Quarte	erly							
1986 (	03	84.6	100.2	86.2	81.8	85.1	85.5	83.1
	24	84.2	100.1	89.5	80.2	82.2	91.0	82.8
1987 (	Q1	81.0	100.8	83.5	76.5	73.2	95.2	84.3
(	22	84.9	108.2	84.4	80.0	73.2	102.6	92.1
(	23	90.2	113.4	90.0	83.8	70.7	111.9	108.0
	24	93.4	123.7	90.3	88.4	74.7	103.3	117.9
1988 (	and the second sec	99.8	134.6	95.9	94.6	77.6	105.5	133.4
(	22	115.5	155.7	108.8	107.6	84.0	115.1	169.1
Month	A REAL PROPERTY OF THE REAL PR							
July		89.3	111.5	88.9		71.9	109.4	104.4
August	- A CARLER A	91.4	114.2	91.8		69.6	115.0	111.7
Septen		90.1	114.5	89.3		70.7	111.4	107.9
Octobe		93.5	119.3	92.3		74.2	106.8	117.0
Novemb		91.3	121.3	88.1		74.2	101.4	113.3
Decemb		94.8	129.1	90.5		75.6	102.1	122.4
Decemi		54.0	123.1	50.5				
Januar	C Y	97.4	132.2	94.1		78.1	102.7	126.6
Februa		98.2	131.2	95.6		78.0	106.5	126.7
March		103.8	140.3	98.0		76.8	107.3	157.0
April		106.4	144.9	99.1		77.3	110.5	152.8
May		113.4	153.8	105.7		80.9	114.1	168.2
June		126.7	168.4	121.6		93.9	120.8	186.4
July		119.1	152.9	115.1		96.9	117.7	157.6
August		116.9	148.9	112.5		91.0	113.5	163.1
Weekly								
August	- 2	113.6	145.7	109.2		89.9	114.8	153.0
nugust	9	117.4	149.4	113.5	•	92.8	114.9	160.9
	16	117.4	149.4	111.5		91.4	115.0	162.4
	23	117.2	149.5	114.4		90.2	111.6	171.0
	30	117.8	149.0	114.4		90.2	111.4	168.1
	30	11/.0	120.1	113.0		30.0	111.4	
Sept	6	116.5	148.8	112.0		93.1	112.1	159.2
	13	114.9	147.2	111.2		92.1	112.1	155.4
	20(prov)	112.0	147.9	108.6		89.3	110.1	152.1
	Wei supervisio							
% ch.	on one yr	+23.5	+24.0	+20.8		+25.8	+1.0	+36.8

\* In relation to prices of manufactured exports. Recent figures are estimated. \*\* Non-food agriculturals.

# ECONOMIST SDR COMMODITY PRICE INDICES 1985 = 100



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EIGN EX		RKETS		MG E	VENING REPOR		day 23 Sep	tember 1988	3 ~~ '	
						7	change			
Previous				day		since	since Paris		and the second se	
close			opening 8.30am	close 4.00pm		Plaza	Paris	October	- 1987	
75.1		EERI	75.1	75.2		-8.3	8.8	2.2		
1.6695		\$/£	1.6660	1.6715		21.7	9.4	0.4		
3.1345 1.5131		DM/£ ECU/£	3.1299 1.5109	3.1332		-19.7	12.2	4.5		
99.7		ERI		99.7		-28.6	-4.1	-0.5		
1.8775	C	DM/\$	1.8787	1.8745		51.5	-2.6	-3.9		
134.55		ren/\$	134.65			11.4	14.2			
ct \$13.40	Nov \$13.	.55 Dec \$1	13.70 Sp	ot Brent	Oct \$13.45	Nov \$13.60	Dec \$13.7	75		
IK RESERVE	TRANSACTI	CONS (\$mill	ion)							
a) +			+			(b)		+		
	Today	This month	Total   since					Estimated  end-month	Contraction of the second second second	
i		so far	1 Apr 88					position	i	
i	19	-126	3502		Market inte	rvention		1 -117	1	
+ i	-5	a first of the second second second		0	ff-market tr	ansactions		-204		
i	14	-483	2336		TOTAL			+	†	**
÷	·		+		Net borr	owina		+======================================		distr.
								+	+ .	17
a) Spot a	nd forward	transacti	ons		Valuation c	hanges		0	the state of the second	
	one date b	hasis.						+	+	
on a d	lone date b transactio asis, as i	ons only or	n a value d figures.	то	TAL CHANGE I	On conven		I -335	1	
on a d (b) Spot date b	transactio basis, as i	ons only or in publishe	d figures.		*	On conven		-335	1	
on a d (b) Spot date b	transactio basis, as i	ons only or in publishe	ed figures.		* ivalent)	On conven		I -335	1	
on a d (b) Spot date b THER COUN	transactio basis, as i	ons only or in publishe	ed figures.	lion equ	* ivalent) -30\$	On conven	r market in Italy	I -335	1	
on a d (b) Spot date b OTHER COUN Helgium Denmark	transactio basis, as i ITRIES MARK - -	ons only or in publishe	ed figures.	<b>lion equ</b> Germany Holland	* ivalent) -30\$ -	On conven	r market ir Italy Japan	umption of tervention		- SE
on a d (b) Spot date b OTHER COUN Helgium Denmark	transactio basis, as i ITRIES MARK - -	ons only or in publishe	ed figures.	<b>lion equ</b> Germany Holland	* ivalent) -30\$	On conven	r market ir Italy Japan	I -335		SE
on a d (b) Spot date b OTHER COUN Belgium Denmark France	transactio basis, as i ITRIES MARK - - -100\$ IMENT rose in Ne	ons only or in publishe CET INTERVE	ed figures.	lion equ Germany Holland Ireland	* ivalent) -30\$ -	On conven no furthe	r market ir Italy Japan US n and a run	I -335	h. 	
on a d (b) Spot date b OTHER COUN Belgium Denmark France MARKET COM President apan on h 67. Much be M1.88 but iterling o	transactio basis, as i ITRIES MARK - - -100\$ IMENT rose in Ne had had a oliday(Aut tter than conly very pened in L	ew York las heart atta cexpected l briefly. condon look	t night des ck (quickly x).It began S durable g cing distinc	Lion equ Germany Holland Ireland pite wel denied) very fi pods ord	<pre>* ivalent) -30\$ I seen FedThe dollar rm today und er figures ( but better</pre>	On conven no furthe interventio traded very erpinned by +6.0%) help than expect	r market ir Italy Japan US n and a run steady in this weeke ed to push ed UK build		h t DM(22 the st with s of above	
on a d (b) Spot date b THER COUN elgium eenmark rance ARKET COM e dollar resident apan on h 7. Much be M1.88 but iterling o	transactio basis, as i ITRIES MARK - - -100\$ IMENT rose in Ne had had a oliday(Aut tter than conly very pened in L	ew York las heart atta cexpected l briefly. condon look	t night des ck (quickly x).It began S durable g cing distinc	Lion equ Germany Holland Ireland pite wel denied) very fi pods ord	* -30\$ - - L seen Fed. .The dollar rm today und er figures (	On conven no furthe interventio traded very erpinned by +6.0%) help than expect	r market ir Italy Japan US n and a run steady in this weeke ed to push ed UK build		h t DM(22 the st with s of above	
on a d (b) Spot date b THER COUN relgium renmark rance ARKET COM e dollar resident apan on h 7.Much be M1.88 but terling o igures fo	transactio basis, as i ITRIES MARK - - -100\$ MENT rose in Ne had had a oliday (Aut tter than conly very pened in L r August h	ew York las heart atta cumn Equinc expected L briefly. ondon look helped to e	ed figures. ENTION (\$mil at night des lock (quickly bx).It began JS durable g cing distinc encourage so	Lion equ Germany Holland Ireland of denied) of very fi oods ord tly soft	<pre>* ivalent) -30\$ I seen FedThe dollar rm today und er figures ( but better</pre>	On conven no furthe interventio traded very erpinned by +6.0%) help than expect US this af	r market ir Italy Japan US n and a run steady in this weeke ed to push ed UK build		h t DM(22 the st with s of above	
on a d (b) Spot date b THER COUN elgium eenmark rance ARKET COM e dollar resident apan on h 7.Much be M1.88 but terling o igures fo ates at 5	transactio basis, as i ITRIES MARK - - -100\$ MENT rose in Ne had had a oliday (Aut tter than conly very pened in L r August h	ew York las heart atta cumn Equinc expected L briefly. ondon look helped to e	ed figures. ENTION (\$mil at night des lock (quickly bx).It began JS durable g cing distinc encourage so	Lion equ Germany Holland Ireland of denied) of very fi oods ord tly soft	* ivalent) -30\$ - - l seen Fed. .The dollar rm today und er figures ( but better g out of the 50 Y/\$134	On conven no furthe interventio traded very erpinned by +6.0%) help than expect US this af	r market ir Italy Japan US n and a run steady in this weeke ed to push ed UK build		t DM(22 the st with s of above ties	
on a d (b) Spot date b THER COUN relgium renmark rance ARKET COM e dollar resident apan on h 7.Much be M1.88 but terling o igures fo ates at 5 ONG KONG	transactio basis, as i ITRIES MARK - - -100\$ MENT roae in Ne had had oliday(Aut tter than conly very pened in L or August h .15PM: \$1	ew York las heart atta cumn Equinc expected L briefly. ondon look helped to e	ed figures. ENTION (\$mil at night des lock (quickly bx).It began JS durable g cing distinc encourage so	Lion equ Germany Holland Ireland pite wel denied) very fi poods ord tly soft the buyin DM/\$1.87	* ivalent) -30\$ - - l seen Fed. .The dollar rm today und er figures ( but better g out of the 50 Y/\$134	On conven no furthe interventio traded very erpinned by +6.0%) help than expect US this af	r market ir Italy Japan US n and a run steady in this weeke ed to push ed UK build		t DM(22 the st with s of above ties	
on a d (b) Spot date b OTHER COUN Belgium Denmark France MARKET COM Persident apan on h 17.Much be M1.88 but iterling o igures fo	transactio basis, as i ITRIES MARK - - -100\$ IMENT rose in Ne had had a boliday(Aut tter than coliday(Aut tter than coliday (Aut tter tter than coliday (Aut tter tter tter tter tter tter tter tte	ew York las heart atta cumn Equinc expected L briefly. ondon look helped to e	ad figures. ENTION (\$mil St night des lock (quickly bx).It began US durable g cing distinc encourage so DM3.1341	Lion equ Germany Holland Ireland overy fi joods ord tly soft me buyin DM/\$1.87	* ivalent) -30\$ - - l seen Fed. .The dollar rm today und er figures ( but better g out of the 50 Y/\$134	On conven no furthe interventio traded very erpinned by +6.0%) help than expect US this af 45 Today	r market ir Italy Japan US n and a run steady in this weeke ed to push ed UK build		t DM(22 the st with s of above ties	
on a d (b) Spot date b OTHER COUN relgium renmark rance ARKET COM e dollar resident apan on h 7.Much be M1.88 but terling o igures fo ates at 5 ONG KONG ong Kong ang Seng	transactio hasis, as i ITRIES MARK - - -100\$ MENT road had a holiday(Aut tter than fonly very pened in L tr August h .15PM: \$1 dollar Index	ew York las cet INTERVE cet INTERVE weart atta umn Equino expected L / briefly. ondon look helped to e	ed figures. ENTION (\$mil st night des lock (quickly bx).It began JS durable g cing distinc encourage so 0M3.1341	Lion equ Germany Holland Ireland opite wel denied) very fi goods ord tly soft tly soft DM/\$1.87 Previous 7.8115 2455.84	* ivalent) -30\$ - - l seen Fed. .The dollar rm today und er figures ( but better g out of the 50 Y/\$134	On conven no furthe interventio traded very erpinned by +6.0%) help than expect US this af .45 Today 7.8123 2454.38	r market ir Italy Japan US n and a run steady in this weeke ed to push ed UK build ternoon.		t DM(22 the st with s of above ties	

HONEY MARKETS			Friday 23	rd September 1988
INTEREST RATES	£ Inte	erbank	Eurodol	llar
	Today	Change	Today	Change
7 days	11	-1/8	8 3/16	0
1 mth	11 9/16	-1/8	8 1/4	1/8
3 mth	12 1/8	1/32	8 5/16	1/16
12 mth	12 3/16	1/32	8 13/16	1/8
BILLS +-		-+Toda	ау	Change
3 Mont	th Treasury Bills	11 5/8 -	- 11 1/2	1/16
BANK MONEY MARKET OP	E <b>RATIONS</b> Purchases £ m	Rates	Discount Rate on El	igible Bank Bills
+- Band 1 (0-14 days)		-+	11 1/4-11	
Band 2 (15-31 days)		.+	11 9/16-1/	/2
Band 3 (32-63 days)		+		
		a second s	11 23/32-1	1/16
+-	424	111 11/16	11 23/32-1	
+- Band 4 (64-91 days)  +-		111 11/16	11 23/32-1 11 23/32-1	
	424 424	  11 11/16		
Band 4 (64-91 days)  +-		  11 11/16               Average rate of dis	11 23/32-1	
Band 4 (64-91 days) TOTAL BILLS   Repurchase   +	424	+ +     +  Average rate of dis	11 23/32-1	
Band 4 (64-91 days)  TOTAL BILLS   Repurchase   Lending	424 160	- +	11 23/32-1	
Band 4 (64-91 days) TOTAL BILLS Repurchase Lending TOTAL OPERATIONS	424 160	+ -+  Average rate of dis -+  Against shortage d	11 23/32-1	1/16
Band 4 (64-91 days) TOTAL BILLS Repurchase Lending TOTAL OPERATIONS	424 160	+ -+  Average rate of dis -+  Against shortage d	11 23/32-1 scount 11.6039% 550 m 10 yr Tsy Bond	1/16 20 yr Tsy Bond
Band 4 (64-91 days)  TOTAL BILLS   Repurchase   Lending	424 160 584	Average rate of dis Average rate of dis against shortage f against shortage f amonth CDs	11 23/32-1 scount 11.6039% 550 m 10 yr Tsy Bond	1/16 20 yr Tsy Bond

#### MARKET COMMENT

GILTS had quite a good day, with more switching longer reported.Prices actually opened easier in the exchange rate, with losses of 1/8 through the list, but they soon recovered and continued better for the rest of the day, disregarding the setback in US bonds.Prices closed with shorts up 1/8, mediums 1/4 and longs 3/8.

INDEXED LINKED overcame some hesitation to close 1/4 up.

EQUITIES were dominated by special situations with little net movement ahead of next week's trade figures. CGL dived 65 pence and now stand below Minorco's offer price.Lonrho's good run continued on news of possible management buyout or asset sales as a springboard to hamper an unwelcome takeover bid.

Peter Smith

NAME: Peter Smith TEL NO: 270 4613

GILT-EDGED MARKET			Friday 23rd	September 19
Transactions basis, cash w	values (£m); s	ales + purchases -		
ISSUE DEPARTMENT: MARKET	TRANSACTIONS		Today	September
	-	Gross sales shorts	I	50.1
		Gross sales mediums	60.8	439.2
	Gross sal	es longs and undated	35.5	604.1
	Gros	s sales index-linked	18.1	272.0
		Part paid calls	0.1	369.9
Buy	ing in non-ne	xt maturities shorts		-26.0
Buyi	ng in non-nex	t maturities mediums	-48.3	-462.0
Bu	iying in non-n	ext maturities longs	63.3	-847.8
Buying in	non-next mat	urities index-linked	-13.1	-322.1
	CRND:	Market transactions	I	-19.9
		TOTAL 'GROSS' SALES	-10.2	and the second sec
	Buying i	n of next maturities	I	4.5
		Redemptions	-0.5	-7.0
	TOTAL TRAN	SACTIONS WITH MARKET	-10.7	55.0
		Future ca	, lle	
Sales required to meet	*	target of £	m	 
				· · · · · · · · · · · · · · · · · · ·
PRICES/YIELDS OF GILT-EDGE		Yesterday's close	yesterday	e from 's close
	P	ar yield (per cent)	Price (£/32)	Yield (%
	Shorts	10.370	2	-0.02
	Mediums	10.103	3	-0.02
	Longs	9.602	1 11	-0.04

8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994 GILT FUTURES

Today		Change	Today	Change
93	2	4 [	10.39	-0.04
92	22	10	10.01	-0.05
114	21	12	9.81	-0.04
82	20	4	8.56	-0.03
98	[	10	3.90	-0.02
94	2	2	3.54	0.00

a sector sector			Open	Close	Volume
	Long Contract	December	94.04	94.19	20113
	Medium Contract	December	93.00	93.08	232
+				NAME:	Peter Smith

TEL NO:

270 4613

CH/EXCHEQUER COMMISSION 200 RUE DE LA LOI - 4 OCT 1988 L REC. 1049 BRUSSELS OF THE ACTION MR PERETZ EUROPEAN COMMUNITIES TEL: (02) 235 11 11 COPIES PS/EST SEP MIDDLETON Che President SIET BURNS Brussels. 26 September 1988 SIE G LITTLER MP SCHOLAR MR LANKESTER, MR SCHOLAR MISS O'MARA, MR GRICE MR GIEVE, MR WILLIAMS 4501 ME CROPPER Dear Nigel,

Thank you for sending me the details of your UK Ecu Treasury Bills programme, which is of great interest to me.

As you know, the Ecu, being nowhere a domestic currency, has suffered somewhat from the lack of short term debt instruments backed by a government of one of the Community countries around which an efficient money market could develop. Your programme will go a long way towards redressing this situation and is therefore particularly welcome.

If the UK programme is a success, and I have little doubt that it will prove so, it will give the Ecu the opportunity to develop into a fully-fledged intervention and reserve currency.

I share your pleasure at the evidence of the strong Community involvement in the institutions that have undertaken to provide active support at the initial series of tenders and to act as market-makers in the Bills.

I hope that your initial experience with the Ecu Treasury Bills will be satisfactory enough for you to continue them in the future, and for others to follow your example.

Sencerely yours Jacques DELORS

1.

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FOREIGN EX	CHANGE MAR	RKETS		MGEVENING	Mono	change	tember 1988	
Previous			Tor	day	\$/cu since	since	since 16	
close			opening	close	Plaza	Paris		,
			8.30am	4.00pm				
75.2		ERI	75.0	75.2	-8.3	8.8		
1.6715 3.1332		/£ M/£	1.6635 3.1315	1.666 3.1387	21.3	9.0		
1.5112		CU/£	1.5124	1.5146	-19.0	16.7	4.1	
99.7	¢	ERI		100	-28.4	-3.8	-0.2	
1.8745		M/\$	1.8825	1.884	50.8	-3.1	-4.4	
134.45	Y	en/\$	134.75	134.7	77.1	14.0	6.1	
Oct \$13.45	Nov \$13.	60 Dec \$1	13.75 Sp	oot Brent Oct \$1	13.25 Nov \$13.42	Dec \$13.5	55	
IK RESERVE	TRANSACTI	ONS (Smill	ion	÷ 4				
	. TRANSACTI	OND (Amiri						
(a) + 	+	This	Total		. (b)		++  Estimated  *	
i	Today	month	since				end-month	
1			1 Apr 88				position	
i	-11	-137	3491	Market	intervention		-128	
+	39		-1127	Off-mark	cet transactions		++	
+			++				++	
1	28		2364		TOTAL		+========+	
				Net	borrowing		-14	
a) Spot a	nd forward	transacti	ons	Valuat	ion changes		0	
on a de (b) Spot	one date b transactio	asis. ns only or			ANGE IN RESERVES	ional accu	++   -346   ++	
on a de (b) Spot	one date b transactio	asis. ns only or	a value ed figures.		* On convent		-346	
on a d (b) Spot date b	one date b transactio asis, as i	asis. ns only or n publishe	d figures.		* On convent no further		-346   +=====+	
on a d (b) Spot date b	one date b transactio asis, as i	asis. ns only or n publishe	ntion (\$mil	TOTAL CH/	* On convent no further		-346   +======+ umption of ntervention.	 Sagst
on a d (b) Spot date b OTHER COUN	one date b transactio asis, as i TRIES MARK	asis. ns only or n publishe ET INTERVE	nd figures.	TOTAL CH/ .lion equivalent	* On convent no further	market ir	-346   +=====+ umption of htervention.	 Sagst
on a d (b) Spot date b OTHER COUN Belgium Denmark	one date b transactio asis, as i  TRIES MARK +35DM	asis. ns only or n publishe ET INTERVE	d figures.	TOTAL CH/ Lion equivalent Germany -131\$ Holland -20\$	* On convent no further	Italy Japan	<pre>  -346   ++ umption of htervention23\$,+46DM,-65 -</pre>	agst
on a di (b) Spot date b OTHER COUN Delgium Denmark rance ARKET COM Australia he status aw some r ose above ounter any fter rema resent. Hou	one date b transactio asis, as i 	asis. ns only or n publishe ET INTERVE DM a very q ning follo mplying G7 titutional but then fo preciational but then fo preciation	wing the pu did not ob selling in ell back o and he sa that ther r rose to ,Canada -25 helped to e	TOTAL CH/ Lion equivalent Germany -131\$ Holland -20\$ Ireland -15\$ a g session in M blication of t ject to the cu the Far East, n remarks by Pc id G7 central e was no nee wards DM1.89 w \$ agst DM,Austr ase the upward	<ul> <li>* On convent no further</li> <li>* On opening i</li> /ul>	Italy Japan US night the inique text d of a fir n London t man moneta in the ted centr	<pre>i -346   +</pre>	sharpl t for dolla : agai was t er ros ets a ventio
on a di (b) Spot date b OTHER COUN Delgium Denmark rance ARKET COM Australia he status aw some r ose above ounter any fter rema resent. Hou	one date b transactio asis, as i 	asis. ns only or n publishe ET INTERVE DM a very q ning follo mplying G7 titutional but then fo preciational but then fo preciation	wiet tradin wing the pu did not ob selling in ell back o and he sa that ther r rose to ,Canada -25 helped to e M3.1445	TOTAL CH/ Lion equivalent Germany -131\$ Holland -20\$ Ireland -15\$ a blication of t ject to the cu the Far East. n remarks by Po id G7 central e was no nee wards DM1.89 w	<ul> <li>* On convent no further</li> <li>* On opening i</li> /ul>	Italy Japan US night the inique text d of a fir n London t man moneta in the ted centr	<pre>i -346   +</pre>	sharpl t for dolla : agai was t er ros ets a ventio
on a de (b) Spot date be OTHER COUN Belgium Benmark rance ARKET COM Australia he status aw some r ose above ounter any fter rema resent.How figures ab 25\$ agst a ates at 6.	one date b transactio asis, as i TRIES MARK +35DM -10\$ agst -30\$ MENT After a this mor guo but i modest ins DM1.885 y Mark de arks by wever as bove plus £ and -25\$ .05PM: \$1	asis. ns only or n publishe ET INTERVE DM a very q ning follo mplying G7 titutional but then fo preciational but then fo preciation	wiet tradin wing the pu did not ob selling in ell back o and he sa that ther r rose to ,Canada -25 helped to e M3.1445	TOTAL CH/ Lion equivalent Germany -131\$ Holland -20\$ Ireland -15\$ a g session in M blication of t ject to the cu the Far East, n remarks by Pc id G7 central e was no nee wards DM1.89 w \$ agst DM, Austr ase the upward DM/\$1.8810	* On convent no further of further to further to further to further the final G7 community the final G7 community	Italy Japan US night the inique text d of a fir n London t man moneta in the ted centr	<pre>i -346   +</pre>	sharp t for dolla : agai was t er ros ets a ventio
on a de (b) Spot date be OTHER COUN Belgium Benmark France ARKET COM Australia he status aw some r ose above ounter any fter rema resent.How figures ab 25\$ agst a ates at 6. ONG KONG	one date b transactio asis, as i 	asis. ns only or n publishe ET INTERVE DM a very q ning follo mplying G7 titutional but then fo preciational but then fo preciation	wiet tradin wing the pu did not ob selling in ell back o and he sa that ther r rose to ,Canada -25 helped to e M3.1445	TOTAL CH/ Lion equivalent Germany -131\$ Holland -20\$ Ireland -15\$ a g session in M blication of t ject to the cu the Far East, n remarks by Pc id G7 central e was no nee wards DM1.89 w \$ agst DM,Austr ase the upward DM/\$1.8810 Previous 7.8123	<ul> <li>* On convent no further</li> <li>* On further</li></ul>	Italy Japan US night the inique text d of a fir n London t man moneta in the ted centr	<pre>i -346   +</pre>	sharp t for dolla : agai was t er ros ets a ventio
on a da (b) Spot date b OTHER COUN Delgium Denmark rance ARKET COM Australia he status aw some r ose above ounter any fter rema resent. How figures at 25\$ agst f ates at 6. ONG KONG ong Kong C ang Seng 1	one date b transactio asis, as i 	asis. ns only or n publishe ET INTERVE DM a very q ning follo mplying G7 titutional but then f preciation Tietmeyer the dolla Swiss -30\$ agst DM) .6717 D	wing the pu did not ob selling in ell back o and he sa that ther r rose to ,Canada -25 helped to e M3.1445	TOTAL CH/ Lion equivalent Germany -131\$ Holland -20\$ Ireland -15\$ a blication of t ject to the cu the Far East. n remarks by Po id G7 central e was no nee wards DM1.89 w \$ agst DM,Austr ase the upward DM/\$1.8810 Previous 7.8123 2454.38	<ul> <li>* On convent no further</li> <li>* On further</li></ul>	Italy Japan US night the inique text d of a fir n London t man moneta in the ted centr	<pre>i -346   +</pre>	sharpl t for dolla : agai was t er ros ets a ventio
on a da (b) Spot date b OTHER COUN Delgium Denmark rance ARKET COM Australia he status aw some r ose above ounter any fter rema resent. How figures at 25\$ agst f ates at 6. ONG KONG ong Kong C ang Seng 1	one date b transactio asis, as i 	asis. ns only or n publishe ET INTERVE DM a very q ning follo mplying G7 titutional but then f preciation Tietmeyer the dolla Swiss -30\$ agst DM) .6717 D	wiet tradin wing the pu did not ob selling in ell back o and he sa that ther r rose to ,Canada -25 helped to e M3.1445	TOTAL CH/ Lion equivalent Germany -131\$ Holland -20\$ Ireland -15\$ a blication of t ject to the cu the Far East. n remarks by Po id G7 central e was no nee wards DM1.89 w \$ agst DM,Austr ase the upward DM/\$1.8810 Previous 7.8123 2454.38	<ul> <li>* On convent no further</li> <li>* On further</li></ul>	Italy Japan US night the inique text d of a fir n London t man moneta in the ted centr	<pre>i -346   +</pre>	sharpl t for dolla : agai was t er ros ets a ventio

SECRET

•		SECRE	ET	
MONEY MARKETS			Monday 26	th September 1988
INTEREST RATES				
and a second	f Inte		Eurodo	
	Today	Change	Today	Change
7 days	10 5/8	-3/8	8 1/4	
1 mth	11 1/2	-1/16	8 1/4	· · · · · · · · · · · · · · · · · · ·
3 mth	12	-1/8	8 5/16	-1/16
12 mth	12 1/16	-1/8	8 3/4	++
BILLS		Toda	ау	Change
3 Mor	nth Treasury Bills	11 9/16	- 11 5/16	-3/16
BANK MONEY MARKET OF		+		
BANK HONET HARKET OF	Purchases £ m	Rates	Discount Rate on E	ligible Bank Bills
Band 1 (0-14 days)		+	11 1/8-10	+
Band 2 (15-31 days)		+	11 9/32-7	+
Band 3 (32-63 days)		+	11 5/8-19	+
Band 4 (64-91 days)		÷	11 11/16-	+
TOTAL BILLS	0	÷	+	+
Repurchase	121	+  Due 30 September a	t 10 7/16-5/8%	
Lending		+ 		
TOTAL OPERATIONS	121	+  against surplus ==	£ 150 m	
		+		
			40 T David	20 up Tay Band
US RATES		+	10 yr Tsy Bond +	20 yr Tsy Bond ++   9.06 0.01
	Today/Change	8.18 0.03	+	÷÷
STOCK MARKET		FI Ind-Ord	FTSE	Gilt index ++
	Today/Change	+	+	87.43 0.18   ++
MARKET COMMENT GILTS opened unchar improving best in lo the pound still soft and shorts improved, 3/16-1/4 firmer, med	ongs. Shorts remain . This afternoon, . too, as money rat	ed subdued with dep however, as the pour es softened. The mai	osit rates stubborn nd improved, the ra rket closed with sh	ly firm and lly continued
INDEX-LINKED closed				
EQUITIES most sector investors sidelined.	ors have been becal Gold took another	med ahead of tomorro tumble following l	ows trade figures w ast weeks crude sli	ith many de.
			C	in Darge

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NAME: Carl Davey TEL NO: 270 4613

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GILT-EDGED MARKET					Monday 26th	September 1
Transactions basis, cash values	(£m); s	ales + purcha	ses	-		
ISSUE DEPARTMENT: MARKET TRANSAC	TIONS				Today	September
		Gross sales	s sh	orts	3.4	53.
		Gross sales	med	iums	25.6	464.
Gro	oss sal	es longs and	und	ated	35.7	639.
	Gros	s sales index	(-li	nked	49.0	321.
		Part pai	id c	alls	+	369.
Buying in	non-ne	ext maturities	s sh	orts	-3.5	-29.
Buying in r	non-nex	t maturities	med	liums	-24.7	-486.
Buying ir	n non-n	ext maturitie	es l	ongs	-55.3	-903.
Buying in non-ne	ext mat	urities index	(-li	nked	-21.6	-343
	CRND:	Market trans	act	ions	-11.5	-31
		TOTAL 'GROSS	5' S		-2.9	A REAL PROPERTY OF A REA
Bu	uying i	n of next mat	uri		+======================================	4
		Rede	empt	ions	+   -0.1	-7
тот	AL TRAN	SACTIONS WITH	MA		-3.0	
		target of	£		m	 +=========
PRICES/YIELDS OF GILT-EDGED STOCH	ks				Change	e from
PRICES/YIELDS OF GILT-EDGED STOC	ks	Yesterday's c	los	.e	Chang yesterda	y's close
	KS	Yesterday's c ar yield (per	ce	eent)	Chang yesterda Price (£/32)	y's close Yield
Sho	KS P orts	Yesterday's c ar yield (per 	ce	eent)	Chang yesterda Price (£/32)	y's close Yield 
Sho	KS P orts diums	Yesterday's c ar yield (per 	ce ce 4   50	eent)	Chang yesterda Price (£/32) 5 6	y's close Yield 
Sha Mea Lor	KS P orts	Yesterday's c ar yield (per 1 10.34 1 10.06	ce ce 4   50   57	ee ent)	Chang yesterda Price (£/32) 5 6 1 6	y's close Yield   -0.0   -0.0
Sho	KS P orts diums	Yesterday's c ar yield (per 1 10.34 1 10.06 9.55 • Price	ce ce 4   50   57   ce (£	e nt)	Chang yesterda Price (£/32) 5 6 6 1 10 Yield (p	y's close Yield 
Sho Med Lor REPRESENTATIVE STOCKS	KS P orts diums	Yesterday's c ar yield (per 1 10.34 1 10.06 1 9.55 	clos ce +4   + 57   + • (£	e ent) :/32) Change	Change yesterda Price (£/32) 5 6 1 6 10 Yield (pu Today	y's close Yield 0.0 0.0 0.0 0.0 0.0 Change
Sha Mea Lor REPRESENTATIVE STOCKS 8% Treasury 1992	KS P orts diums	Yesterday's c ar yield (per 1 10.34 1 10.06 9.55 Price Today 93	clos ce +4   50   ++ 57   ++ 6   ++	ee ent) :/ <b>32)</b> Change	Chang yesterda Price (£/32) 5 6 1 6 1 10 Yield (pr Today 1 10.35	y's close Yield -0.0 -0.0 -0.0 -0.0 Change -0.0
Sho Med Lor REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C'	KS P orts diums	Yesterday's c ar yield (per 1 10.34 1 10.06 9.55 Price Today 93 92 3	clos ce +4   50   57   57   57   57   57   57   57   50   50   50   50   50   50   50   50	e ent) :/32) Change 4 8	Change yesterda Price (£/32) 5 6 1 6 10 Yield (P Today 10.35 9.96	y's close Yield -0.0 -0.0 -0.0 er cent) Change -0.0 -0.0
Sho Mec Lor REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07	KS P orts diums	Yesterday's c ar yield (per 10.34 10.06 19.55 Price Today 193 192 3 1114 3	clos ce 44   60   57   57   6   6   50   50   50   50	e ent) (/32) Change 4 8 9	Change yesterda Price (£/32) 5 6 10 10 Yield (pe Today 10.35 9.96 9.78	y's close Yield -0.0 -0.0 -0.0 -0.0 Change -0.0 -0.0
Sho Med Lor REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992	KS P orts diums	Yesterday's c ar yield (per 1 10.34 1 10.06 9.55 Price Today 93 92 3 1 92 3 1 114 3 1 82 2	clos ce 44   50   57   6   6   50   50   50   50   50   50   50   50	e int) (/32) Change 4 8 9 0	Chang yesterda Price (£/32) 5 6 1 0 Yield (p Today 1 10.35 9.96 9.78 8.57	y's close Yield -0.0 -0.0 -0.0 Change -0.0 -0.0 -0.0 -0.0
Sho Med Lor REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	KS P orts diums	Yesterday's c ar yield (per 1 0.34 1 10.06 9.55 Price Today 93 93 92 3 1 114 3 1 82 2 98	clos ce 44   60   57   57   6   6   50   50   50   50	e mt) (/32) Change 4 8 9 0 4	Change yesterda Price (£/32) 5 6 10 10 Yield (P Today 10.35 9.96 9.78 8.57 3.90	y's close Yield -0.0 -0.0 -0.0 change -0.0 -0.0 -0.0 0.0 0.0
Sho Med Lor REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	KS P orts diums	Yesterday's c ar yield (per 1 10.34 1 10.06 9.55 Price Today 93 92 3 1 92 3 1 114 3 1 82 2	clos ce 44   50   57   6   6   50   50   50   50   50   50   50   50	e int) (/32) Change 4 8 9 0	Chang yesterda Price (£/32) 5 6 1 10 Yield (p Today 10.35 9.96 9.78 8.57 1 3.90	y's close Yield -0.0 -0.0 -0.0 change -0.0 -0.0 -0.0 0.0 0.0
Sho Med Lor REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	KS P orts diums	Yesterday's c ar yield (per 1 0.34 1 10.06 9.55 Price Today 93 93 92 3 1 114 3 1 82 2 98	clos ce 44   50   57   6   6   50   50   50   50   50   50   50   50	e int) (/32) Change 4 8 9 0 4 4 -2	Change yesterda Price (£/32) 5 6 10 10 Yield (P Today 10.35 9.96 9.78 8.57 3.90	y's close Yield ( -0.0 -0.0 -0.0 -0.0 Change -0.0 -0.0 -0.0 -0.0

NAME: Ca TEL NO: 27

Carl Davey 270 4613

LAWSON LIFTS LIMITS ON FOREIGN STG BOND ISSUES NRDT WEST BERLIN, SEPT 26, REUTER - THE LIMIT ON INDIVIDUAL OVERSEAS ISSUES IN THE STERLING BOND MARKET HAS BEEN ABOLISHED,

U.K. CHANCELLOR OF THE EXCHEQUER NIGEL LAWSON SAID. IN LONDON A TREASURY SPOKESMAN NOTED THERE WAS ALREADY NO LIMIT FOR FOREIGN CORPORATE BORROWERS IN THE DOMESTIC STERLING MARKET, BUT A LIMIT HAD PREVIOUSLY BEEN IMPOSED FOR FOREIGN SOVEREIGN BORROWERS. ISSUES BY FOREIGN BORROWERS IN THE DOMESTIC STERLING MARKET ARE KNOWN AS BULLDOG BONDS. LAWSON TOLD A FRINGE RECEPTION AT THE INTERNATIONAL

LAWSON TOLD A FRINGE RECEPTION AT THE INTERNATIONAL MONETARY FUND (IMF) MEETING IN WEST BERLIN THAT THE LIMIT, RAISED TO 200 MLN STG LAST YEAR, WOULD HENCEFORTH BE ABOLISHED. AAMM 1454 FRENCH 13-WEEK T-BILL AVERAGE RATE FALLS TO 7.25 PCT FROM 7.32 PCT--TREASURY P

REUTER MONITOR 1400

REUTER MONITOR

LAWSON LIFTS LIMITS ON FOREIGN STG BOND ISSUES -PART 2 NRFJ THE BANK OF ENGLAND LATER SAID THE 200 MLN STG LIMIT WAS BEING ABOLISHED ON ALL FOREIGN SOVEREIGN OR QUASI-SOVEREIGN ISSUES, INCLUDING ANY IN THE EUROSTERLING BOND MARKET.

WITH THE U.K. GOVERNMENT RUNNING A LARGE BUDGET SURPLUS AND THEREFORE NOT ISSUING MANY NEW BONDS, THE MOVE WILL ALLOW OVERSEAS SOVEREIGN BORROWERS TO PROVIDE MORE LIQUIDITY TO THE STERLING BOND MARKET, BANKERS SAID.

THE LIMIT HAD BEEN INTENDED TO KEEP SUCH TOP-QUALITY BORROWERS FROM LURING FUNDS AWAY FROM U.K. CORPORATE BORROWERS, GOVERNMENT OFFICIALS SAID. "THE FEELING IS THAT NOW THE MARKET IS RESILIENT ENOUGH TO ACCOMMODATE ALL OF THIS," ONE NOTED. 26-SEP-1411. MON617 MONJ CONTINUED FROM - NRDT ENDS

1400

With all's

A, B, C, Cii, All Po's

				S I	ECRET		
FOREIGN EX	KCHANGE MA	RKETS		MG EVEN)	%ch	ay 27 Sept ange rency	ember 1988
Previous close			Tod opening 8.30am	lay close 4.00pm	since Plaza	since Paris	since 16 October 1987
75.2 1.6660 3.1387 1.5146		£ERI \$/£ DM/£ ECU/£	75.4 1.6740 3.1475 1.5162	1.6777	-7.8 22.1 -19.2	9.4 9.8 13.0	0.8
100 1.8840 134.70		\$ERI DM/\$ Yen/\$	- 1.8802 134.55	99.7 1.8802 134.47	-28.6 51.1 77.4	-4.1 -2.9 14.2	
Oct \$13.25	5 Nov \$13	.42 Dec \$	13.55 Sp	ot Brent Oct	\$12.70 Nov \$12.82	Dec \$12.92	
UK RESERVE	E TRANSACT	IONS (Smil)	lion)				
(a) +	Today	This   month   so far	Total since 1 Apr 88		(b)		Estimated  * end-month  position
1	108	and the second se	3599	Mar	ket intervention	ļ	-20

100 1.8840 134.70	C Y	SERI DM/\$ Yen/\$	1.8802 134.55		-28.6 51.1 77.4	-4.1 -2.9 14.2	-4.2 6.2	
Oct \$13.2	5 Nov \$13.	42 Dec \$1	13.55 S	pot Brent Oct \$	12.70 Nov \$12.82	Dec \$12.9		
UK RESERV	E TRANSACTI	ONS (Smill	ion)					
(a)	I		Total since 1 Apr 88		(b)		++  Estimated   end-month   position   ++	*
			3599	Marke	t intervention		-20	
	6	-312	-1121	Off-mar	ket transactions		-206	
	114	-341			TOTAL		-226	
				Ne	t borrowing		-14	
	and forward done date b		ions	Valua	tion changes		0	
	done dute t			TOTAL CH	ANGE IN RESERVES		-240	
date	transactic basis, as i	n publishe	d figures.		* On conventi no further			
Belgium	NIKIES MARK	EI INIEKVI	ENITON (SHI	Germany -		Italy		
Denmark				Holland -		Japan		
France	-			Ireland -		US	-	
intervent sterling. Sterling close).In expected statement than expe DM3.16 bu	around DM1 ion.Trading closed in M early Lond August trad after the cted C/A de t towards 1	y was quiet New York La Non trading Ne figures Ir publicat eficit of a the close of	t in the Fa ast night a g today ste were about tion caused £1.31 and a some profit	r East.Today th t DM3.1469 (nea rling continued to <sup>®</sup> published b some concern a T/A deficit of taking caused	sterday afternoon c e dollar was very s rly 1 pfennig up on to firm as optimis ut a rumour that th nd sterling eased a £1.81 serling rose it to close off its Y/\$134.40	teady with its prev m grew th e Chancel s a result reaching highs.	th the main in nat better the lor would re t.Following highs of \$7	focus on elease a better 1.682 and

HONG KONG	<b>Previous</b> (23.9.88)	Today	Change	
Hong Kong dollar	7.8123	7.8118	0.0005	
Hang Seng Index	2454.38	2466.27	11.89	
3 month interbank rate	8 3/8%	8 7/16%	UP 1/16%	
Chris Bailey			I.C.Polin	

SECRET



			Tuesday 27	th September 1988		
MONEY MARKETS Interest rates			Tuesday 21	th September 1900		
	f Interbar		Eurodol	odollar		
	Today	Change	Today	Change		
7 days	11 1/4	5/8	8 5/16	1/16		
1 mth	11 11/16	3/16	8 1/4	0		
3 mth	11 15/16	-1/16	8 3/8	1/16		
12 mth	11 13/16	-1/4	8 7/8	1/8		
BILLS		Todi	ау	Change		
3 Mor	hth Treasury Bills	11 1/2	- 11 1/4	-1/16		
		+		+		
BANK MONEY MARKET OF			Discount Data on El	isible Bank Bills		
Band 1 (0 1/ days)	Purchases £ m	Rates	Discount Rate on El	+		
Band 1 (0-14 days)		 +	11 5/8-9/1	+		
Band 2 (15-31 days) Band 3 (32-63 days)		 +'	11 5/8-9/1	+		
Band 4 (64-91 days)		 +	11 5/8-11/	+		
TOTAL BILLS		! +		+		
Repurchase		+				
Lending		+				
TOTAL OPERATIONS		 +  flat position	£ m			
	+==========					
US RATES		+	10 yr Tsy Bond	++		
	Today/Change	+	+	++		
STOCK MARKET		+	+	++		
	Today/Change	1459.1 12.6 +	1808.0 15.3 +	87.76 U.33		
STOCK MARKET MARKET COMMENT GILTS opened a littl intention to make a softer and longs 1/3 trade figures brough were taken.The after the US and a little	statement on the t 8 softer.By mid-mor ht an immediate imp rnoon market advanc from Japan as well	ing on nervousness rade figures.Shorts ning, conventionals rovement, by around ed furtherwith ster as keen interest f	were unchanged, me were 1/8 easier the 5/8 in Longs, before ling.Good demand wa rom the building so	Gilt index Gilt index 87.76 0.33 4 5 5 6 6 7 6 7 7 8 7 8 7 8 7 9 9 1/16 1/1		
demand concentrated best the market was with gains of 3/4 in INDEXED LINKED open	almost a point bet n shorts , and 5/8	ter throughout the in mediums in mediu	list before subsidings and longs.	d the rest.At ng to close		
EQUITIES started slo trade figures.The co andthe market race	urrent account defi	cit of 1.313 bn was	much better than e	xpected and		
			NAME :	Peter Smith Pet		

GILT-EDGED MARKET					Tuesday 27th	September-19	
Transactions basis, cash va	alues (£m); s	ales + pur	chases	5 -			
ISSUE DEPARTMENT: MARKET TI	RANSACTIONS				Today September		
		Gross sa	les si	norts	10.0	63.5	
		Gross sal	es med	diums	54.6	519.4	
	Gross sal	es longs a	ind und	dated	*************	706.0	
	Gros	s sales in	dex-l	inked	+	373.8	
		Part	paid o	calls	÷	369.9	
Buy	ing in non-ne:			al and a start of the	-6.4	+	
	ng in non-nex				+	-544.1	
	ying in non-ne				+	-996.0	
	non-next mat				+	-359.2	
		Market tr		and the second	-1.0	÷	
		TOTAL 'GR			10.4	+	
	Buyina i	n of next			+===============		
	,		edempt	- 24 - 42 - 1234	+	-7.2	
	TOTAL TRANS			a state of the second	8.3	÷	
Sales required to meet	*	target o	of i	Future calls	n		
	D STOCKS			د 	n Change	e from y's close	
Sales required to meet PRICES/YIELDS OF GILT-EDGED	D STOCKS	Yesterday'	s clos	se	n Chang yesterda	y's close	
	D STOCKS	Yesterday' ar yield (	s clos	se ent)	n Chango yesterda Price (£/32)	<b>y's close</b> Yield (%)	
	D STOCKS Pa Shorts	Yesterday' ar yield ( 	s clos per ce	se ent)	Change yesterday Price (£/32)	y's close Yield (%) 	
	D STOCKS Pa Shorts Mediums	Yesterday' ar yield ( 1 10 1 10	s clos per ce .284	se ent)	Chang yesterda Price (£/32) 17 24	y's close Yield (%)   -0.14   -0.12	
	D STOCKS Pa Shorts	Yesterday' ar yield ( 1 10 1 10	s clos per ce	se ent)	Change yesterday Price (£/32)	y's close Yield (%)   -0.14   -0.12	
	D STOCKS Pa Shorts Mediums	Yesterday' ar yield ( 1 10 1 10 1 9	s clos per ce .284 .017	se ent)	Chang yesterda Price (£/32) 17 24	y's close Yield (%)   -0.14   -0.12   -0.06	
PRICES/YIELDS OF GILT-EDGEN	D STOCKS Pa Shorts Mediums	Yesterday' ar yield ( 1 10 1 10 1 9	s clos per co 2.284 0.017 0.503	se ent)	Change yesterday Price (£/32) 1 17 24 1 24	y's close Yield (%)   -0.14   -0.12   -0.06	
PRICES/YIELDS OF GILT-EDGEN	D STOCKS Pa Shorts Mediums	Yesterday' ar yield ( 1 10 1 10 1 9 +	s clos per co 2.284 0.017 0.503	se ent) (/32) Change	Price (£/32) Price (£/32) 17 24 19 Yield (po Today	y's close Yield (%) -0.14 -0.12 -0.06 er cent) Change	
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TEL NO:

Peter Smi 270 4613

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THE GOVERNOR'S PRIVATE SECRETARY HO-P THE DEPUTY GOVERNOR'S PRIVATE SECRETARY HO-P MR LOEHNIS HO-P MR GEORGE HO-P MR W A ALLEN HO-P MR ALTHAUS HO-G MR A F BUSHELL HO-4 MR CHARKHAM HO-4 MR T A CLARK HO-M MR COLEBY HO-P MR FOOT HO-2 MR GILL HO-3 MR GREEN HO-3 MR J G HILL HO-G MR LATTER HO-2 MR KIRBY HO-3 MR PLENDERLEITH HO-P MR PRICE HO-3 MR SMEETON HO-2

MR TOWNEND HO-P MR WARLAND HO-1 MR ARROWSMITH HO-3 MR BAILEY HO-2 MISS C M BALFOUR BB-4 MR SAGAR HO-3 MR BRIAULT/ MR M E F JONES HO-G MR CARTER HO-M MR COLLINS HO-M MR DE HOEST HO-4 MR DORRINGTON HO-4 MR G I EVANS HO-2 MR EXETER HO-2 MISS T A GRAY HO-4 MISS HOPKINSON HO-3 MR ILES HO-3 MR JENKINSON HO-2 MR M R LEWIS HO-3 MS M V LOWTHER HO-G LORD RICHARDSON PADS MR MCCONNACHIE HO-G MR MIDGLEY HO-4

MR C M MILES HO-2 MR MILNE HO-G MR MORTIMER-LEE HO-G MR PAGE HO-2 MR I D SAVILLE HO-2 MRS SERGEANT HO-3 MR SHEPPARD HO-4 MS STONEFROST HO-M MR THORP BB-1 HO-2 MR URWIN MR R G WARE HO-3 MR R P WEBSTER HO-3 MR P A D WRIGHT HO-4 DEALERS GIMLET HO-2 GROUP 9, ID HO-2 GROUP 11, ID HO-2 GROUP 12, BSD HO-2

#### US FINANCIAL DEVELOPMENTS

The latest weekly summary of developments in monetary policy and the financial markets is attached.

International Division Group 1, HO-3 27 September 1988

R T Thorne (4385)

#### MMARY: 19-25 SEPTEMBER

- Last Saturday's G7 meeting resulted in no new policy initiatives, but will have satisfied US participants as they try to keep markets calm in the run-up to the Presidential election. The meeting's communique contained a thinly veiled call for the US to tackle its budget deficit after the election.
- The communique reaffirmed the commitment to exchange rate stability, but omitted a more detailed remark contained in the previous two summit communiques about exchange rate fluctuations. It was apparently felt that the remark had been misunderstood by some in the market after the Toronto summit as implying that the authorities would be content with a dollar rise. Officials emphasised that there was no policy significance in the changed language. Nevertheless the omission still raised a little speculation that there was a weakening in resolve to stabilise the dollar.
- US official reserves rose \$3.90 bn to \$47.78 bn in August, indicating heavy intervention.
- The FOMC is thought to have left policy unchanged at its meeting last week, but retained a predisposition towards tightening rather than easing in future. The minutes of the August meeting show that the Fed took a similar position then, but with one member dissenting on the side of tighter policy. The FOMC appears to be ready to place a little more emphasis on monetary aggregates when setting policy in future, following the suggestion of several members.
- Interest rates rose by about 5 bp last week in quiet trading before the G7 meeting, following a higher than expected durable goods orders figure and amid concern about the market's ability to absorb this week's note auctions.
- Discount window borrowing rose sharply last week as a seasonal increase in Treasury balances at the Fed exerted pressure on reserves. Analysts saw no indication in the figures of a change in Fed policy.



## (a) G7 meeting

1 As expected, the G7 meeting in West Berlin last Saturday resulted in <u>no new policy initiatives</u> and left exchange rate policy unchanged. This outcome will have satisfied the US participants, as their main aim was to keep policy stable to try to retain the current calmness in financial markets in the run-up to the Presidential election. Newly-appointed Treasury Secretary Nicholas Brady apparently kept a low profile at the meeting, letting the more experienced Fed Chairman Greenspan take the lead for the US.

2 The G7 communique said that the meeting participants "re-affirmed their commitments to pursue policies that will maintain exchange rate stability and to continue to co-operate closely on foreign exchange markets". However, the communique omitted the remark made after the last two summits that "either excessive fluctuation of exchange rates, a further decline of the dollar, or a rise in the dollar to an extent that becomes destabilising to the adjustment process, could be counterproductive". The omission apparently did not indicate any change in policy, but when the remark had been repeated at last June's Toronto summit, with its implication that a dollar rise was still regarded as less serious than a dollar fall despite the dollar's firmness already during the year, it had been misinterpreted by some in the market as a sign that the authorities would be content with a dollar rise. To avoid a similar misinterpretation, the statement was left out this time.

3 Nevertheless, the omission, combined with a failure to replace the remark with any similar remark warning against excessive exchange rate fluctuations, apparently raised concern among some officials that the market might see in this some weakening of resolve to stabilise the dollar. The strength of the dollar on Monday may have been partly due to such a perception. However, the obvious alternative to omission, namely a remark expressing equal concern about a dollar rise or fall, might itself have been interpreted by the market as a definite change in Fed policy and provoked a dollar fall, and this possibility may have influenced officials to leave out the statement altogether. One official also said that the communique was vaguely worded to hide differences between countries. Following the meeting, officials from the US and from other countries were at pains to point out that there was <u>no policy significance in the changed language</u> and that their earlier exchange rate stabilisation agreement was unchanged.

4 There is widespread market speculation that the G7's range for the \$/DM rate currently has an upper bound of DM 1.90 and US officials reportedly indicated that such speculation was reasonable. <u>Intervention tactics</u> are said to have been discussed in private talks at the weekend between Greenspan and Bundesbank President Poehl. Both countries were said to be standing by to resist further upward pressure on the dollar and were apparently part of the joint intervention on Monday after the rate rose to DM 1.89 at one point.

5 Apart from its comments on the exchange rate, the G7 communique presented a buoyant picture of the world economy, with economic growth and investment strong, and little evidence of an inflationary threat following the recent tightening by several countries, although "continued vigilance is required" on that score. In a thinly veiled reminder that the US will need to confront its <u>budget deficit</u> problem after the election, the communique said that "where external and budget deficits are still large the strengthening of the fiscal position will be essential". Surplus countries were urged to encourage strong domestic demand.

#### (b) Official reserves

6 US official reserves rose \$3.90 bn to \$47.78 bn in August, following a \$2.85 bn rise in July. The foreign currency component of reserves rose by \$3.96 bn, an almost identical figure to the total rise, and now stands at \$18.02 bn, thus indicating heavy intervention, especially as the dollar's slight appreciation during the month will have tended to reduce the dollar value of those reserves.

2

#### (c) Domestic policy

7 The FOMC is thought to have left its <u>policy stance unchanged</u> at its meeting last week, as economic data showed signs of slower GNP growth in August, and committee members may well wish to hold policy steady for a while while the effects of the tightening earlier this year work their way through the economy. Nevertheless, the Fed is likely to have indicated again a predisposition towards tightening rather than easing in the light of future developments.

8 The minutes of the previous FOMC meeting on 16 August were released last week and as expected show that it voted to maintain steady policy, but with a predisposition towards tightening rather than easing. Cleveland Fed President Lee Hoskins dissented, though, favouring instead an immediate tightening. One reason given for holding policy steady was that the financial markets did not appear to have fully adjusted to the discount rate rise on 9 August, and it was also felt that further tightening might unsettle the markets or push the dollar up to an undesirable level.

9 At the August meeting, several members felt that the <u>monetary</u> <u>aggregates</u> should be given more weight in policy decisions, although the FOMC decided that more time was still needed to assess M2's reliability as an indicator and that economic indicators of inflationary pressures should still be the most important factor in decisions. Accordingly, the policy directive issued to the New York Fed at the end of the meeting moved "the behaviour of the monetary aggregates" above "developments in foreign exchange and domestic financial markets" in the list of factors to be taken account of in setting policy in the inter-meeting period.

#### MONEY

10 M3 rose by a moderate 0.1% and M2 rose even more modestly in the week ending 12 September, following similarly small changes in the week before. M1 fell by 0.1%, despite a consensus market forecast of a 0.2% rise. M2 and M3 thus remain well within their target ranges, having experienced slow growth over the last few months, partly because of the effects of the rise in interest rates over that period.

#### RESERVES

11 Average adjustment and seasonal borrowing from the Fed's discount window rose \$688 mn to \$1,240 mn in the week ending The sharp increase in borrowing seems to have been 21 September. due to technical factors rather than any tightening of policy. Indeed, policy is widely thought to be being held steady at present. Reserves had been drained last week by an increase in Treasury balances at the Fed to an average of \$9 bn over the week, compared with \$5 bn the week before. The Fed aggressively added reserves throughout the week via system repos on almost every day, and by the end of the week no less than \$17 bn in system repos was outstanding. However, a large net miss in their reserve projections on the Friday, when they underestimated Treasury balances, will have added to the reserve pressures. Treasury balances on Wednesday jumped to \$19 bn, causing discount window borrowing of \$5.3 bn and pushing the Fed funds rate up to 20% at one point.

12 Despite the heavy borrowing, the Fed funds rate averaged 8.17% during the week, very close to the perceived Fed target of 8 1/8%. The Fed's discount window borrowing target is seen as being \$600 mn.

### MARKET DEVELOPMENTS (19-23 September)

13 Treasury interest rates rose by about 5bp last week in quiet trading last week as traders waited for the G7 meeting and, a little further in the future, the September employment figures to be released next week. The higher than expected rise in durable goods orders in August and concern about the need for the market to absorb this week's note auctions contributed to the rise. Weakness in gold and other commodity prices partially counterbalanced these factors. The dollar was fairly stable over the week as dealers generally kept square positions, but it briefly tested DM 1.88 and was pushed back by mild Fed intervention.

# TREASURY AUCTIONS

Monday	26 September	Auction of \$14.0 bn of three- and six-month bills, raising \$900 mn of new cash.
Auction of \$1 comprising:	5.75 bn, involving a	\$1.725 bn net paydown, and
Tuesday	27 September	Auction of \$8.75 bn of two-year notes
Wednesday	28 September	Auction of \$7 bn of four-year notes

# ECONOMIC INDICATORS

Friday	30 September	Leading indicators; August Home sales; August
Monday	3 October	Factory orders; August
Thursday	6 October	Consumer credit; August
Friday	7 October	Employment and unemployment; September
Wednesday	12 October	Retail sales; September
Thursday	13 October	Merchandise trade; August Industrial production; September Business inventories; August
Friday	14 October	Producer price index; September

## OTHER DATES

Monday 10 October

Columbus Day holiday

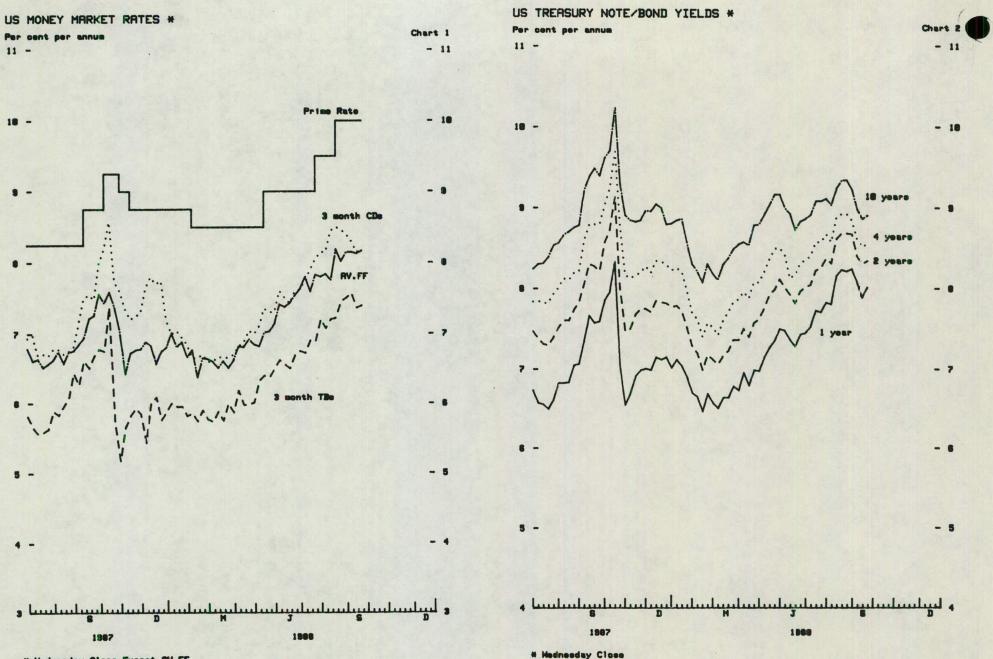
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# US: MONEY AND BANKING STATISTICS

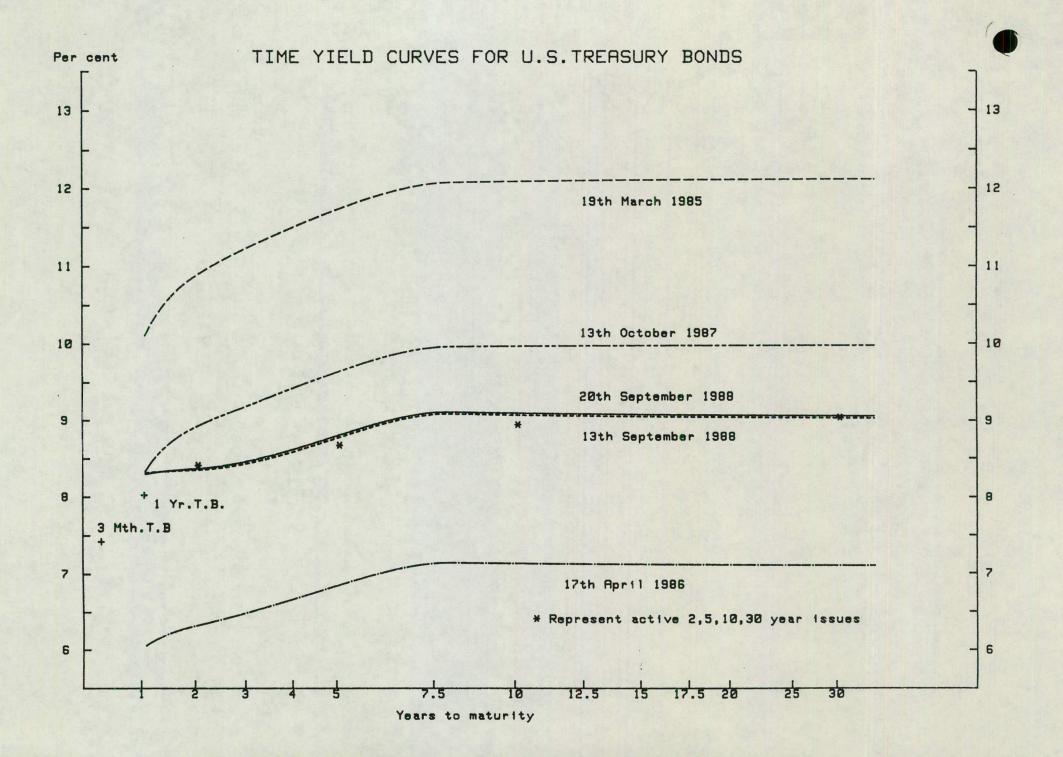
1 MONETARY AGGREGATES	Level (\$ bn)	Change in Latest w month	Contraction of the second s	ous	<pre>% change Latest 4 Previous 4 weeks</pre>	(ar) weekly average weeks end 13 weeks	ed tai	rget Se	target ran % growth	
M1 (12. 9.88)	782.1	- 1.0	+ 0.4		+ 1.3	+ 6.0	+ 5	5.0		
	3,037.1		+ 1.6		+ 3.9	+ 3.1	+ (		4-8	3013.4-3129.3
	3,353.4		- 0.1		+ 9.5	+ 6.5	+ (		4-8	3799.4-3945.6
Credit Aggregate (June) {	8,543.2	+54.7	+58.8		+ 7.9	+ 8.5	+ 9	9.3	7-11	8814.9-9144.4
2 FINANCIAL STATISTICS	I		nge in level atest week		) ous week	<pre>% Change (ar) Latest 4 we Previous 4 weeks</pre>	ekly average ov 4 weeks ende 13 weeks ago	ed		
Business loans# (14. 9.8	88	296.6	-0.4	+0	.1	-10.8	- 3.8			
Commercial Paper (14. 9			-5.3	-3		+ 3.1	+ 5.7			
Money Market										
Mutual Funds (21. 9	9.88)	267.2	+0.7	-0	.3	+ 1.5	0.0			
		TWO WEEK	PERIOD TO 2	L SEPTE	MBER		LATEST WEEK	TO 21 SEPTER	MBER	
3 RESERVES		Level (\$	mn) Change Latest account period		el (\$ mn)		Level ( <b>\$</b> mn)	Changes in Level Lates Week	st	
Discount window borrowing of which adjustment and	9	2,971	- 122				2,911	- 120		
seasonal borro	owing	896	+ 285				1,240	+ 688		
extended cred		2,075	- 407	5.4 % N.			1,671	- 808		
Net free (borrowed) rese	rves	(101)	- 589							
								Target bas M2 20 M3 30	897.5	Q4 averaqes)
# Major commercial banks	S						Credit ad	gregate 823	8.2	

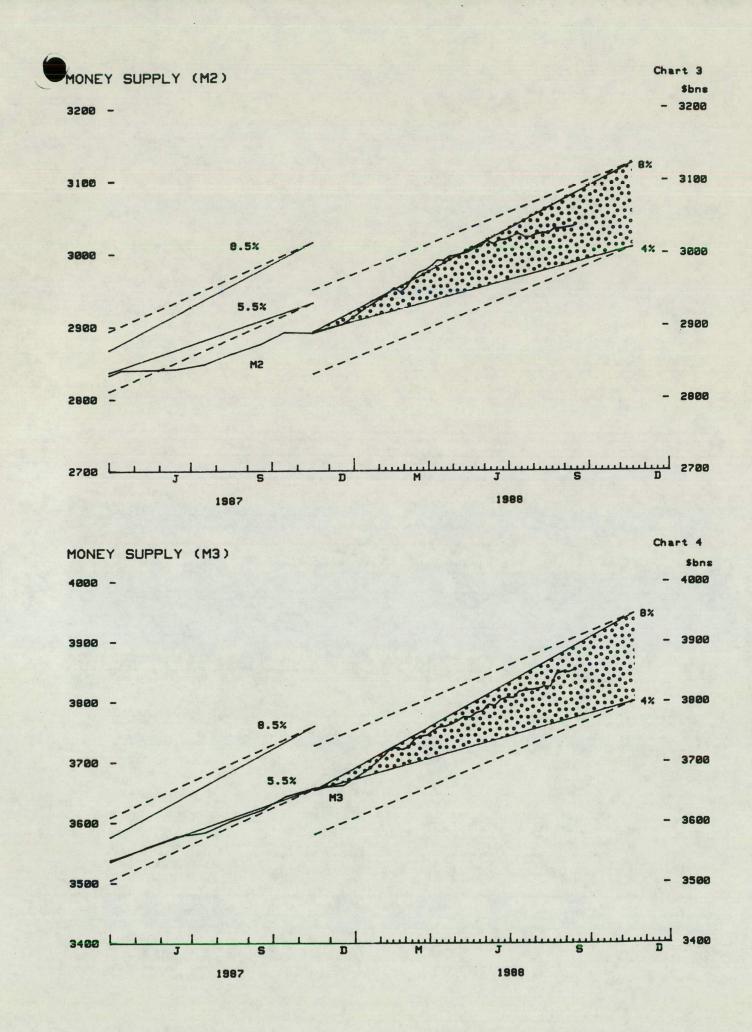
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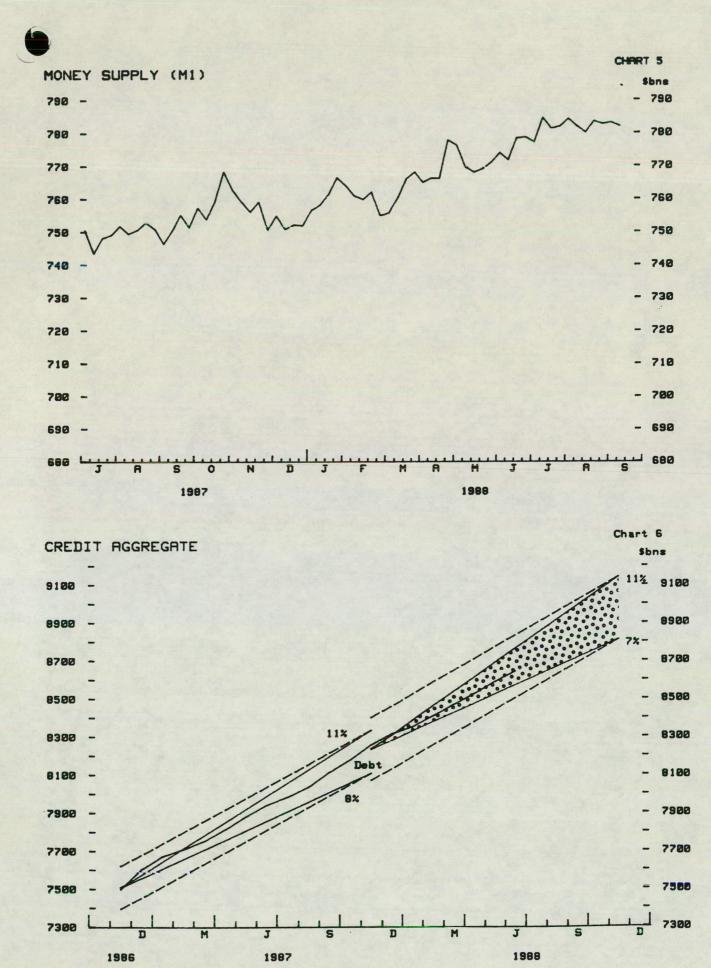
# Hednesday Close Except RV.FF





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MIDLAND'S MCMAHON SEES FALLS IN DOLLAR, POUND NRCS WEST BERLIN, SEPT 28, REUTER - BOTH THE DOLLAR AND THE POUND WILL HAVE TO FALL TO REDUCE THE U.S. AND BRITISH TRADE DEFICITS, MIDLAND BANK PLC CHAIRMAN KIT MCMAHON SAID.

"THE RECENT RISE IN THE DOLLAR SEEMS TO ME TO HAVE BEEN QUITE IRRATIONAL AND WILL HAVE TO BE REVERSED," MCMAHON TOLD REPORTERS. THE POUND, TOO, OVER TIME, WOULD HAVE TO MOVE LOWER AGAINST THE MARK. "IT'S HARD TO IMAGINE HOW WE CAN AVOID A CONSIDERABLE REDUCTION IN THE STERLING EXCHANGE RATE."

MCMAHON SAID IT WAS "EXTREMELY MISGUIDED" OF BRITISH CHANCELLOR OF THE EXCHEQUER NIGEL LAWSON TO SAY THAT FISCAL POLICY HAS NO ROLE TO PLAY IN REGULATING DOMESTIC DEMAND. 28-SEP-0809. MON002 MONE

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CONTINUED ON - NRCT

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REUTER MONITOR 0859

MIDLAND'S MCMAHON SEES FALLS IN DOLLAR, POUND -PART 2 NRCT MCMAHON SAID INFLATION WAS OBVIOUSLY A CONCERN IN BRITAIN. MORE SO THAN IN THE U.S., AND A TIGHTER FISCAL POLICY MIGHT BE NEEDED NEXT YEAR. BUT HE SAID IT WAS REASONABLE FOR LAWSON TO TRY TO WAIT A FEW MONTHS TO SEE IF THE ECONOMY COOLS DOWN IN RESPONSE TO THE RECENT INCREASES IN INTEREST RATES.

MCMAHON SAID HE WAS NOT VERY ENCOURAGED BY THE ECONOMIC PROGRESS THAT ARGENTINA HAS MADE IN THE PAST YEAR, BUT HE DEFENDED THE WORLD BANK FOR MAKING NEW LOANS EVEN THOUGH BUENOS AIRES HAS NO IMF PROGRAMME YET. IT WAS CHURLISH FOR PEOPLE TO CRITICIZE THE WORLD BANK FOR ACTING SWIFTLY AFTER URGING IT FOR SO LONG TO BE MORE ACTIVE IN TACKLING THE DEBT CRISIS, HE SAID. 28-SEP-0841. MONO40 MONE CONTINUED FROM - NRCS

CONTINUED ON - NRCU

REUTER MONITOR 0859

MIDLAND'S MCMAHON SEES FALLS IN DOLLAR, POUND -PART 3 NRCU COMMERCIAL BANKS SHOULD LEND MORE TO DEVELOPING COUNTRIES IF THERE ARE IMAGINATIVE FINANCING MENUS AS IS THE CASE WITH BRAZIL'S CURRENT PACKAGE. BUT IN THE LONGER TERM, BANKS HAD NO ROLE TO PLAY IN PROVIDING DEVELOPMENT FINANCE, MCMAHON SAID.

MIDLAND BANK MIGHT LEND MONEY TO SOVIET AND CHINESE STATE ENTITIES, BUT IN GENERAL IT WAS NO LONGER IN THE BUSINESS OF BALANCE-OF-PAYMENTS LENDING TO SOVEREIGN BORROWERS, HE SAID.

JACQUES DE MANDAT-GRANCEY, A SENIOR MIDLAND OFFICIAL RESPONSIBLE FOR THE BANK'S LATIN AMERICAN PORTFOLIO, SAID THE BANK'S CURRENT EXPOSURE TO THE REGION OF 7.2 BILLION DLRS WOULD BE REDUCED BY 200 MLN STG, OR ABOUT 340 MLN DLRS, BY END-1989. 28-SEP-0846. MON045 MONE CONTINUED FROM - NRCT ENDS

#### REUTER MONITOR

0859

Riss O'Man

lan you oblige, please. The

Japan from 15-22 october, so it

with CER in time will way, of

Committee are still planning to go to

uned be useful to get it to ken

by 14/10, provided you can clear it



COMMITTEE OFFICE HOUSE OF COMMONS LONDON SWIA OAA 01-219 **3225** (Direct Line) 01-219 3000 (Switchboard) CL PS/CEX PS/EST Si G Littler No Odling-Snee N Poets

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anse le a postern becauce TREASURY AND CIVIL SERVICE COMMITTEE of the larty conference (11-14 oct).

1 29/9

28 September 1988

Dear Juglitte

UK ECU Treasury Bill programme

In preparation for the Committee's meeting on 2 November it would greatly help the Committee if they could be sent a note on the background to the reasons for the decision announced on 2 August that a new programme of issues of UK Government ECU Treasury Bills would be launched this autumn.

Y\_s

G Cubie Clerk of the Committee

Miss J C Simpson HM Treasury Parliament Street London SW1P 3AG mom/pa.058

FROM: MISS M O'MARA DATE: 28 September 1988

cc Mr Nelson

MISS WALLACE

### CONTRIBUTION TO LETTER FROM PRIME MINISTER TO SIR JOHN EGAN

You asked us to update the exchange rate reference in the Prime Minister's reply to Sir John Egan, since the Department of Employment had been sitting on their contribution since May!

2. Very fortunately, the rate of sterling against the dollar has <u>fallen</u> since Sir John wrote on 11 May. I attach a draft, although I feel there is now a strong case for allowing Sir John to assume his letter had been lost in the post (unless No.10 have dutifully been sending interim replies). There must otherwise be a risk that he will believe we have deliberately held back our reply until the exchange rate looked more favourable.

mon Ch / This is instating but unavoidable. Paul Gray does want to reply, I have confirmed. Are you happy with the line? youngour [It is interesting to note that it is not just the treasury that hap problems getting replies from D. Employment. 7

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DRAFT PRIVATE SECRETARY LETTER TO

Paul Gray Esq Private Secretary 10 Downing Street London SWIA UAA

AND PAGE BEHIND hinal for me.

You asked us to update the draft contribution on the exchange rate I originally supplied for the Prime Minister's reply to Sir John Egan with my letter of 27 May.

Ι enclose a fresh version. Fortunately, sterling has fallen against the dollar in the interim!

( am comprine this letter to Clive Norris ( Depr ) Employment).

## MOIRA WALLACE

mom/pa.059

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## CONTRIBUTION TO LETTER FROM PRIME MINISTER TO SIR JOHN EGAN

"You also commented on the problem you faced because of the rise in sterling's exchange rate, particularly against the dollar. Since you wrote, sterling has, in fact, fallen against the dollar to its current level of [below \$1.70]. However, I do, of course, recognise your concerns. The defeat of inflation must remain our overriding objective, as I am sure you will agree. But subject to that, we shall continue to aim for exchange rate stability, as we and the other major industrial countries committed ourselves to do last week in Berlin."

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FOREIGN E	EXCHANGE MAI	RKETS		MG EVENI	X	nesday 28 S change urrency	eptember 1988	1
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134.47		ren/\$	134.20	134.3	77.6	14.3	6.4	
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although many Japa Sterling Looking f DM3.1675	- drifted Lo it did stag nese away i rose follo or an excus at best.	gger above from the ma owing reman se to buy	DM1.88 but arkets to so the sterling,so	Ireland - ectionless ma did not have ort and squar Chancellor a eized on Chan	sufficient impetus e their 1/2 year bo t morning press co cellors "devaluatio	Japan US Lar traded to sustain oks,trading nference in	that level.W was rather t West Berlin	lith chin. n.Marke
ARKET CO The dollar The dollar Though any Japa Sterling Cooking f M3.1675	- drifted lo it did stag nese away i rose follo or an excus	gger above from the ma owing reman se to buy	DM1.88 but arkets to so the sterling,so	Ireland - ectionless ma did not have ort and squar Chancellor a	sufficient impetus e their 1/2 year bo t morning press co cellors "devaluatio	Japan US Lar traded to sustain oks,trading nference in	that level.W was rather t West Berlin	lith hin. Marke
ARKET CO MARKET CO De dollar Although many Japa Sterling Cooking f M3.1675 Rates at	- drifted Lo it did stag nese away i rose follo or an excus at best. 7.10PM: \$1	gger above from the ma owing reman se to buy	DM1.88 but arkets to so the sterling,so	Ireland - ectionless ma did not have ort and squar Chancellor a eized on Chan	sufficient impetus e their 1/2 year bo t morning press co cellors "devaluatio	Japan US Lar traded to sustain oks,trading nference in	that level.W was rather t West Berlin	lith hin. Marke
ARKET CO The dollar blthough any Japa Sterling cooking f M3.1675 Rates at	- drifted Lo it did stag nese away i rose follo or an excus at best. 7.10PM: \$1	gger above from the ma owing reman se to buy	DM1.88 but arkets to so the sterling,so	Ireland - ectionless ma did not have ort and squar Chancellor a eized on Chan DM/\$1.8757	sufficient impetus e their 1/2 year bo t morning press co cellors "devaluation Y/\$134.03	Japan US Lar traded to sustain oks,trading nference in	that level. West rather to West Berling and sterling	lith hin. Marke
ARKET CO ARKET CO be dollar blthough hany Japa Sterling coking f M3.1675 tates at HONG KONG	- - drifted lo it did stag nese away i rose follo or an excus at best. 7.10PM: \$1 dollar	gger above from the ma owing reman se to buy	DM1.88 but arkets to so the sterling,so	Ireland - ectionless ma did not have ort and squar Chancellor a eized on Chan DM/\$1.8757 Previous	sufficient impetus e their 1/2 year bo t morning press co cellors "devaluatio Y/\$134.03 Today	Japan US Lar traded to sustain oks,trading nference in	that level.W was rather to West Berlin and sterling Tom Poly Change	lith hin. Marke
ARKET CO he dollar any Japa Sterling cooking f 0M3.1675 Rates at HONG KONG Hong Kong Hang Seng	- - drifted lo it did stag nese away i rose follo or an excus at best. 7.10PM: \$1 dollar	gger above from the ma be to buy	DM1.88 but arkets to so the sterling,so	Ireland - ectionless ma did not have ort and squar Chancellor a eized on Chan DM/\$1.8757 Previous 7.8118	sufficient impetus e their 1/2 year bo t morning press co cellors "devaluation Y/\$134.03 Today 7.8115	Japan US Lar traded to sustain oks,trading nference in	that level.k was rather to West Berling Tom Poly Change 0.0003	lith chin. n.Marke
ARKET CO be dollar ilthough any Japa sterling ooking f M3.1675 tates at cong Kong long Kong lang Seng	- - drifted lo it did stag nese away i rose follor or an excus at best. 7.10PM: \$7 dollar i Index nterbank ra	gger above from the ma be to buy	DM1.88 but arkets to so the sterling,so	Ireland - ectionless ma did not have ort and squar Chancellor a eized on Chan DM/\$1.8757 Previous 7.8118 2466.27	sufficient impetus e their 1/2 year boo t morning press co cellors "devaluatio Y/\$134.03 Today 7.8115 2449.75 8 1/2%	Japan US Lar traded to sustain oks,trading nference in	that level. West Berlin and sterling Tom Poly Change 0.0003 -16.52 UP 1/16%	lith chin. n.Marke

INTEREST RATES	f Inte	erbank	Eurodol	llar	
	Today	Change	Today	Change	
+ 7 days	11 1/2	1 1/4	8 3/8	1/16	
1 mth	11 11/16	1 0	8 3/8	1/8	
3 mth	11 29/32	-1/32	8 7/16	1/16	
12 mth	11 3/4	-1/16	8 15/16	1/16	
PILLS		+			
		Toda	ay	Change	
3 Mon	th Treasury Bills	11 5/8	- 11 1/2	1/4	
ANK MONEY MARKET OP	ERATIONS				
	Purchases £ m	Rates	Discount Rate on El	igible Bank Bills	
+ Band 1 (0-14 days)		.+ I	11 5/8-1/2		
and 2 (15-31 days)		. <del>.</del>	11 9/16-17		
and 3 (32-63 days)		.÷ 	11 39/64-3		
+ Band 4 (64-91 days)		.+	11 39/64-3	57/64	
TOTAL BILLS	0	.+			
Repurchase	91	+  Due 30 Sep at 10 7,	/8-11 3/8		
+ Lending		1			
TOTAL OPERATIONS	91 ***	+  against surplus :	£ 100 m		
		•			
US RATES		3 month CDs	10 yr Tsy Bond	20 yr Tsy Bond	
	Today/Change	8.30 0.07	9.05 0.04	9.14 0.03	
STOCK MARKET		FT Ind-Ord	FTSE	Gilt index	
	Today/Change	1466.4 7.3	1812.5 4.5	87.75 -0.01	
		*			

INDEXED LINKED were firm late last night and opened better again, but lost much of their strength; shorter dates were 1/8 down and longs 1/8 up.

EQUITIES saw mid morning gains as sterling surged ahead which were shaved by the close on renewed fears at the continuing level of consumer spending.

Peter Smith

NAME: Peter Smith TEL NO: 270 4613

GILT-EDGED MARKET				Wednesday 281	th September
Transactions basis, cash v	alues (£m); s	sales + purchases	s -		
ISSUE DEPARTMENT: MARKET T	RANSACTIONS			Today	September
	-	Gross sales si	norts	4.5	68.0
		Gross sales med	diums	23.1	542.5
	Gross sal	les longs and und	dated	52.2	758.2
	Gros	ss sales index-l	inked	22.3	396.1
		Part paid o	alls		369.9
Buy	ing in non-ne	ext maturities sh	norts	-4.9	40.8
Buyi	ng in non-nex	ct maturities med	liums	-40.9	-585.0
Bu	ying in non-r	next maturities	ongs	-76.1	-1072.1
Buying in	non-next mat	turities index-li	inked	-9.2	-368.4
	CRND :	Market transact	tions	-0.4	-32.8
		TOTAL 'GROSS'		-29.4	
	Buying i	in of next maturi		-1.5	
		Redempt	ions	-0.2	-7.4
	TOTAL TRAN	SACTIONS WITH MA		-31.1	A CONTRACTOR OF A CONTRACTOR O
			Future calls	Series and series	
Sales required to meet	*	target of a	Future calls		
Sales required to meet PRICES/YIELDS OF GILT-EDGE	D STOCKS	target of a	se	Change yesterday	's close
	D STOCKS	target of a Yesterday's close Par yield (per co	se ent)	yesterday Price (£/32)	Yield (%)
	D STOCKS F Shorts	target of a Yesterday's close Par yield (per co 10.096	se ent)	yesterday Price (£/32) -4	<b>Yield (%)</b> 0.03
	D STOCKS F Shorts Mediums	target of Yesterday's close Par yield (per control of the second	se ent)	yesterday Price (£/32) -4 -3	's close Yield (%) 0.03 0.02
	D STOCKS F Shorts	target of a Yesterday's close Par yield (per co 10.096	se ent)	yesterday Price (£/32) -4	's close Yield (%) 0.03 0.02
	D STOCKS F Shorts Mediums	target of Yesterday's close Par yield (per co 10.096 9.934 9.934	se ent)	yesterday Price (£/32) -4 -3	's close Yield (%) 0.03 0.02 0.02
PRICES/YIELDS OF GILT-EDGE	D STOCKS F Shorts Mediums	target of Yesterday's close Par yield (per co 10.096 9.934 9.934	se ent) E/32)	yesterday Price (£/32) -4 -3 -6	's close Yield (%) 0.03 0.02 0.02 er cent)
PRICES/YIELDS OF GILT-EDGE	D STOCKS F Shorts Mediums	target of Yesterday's clos Par yield (per co 1 10.096 1 9.934 1 9.432 Price (4	se ent) E/32) Change	yesterday Price (£/32) -4 -3 -6 Yield (pe Today	's close Yield (%) 0.03 0.02 0.02 er cent) Change
PRICES/YIELDS OF GILT-EDGE	D STOCKS F Shorts Mediums	target of Yesterday's close Par yield (per co 1 10.096 9.934 9.432 Price (4 Today	se ent) E/32) Change -4	yesterday Price (£/32) -4 -3 -6 Yield (pe Today 10.17	's close Yield (%) 0.03 0.02 0.02 er cent) Change 0.05
PRICES/YIELDS OF GILT-EDGE	D STOCKS F Shorts Mediums	target of Yesterday's close Par yield (per co 10.096 9.934 9.934 9.432 Price (d Today 93 22	se ent) E/32) Change -4 -3	yesterday Price (£/32) -4 -3 -6 Yield (pe Today 10.17 9.88	r's close Yield (%) 0.03 0.02 0.02 er cent) Change 0.05 0.02
PRICES/YIELDS OF GILT-EDGE REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C'	D STOCKS F Shorts Mediums	target of Yesterday's clos Par yield (per co 10.096 9.934 9.432 Price (4 Today 93 22 93 13	se ent) E/32) Change -4 -3 -6	yesterday Price (£/32) -4 -3 -6 Yield (pe Today 10.17 9.88 9.73	r's close Yield (%) 0.03 0.02 0.02 change 0.05 0.02 0.02
PRICES/YIELDS OF GILT-EDGE REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07	D STOCKS F Shorts Mediums	target of Yesterday's close Par yield (per co 10.096 9.934 9.934 9.934 9.432 Price (4 Today 93 22 93 13 115 10	E/32) Change -4 -3 -6 12	yesterday Price (£/32) -4 -3 -6 Yield (pe Today 10.17 9.88 9.73 8.35	r's close Yield (%) 0.03 0.02 0.02 er cent) Change 0.05 0.02 0.02 0.02 -0.13
PRICES/YIELDS OF GILT-EDGE REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992	D STOCKS F Shorts Mediums	target of a Yesterday's close Par yield (per constraints) 10.096 9.934 9.934 9.934 9.432 Price (a Today 93 22 93 13 115 10 83 8	se ent) (732) Change -4 -3 -6 12 6	yesterday Price (£/32) -4 -3 -6 Yield (pe Today 10.17 9.88 9.73 8.35 3.89	r's close Yield (%) 0.03 0.02 0.02 er cent) Change 0.05 0.02 0.02 0.02 -0.13 -0.01
PRICES/YIELDS OF GILT-EDGER REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	D STOCKS F Shorts Mediums	target of Yesterday's close Par yield (per constraints) 10.096 9.934 9.934 9.432 Price (A Today 93 22 93 13 115 10 83 8 98 10	se ent) (732) Change -4 -3 -6 12 6	yesterday Price (£/32) -4 -3 -6 Yield (pe Today 10.17 9.88 9.73 8.35 3.89	r's close Yield (%) 0.03 0.02 0.02 er cent) Change 0.05 0.02 0.02 0.02 -0.13 -0.01
PRICES/YIELDS OF GILT-EDGER REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	D STOCKS F Shorts Mediums	target of Yesterday's close Par yield (per constraints) 10.096 9.934 9.934 9.432 Price (A Today 93 22 93 13 115 10 83 8 98 10	se ent) (732) Change -4 -3 -6 12 6	yesterday Price (£/32) -4 -3 -6 Yield (pe Today 10.17 9.88 9.73 8.35 3.89	r's close Yield (%) 0.03 0.02 0.02 er cent) Change 0.05 0.02 0.02 0.02 -0.13 -0.01
PRICES/YIELDS OF GILT-EDGER REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	D STOCKS Shorts Mediums Longs	target of Yesterday's close Par yield (per constraints) 10.096 9.934 9.934 9.432 Price (A Today 93 22 93 13 115 10 83 8 98 10	E/32) Change -4 -3 -6 12 6 1	yesterday Price (£/32) -4 -3 -6 Yield (pe Today 10.17 9.88 9.73 8.35 3.89 3.54 Close	r's close Yield (%) 0.03 0.02 0.02 er cent) Change 0.05 0.02 0.02 0.02 0.02 0.02 0.02 0.02 0.02 0.02 0.02 0.02 0.02 0.02 0.02 0.02 0.02 0.02 0.02

\$ F T F C 

•	CHANGE MAI	RKETS				Thursday 29 S %change \$/currency	September 1988
Previous				day	since	since	
close			opening 8.30am	close 4.00pm	Plaza	Paris	OCTODER 1987
75.8		ERI	76.0	75.8	-7.6	9.7	3.0
1.6827	1	5/£	1.6865	1.682	22.4	10.1	1.1
3.1638		DM/£ ECU/£	3.1715 1.5253	3.1667 1.5258	-18.9	13.4	5.7
99.7		SERI		99.7	-28.6	-4.1	-0.5
1.8802	C	DM/\$	1.8805	1.8827	50.9	-3.0	-4.4
134.30	-	(en/\$	134.35	134.27	77.7	14.4	6.4
ct \$12.80	Nov \$12.	.95 Dec \$1	13.07 SI	pot Brent	Oct \$12.47 Nov \$12	2.67 Dec \$12.	80
IK RESERVE	TRANSACT	CONS (\$mill	ion)				
a) +		This	Total			(b)	++  Estimated  *
	Today	month	since				end-month
1			1 Apr 88				position   ++
1	79		3817		Market intervention	1	198
i	-2	-312	-1121	Of	f-market transactio	ons	-219
†	77		2696		TOTAL		-21
÷			+		Net borrowing		+=======+
					and the second		++
	nd forward one date b	transacti	ions		Valuation changes		0
on a o	one date t	Jasts.					
- (b) Spot	transactio	ons only or	n a value ed figures.	тот		VES nventional ass rther market i	I -35 I ++
(b) Spot date b	transactic asis, as i	ons only or in publishe			* On cor no fui	nventional ass	I -35 I ++
(b) Spot date b	transactic asis, as i	ons only or in publishe	ed figures.		* On cor no fui valent)	nventional ass	I -35 I ++
(b) Spot date b	transactic asis, as i	ons only or in publishe	ed figures.	llion equi	* On cor no fui valent)	nventional ass ther market i	Umption of intervention.
(b) Spot date b OTHER COUN	transactic asis, as i	ons only or in publishe	ed figures.	llion equi Germany	* On cor no fui valent)	nventional ass ther market i Italy	Umption of intervention.
(b) Spot date b OTHER COUN Celgium Cenmark rance MARKET COM Ce dollar the Far Ea Lingent Pol Uundesbank Jollar con	transactic asis, as i TRIES MARM - - - MENT eased in M st followi itburo med had teleg tinued to	New York Ling reports	ast night as that Gorb dollar rebo quotes caus in a narrow	llion equi Germany Holland Ireland s markets achev was unded reac sed the do trading r	* On cor no fur valent) -14\$ -	Italy Japan US mpetus to push Government an .8845.But report In early mort y close to yes	<pre>i -35   +</pre>
(b) Spot date b OTHER COUN Celgium Cenmark rance ARKET COM Control Con	transactic asis, as i TRIES MARM - - - - - - - - - - - - - - - - - - -	New York La sting reports sting the cohoned for ease but ing above \$	ast night as s that Gorb dollar rebo quotes cau in a narrow 1.69 and DM	Llion equi Germany Holland Ireland s markets achev was unded reac sed the do trading r 3.17 overn	* On cor no fur valent) -14\$ - - - did not have the in "reorganising" the hing a high of DM1 Llar to ease again ange closed the day ight, had a quiet day	Italy Japan US mpetus to push Government an .8845.But report In early mort y close to yes	<pre>i -35   +</pre>
(b) Spot date b OTHER COUN Celgium Cenmark rance ARKET COM Control Con	transactic asis, as i TRIES MARM - - - - - - - - - - - - - - - - - - -	New York Ling reports	ast night as s that Gorb dollar rebo quotes cau in a narrow 1.69 and DM	Llion equi Germany Holland Ireland s markets achev was unded reac sed the do trading r 3.17 overn	* On cor no fur valent) -14\$ - - did not have the in "reorganising" the hing a high of DM1 Ular to ease again ange closed the day	Italy Japan US mpetus to push Government an .8845.But report In early mort y close to yes	<pre>i -35   +</pre>
(b) Spot date b OTHER COUN Celgium Cenmark rance ARKET COM Control Con	transactic asis, as i TRIES MARM - - - - - - - - - - - - - - - - - - -	New York La sting reports sting the cohoned for ease but ing above \$	ast night as s that Gorb dollar rebo quotes cau in a narrow 1.69 and DM	Llion equi Germany Holland Ireland s markets achev was unded reac sed the do trading r 3.17 overn	* On cor no fur valent) -14\$ - - - did not have the in "reorganising" the hing a high of DM1 Llar to ease again ange closed the day ight, had a quiet day	Italy Japan US mpetus to push Government an .8845.But report In early mort y close to yes	<pre>i -35   +</pre>
(b) Spot date b oTHER COUN selgium benmark rance MARKET COM e dollar he far Ea orgent Pol undesbank lollar con sterling, a	transactic asis, as i TRIES MARM - - - - - - - - - - - - - - - - - - -	New York La sting reports sting the cohoned for ease but ing above \$	ast night as s that Gorb dollar rebo quotes cau in a narrow 1.69 and DM	Llion equi Germany Holland Ireland s markets achev was unded reac sed the do trading r 3.17 overn DM/\$1.881	* On cor no fur valent) -14\$ - - - did not have the in "reorganising" the hing a high of DMI ilar to ease again ange closed the day ight, had a quiet day 9 Y/\$134.32 Today	Italy Japan US mpetus to push Government ar 8845.But repo In early morry y close to yes ay.	i -35 i +
(b) Spot date b OTHER COUN Helgium Henmark rance ARKET COM He doltar he Far Ea Hundesbank Hollar con Sterling, a Hates at 5	transactic asis, as i TRIES MARM - - - - - - - - - - - - - - - - - - -	New York La sting reports sting the cohoned for ease but ing above \$	ast night as s that Gorb dollar rebo quotes cau in a narrow 1.69 and DM	Llion equi Germany Holland Ireland s markets achev was unded reac sed the do trading r 3.17 overn DM/\$1.881 Previous	* On cor no fur valent) -14\$ - - - did not have the in "reorganising" the hing a high of DM1 Llar to ease again ange closed the day ight, had a quiet di 9 Y/\$134.32 Today 7.8097	Italy Japan US mpetus to push Government ar .8845.But repo .In early morr y close to yes	i -35 i termination of intervention. +157DM,+42ECU - - - - - - - - - - - - -
(b) Spot date b other coun elgium enmark rance ARKET COM e dollar the fall ingent Pol bundesbank ollar con terling, a ates at 5 NONG KONG long Kong lang Seng	transactic asis, as i TRIES MARM - - - - - - - - - - - - - - - - - - -	New York La ing reports ting reports ting the cohoned for ease but ng above \$	ast night as s that Gorb dollar rebo quotes cau in a narrow 1.69 and DM	Llion equi Germany Holland Ireland Ireland s markets achev was unded reac sed the do trading r 3.17 overn DM/\$1.881 Previous 7.8115	<pre>* On cor no fur valent) -14\$ - - did not have the in "reorganising" the hing a high of DM1 tlar to ease again ange closed the day ight,had a quiet day ight,had a quiet day 7.8097 2439.39</pre>	Italy Japan US mpetus to push Government ar .8845.But repo. In early morry y close to yes	i -35 i 

IONEY MARKETS			Thursday a	29th September 1988
INTEREST RATES	f Int	erbank	Eurodol	llar
	Today	Change	Today	Change
7 days	11 3/4	1 1/4	8 1/4	-1/8
1 mth	11 11/16	-+	8 5/16	-1/16
3 mth	11 7/8	-1/32	8 5/8	3/16
12 mth	11 11/16	-1/16	8 15/16	0
PILLS +		Todi	+ay	Change
3 Mon	th Treasury Bills	1 11 1/2	- 11 1/4	-1/4
and 1 (0-14 days)   ++++++++++++++++++++++++++++++++++++			11 3/4-1/2   11 5/8-9/1	16
and 3 (32-63 days)  + and 4 (64-91 days)		-+	11 19/32-1   11 35/64-1	
TOTAL BILLS	0	•	+	11752
Repurchase   + Lending	152	=+  Due 30 Sep at 11 3, -+ .	/16-11 1/4%	
TOTAL OPERATIONS	152	-+  against surplus : =+	£ 150 m	
IS RATES		3 month CDs	10 yr Tsy Bond	20 yr Tsy Bond
	Today/Change	8.25 -0.05	9.01 -0.04	9.11 -0.03
			FTSE	Gilt index
TOCK MARKET		FT Ind-Ord	+	+

GILTS opened quietly firm, on the strength of sterling, with shorts up 1/8 to 1/4, and mediums and longs the same.For much of the day it traded slightly above this level, but as sterling came back in the afternoon the market eased with it.Shorts finished unchanged , mediums up 1/8 and longs 1/4.

INDEXED LINKED were quiet; shorter maturities gained 1/8 and longs lost a similar amount.

EQUITIES progressed steadily on bid speculation and advanced fugther during the afternoon on Wall Street's firm opening.

Peter Smith

NAME: Peter Smith TEL NO: 270 4613

GILT-EDGED MARKET	Thursday 29t	h September 1
Transactions basis, cash values (fm); sales + purchases -		
ISSUE DEPARTMENT: MARKET TRANSACTIONS	Today	September
_ Gross sales shorts	I	68.0
Gross sales mediums	28.2	570.7
Gross sales longs and undated	14.1	772.3
Gross sales index-linked	4.9	401.0
Part paid calls	!	369.9
Buying in non-next maturities shorts		-40.8
Buying in non-next maturities mediums	-39.4	-624.4
Buying in non-next maturities longs	-15.1	-1087.2
Buying in non-next maturities index-linked	-5.1	-373.5
CRND: Market transactions	1	-32.8
TOTAL 'GROSS' SALES	-12.4	23.2
Buying in of next maturities	-5.1	-4.1
Redemptions	-0.2	-7.6
TOTAL TRANSACTIONS WITH MARKET	-17.7	11.5

Future calls

£

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0.01 | -0.01

-0.03 |

.....

Change from yesterday's close PRICES/YIELDS OF GILT-EDGED STOCKS Yesterday's close a . . . Par yield (per cent) Price (£/32) Yield (%) -1 | Shorts 10.123 | Mediums 9.935 | 11 Longs 9.447 | 8 | ---------+ REPRESENTATIVE STOCKS Price (£/32) Yield (per cent)

\* target of

8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994 GILT FUTURES

Sales required to meet

Today	1	Change	Today	Change	
93	24	2	10.15	-0.02	
93	18	5	9.85	-0.03	
115	20	10	9.70	-0.03	
83	10	2	8.33	-0.02	
98	4	-6	3.90	0.01	
94		-4	3.57	0.03	

				Open	Close	Volume
	Long	Contract	December	95.16	95.17	18069
	Medium	Contract	December	94.01	94.07	240
+					NAME: Tel No:	Peter Smith 270 4613

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	CHANGE MAR	KETS	Constant of		Ze	lay 30 Sept change urrency	ember 1988
Previous			Too		since	since	since 16 October 1987
close			opening 8.30am	close 4.00pm	Plaza	Paris	OCTODER 1987
75.8		ERI	75.9	75.9	-7.4 22.7	9.8 10.3	3.1
3.1667	D	/£ M/£ CU/£	3.1693	3.1692	-18.8	13.5	5.7
99.7		ERI	_	99.6	-28.7	-4.2	-0.6
1.8827 134.27	D	M/\$ 'en/\$	1.8792 134.35	1.8797 134.57	51.1 77.3	-2.8 14.1	-4.2 6.2
ct \$12.47	Nov \$12.	67 Dec \$1	12.80 SI	oot Brent Oct \$	11.90 Nov \$12.10	Dec \$12.2	15
K RESERVE	TRANSACTI	ONS (Smill	ion)				
a) +	+		++		(b)		++
	Today	This month	Total since 1 Apr 88				September   end-month   position
ł	72		+	Marke	t intervention		1 131
+	-23		+	Off-mar	ket transactions		++   -274
1	49		2745		TOTAL		-143
+	+			Ne	t borrowing		+======+
							++
a) Spot a	and forward	transact	ions	Valua	tion changes		0
on a d	lone date b transactio	oasis. ons only or			ANGE IN RESERVES		0   +
on a d (b) Spot date b	done date b transactic basis, as i	pasis. ons only or in publishe	n a value ed figures.	TOTAL CH	ANGE IN RESERVES		-157
on a d (b) Spot date b THER COUN	done date b transactic basis, as i	pasis. ons only or in publishe	n a value ed figures.		ANGE IN RESERVES	Italy	-157
on a d (b) Spot date b THER COUN elgium	done date b transactic basis, as i	pasis. ons only or in publishe	n a value ed figures.	TOTAL CH	ANGE IN RESERVES	Italy Japan	
on a d (b) Spot date b	done date b transactic basis, as i	pasis. ons only or in publishe	n a value ed figures.	TOTAL CH Llion equivalen Germany - Holland - Ireland -	ANGE IN RESERVES	Japan US	+161DM,+5ECU -
on a d (b) Spot date b THER COUN elgium enmark rance ARKET COM ter a qui he dollar omments b xpansion he dollar terling w EPTEMBER	transactic basis, as i TRIES MARK - - - - - - - - - - - - - - - - - - -	e market bo na narrow vernor Seguroto of Of way quite today awa	egan to pic range with er who said PEC who sai sharply. iting the n	TOTAL CH Llion equivalen Germany - Holland - Ireland - US statistics that a sharply d he feared tha ext set of majo d on TUESDAY 4	ANGE IN RESERVES close. having little eff higher dollar co t the Saudis may or UK indicators. OCTOBER are shown	Japan US ect.After 1 uld put the flood the o	++ + +161DM,+5ECU  
on a d (b) Spot date b THER COUN elgium enmark rance ARKET COM ter a qui he dollar omments b xpansion he dollar terling w EPTEMBER	transactic basis, as i TRIES MARK - - - - - - - - - - - - - - - - - - -	e market bo na narrow vernor Seguroto of Of way quite today awa	egan to pic range with er who said PEC who sai sharply. iting the n	TOTAL CH Llion equivalen Germany - Holland - Ireland - US statistics that a sharply d he feared tha ext set of majo	ANGE IN RESERVES close. having little eff higher dollar co t the Saudis may or UK indicators. OCTOBER are shown	Japan US ect.After the uld put the flood the o	+161DM,+5ECU +161DM,+5ECU - - - - -
on a d (b) Spot date b THER COUN elgium enmark rance ARKET COM ter a qui he dollar ter dollar terling w EPTEMBER ates at S	transactic basis, as i TRIES MARK - - - - - - - - - - - - - - - - - - -	e market bo na narrow vernor Seguroto of Of way quite today awa	egan to pic range with er who said PEC who sai sharply. iting the n	TOTAL CH Llion equivalen Germany - Holland - Ireland - US statistics that a sharply d he feared tha ext set of majo d on TUESDAY 4	ANGE IN RESERVES close. having little eff higher dollar co t the Saudis may or UK indicators. OCTOBER are shown	Japan US ect.After the uld put the flood the o	++ + +161DM,+5ECU  
on a d (b) Spot date b THER COUN elgium enmark rance ARKET COUN ter a qui he dollar omments b xpansion he dollar terling w EPTEMBER ates at S	transactic basis, as i TRIES MARK - - - - - - - - - - - - - - - - - - -	e market bo na narrow vernor Seguroto of Of way quite today awa	egan to pic range with er who said PEC who sai sharply. iting the n	TOTAL CH Llion equivalen Germany - Holland - Ireland - Ireland - US statistics that a sharply dhe feared tha ext set of majo d on TUESDAY 4 \$1.8690 Y/\$13 Previous	ANGE IN RESERVES close. having little eff higher dollar co t the Saudis may or UK indicators. OCTOBER are shown 52.77	Japan US ect.After the uld put the flood the o in Box (B)	+161DM,+5ECU +161DM,+5ECU - - - the close two e brakes on US boil market caused - - - -
on a d (b) Spot date b THER COUN elgium enmark rance ARKET COM ter a qui he dollar omments b xpansion he dollar terling w EPTEMBER	done date b transactic basis, as i ATRIES MARK - - - - - - - - - - - - - - - - - - -	e market bo na narrow vernor Seguroto of Of way quite today awa	egan to pic range with er who said PEC who sai sharply. iting the n	TOTAL CH Llion equivalen Germany - Holland - Ireland - Ireland - US statistics that a sharply dhe feared tha ext set of majo d on TUESDAY 4 \$1.8690 Y/\$13 Previous	ANGE IN RESERVES close. having little eff higher dollar co t the Saudis may or UK indicators. OCTOBER are shown i2.77 Today	Japan US ect.After the uld put the flood the o in Box (B)	+161DM,+5ECU +161DM,+5ECU - - - the close two e brakes on US bil market caused - Change

SECRET

		SECRI	ET		
NONEY MARKETS			Friday 30t	h September 1988	
INTEREST RATES	£ Inter	bank	Eurodol	lar	
	Today	Change	Today	Change	
+ 7 days	11 7/8	1/8	++   8 1/4	0	
1 mth	11 13/16	1/8	8 5/16	0	
+ 3 mth	11 15/16	1/16	85/8	0	
+ 12 mth	11 3/4	1/16	8 7/8	-1/16	
+ BILLS		Tod	++ ay	Change	
3 Mon	th Treasury Bills	11 1/2	- 11 3/8	1/8	
BANK MONEY MARKET OP	ERATIONS		+	+	
	Purchases £ m	Rates	Discount Rate on El	igible Bank Bills	
Band 1 (0-14 days)	263	11 7/8	11 7/8-5/8	1	
Band 2 (15-31 days)	2	11 13/16	11 3/4-5/8	3	
Band 3 (32-63 days)		11 21/32-5/8			
Band 4 (64-91 days)		1	11 11/16-9	9/16	
TOTAL BILLS	265			and the second second	
Repurchase		İ	Averase rat	e of Discount	
Lending	250	At 12%		e of Discount 11.3908%	
TOTAL OPERATIONS	515	against shortage +	£ 450 m		
US RATES		3 month CDs	10 yr Tsy Bond	20 yr Tsy Bond	
	Today/Change	8.40 0.15	8.94 -0.07	9.05 -0.06	
STOCK MARKET		FT Ind-Ord	FTSE	Gilt index	
	Today/Change	1476.5 -1.1	1826.5 -2.5	87.97 0.08	
MARKET COMMENT					
GILTS had a quiet da offered,especially i recovered strongly o 1/16 in shorts,3/16	n shorts, following n the late surge i	Bank's invitation n sterling and US t	to 230 Lending but 1	the market	
INDEXED LINKED, moder better.	ately firm through	out, enjoyed a late	surge and finished	a 1/4 to 3/8	
EQUITIES traded in a sterling's improveme			closing levels, igr	noring	
			Pe	ter Smith	

NAME: Peter Smith TEL NO: 270 4613

GILT-EDGED MARKET			Friday 30th S	eptember 1988
Transactions basis, cash values (fm);	sales + purchase	s -		
ISSUE DEPARTMENT: MARKET TRANSACTIONS		Today	September.	October.
Gross s	ales shorts		68.0	
Gross sa	les mediums	18.6	570.7	18.6
Gross sales longs	and undated	121.2	772.3	121.2
Gross sales i	ndex-linked	7.2	401.0	7.2
Part	paid calls		369.9	
Buying in non-next maturi	ties shorts		-40.8	
Buying in non-next maturit	ies mediums	-24.0	-624.4	-24.0
Buying in non-next matur	ities longs	-138.9	-1087.2	-138.9
Buying in non-next maturities i	ndex-linked	-6.6	-373.5	-6.6
CRND: Market t	ransactions		-32.8	
TOTAL 'G	ROSS' SALES	-22.5		A LOW MENT I HAVE STREET AND AND AND AND AND AND AND AND AND AND
Buying in of next	the second second second second second second second second second second second second second second second s		-4.1	
	Redemptions	-0.2		
TOTAL TRANSACTIONS		-32.8	11.3	
PRICES/YIELDS OF GILT-EDGED STOCKS			Change	
	Yesterday's clos		yesterda Price (£/32)	y's close
Shorts	110.117	ency.	+	
Mediums	9.898	Star New	5	-0.03
Longs	9.418		5	-0.02
Longa	++		·	
	Daine (	£/32)	Yield (p	er cent)
REPRESENTATIVE STOCKS				
	Today ++	Change	Today	Change
8% Treasury 1992	Today   93 26   ++	Change 2	10.13	-0.02
8% Treasury 1992 8 3/4 Treasury 1997 'C'	Today   93 26     93 24	Change 2 6	10.13   9.82	-0.02 -0.03
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07	Today   93 26     93 24     115 30	Change 2 6 10	10.13   9.82   9.66	-0.02 -0.03 -0.04
8% Treasury 1992 8 3/4 Treasury 1997'C' 11 3/4% Treasury 2003/07 3% Treasury 1992	Today   93 26     93 24     115 30     83 12	Change 2 6 10 2	10.13   9.82   9.66   8.32	-0.02 -0.03 -0.04 -0.01
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016	Today 93 26   93 24   115 30   83 12   98 14	Change 2 6 10 2 10	10.13   9.82   9.66   8.32   3.88	-0.02 -0.03 -0.04 -0.01 -0.02
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	Today   93 26     93 24     115 30     83 12	Change 2 6 10 2	10.13   9.82   9.66   8.32   3.88	-0.02 -0.03 -0.04 -0.01
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	Today 93 26   93 24   115 30   83 12   98 14	Change 2 6 10 2 10 0	10.13 9.82 9.66 8.32 3.88 3.58	-0.02 -0.03 -0.04 -0.01 -0.02 0.01
8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994	Today 93 26   93 24   115 30   83 12   98 14	Change 2 6 10 2 10	10.13 9.82 9.66 8.32 3.88 3.58 Close	-0.02 -0.03 -0.04 -0.01 -0.02
REPRESENTATIVE STOCKS 8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994 GILT FUTURES Long Contract Short Contract	Today 93 26   93 24   1 115 30   1 83 12   98 14   94   +	Change 2 6 10 2 10 0 0 0pen	10.13 9.82 9.66 8.32 3.88 3.58 Close 95.19	-0.02 -0.03 -0.04 -0.01 -0.02 0.01 Volume

WEEKLY INTEREST/EXCHANGE RATE AND COMMODITY PRICE TABLES

CIRCULATION LIST DATE: 30th SEPTEMBER 1988 CHANCELLOR'S OFFICE MR. S. BROOKS 88/G MR. J.W. GRICE 89/G MISS R. MCROBBIE 107/G MISS M. O'MARA 108/G MRS C. RYDING 110/G MR. P. MOUNTFIELD 80/1 MR. J. ODLING-SMEE 45/2 MR. N.J. MONCK 46/2 SIR P.E. MIDDLETON 78A/2 MR. H. WALSH 108/3 Ms. V.F. LIFE 109/3 MR. M.C. SCHOLAR 87/2 MR. S. PICKFORD 97/2 MR. P.S. CURWEN 98/2 MR. J. MCLAREN 33/3 SIR J.G. LITTLER 113/2

MR. R. MOLAN 81/1 MR. R.E. DEANE 41/3 MR. T.P. LANKESTER 116/2 SIR T. BURNS 119/2 MR. A.M. DOLPHIN 32/3 MR. M. LYON 34/3 MR. D. OWEN 36/3 Ms. C. TURK 35A/3 MR. P.N. SEDGWICK 39/3 MR. S.W. MATTHEWS 104/3 MR. D. SAVAGE 106/3 MR. H.P. EVANS 107/3 MR. W. HOOD 30A/3 MR. PERETZ 84/G MR. P. ELWOOD 106/3 MR. D. RAMSDEN 106/3

MR. G. YOUNG 112/G

Please inform Bina Doshi (ext: 5374 - room : 31/3) if there are any changes to be made to this list.

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## THREE MONTH INTEREST RATES IN THE SIX MAJOR COUNTRIES

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									-WORLD	BASKETS	-			
									USI		1	-UNCOVE	RED DI	FFERENTIA
									(A)	(B)	UK RATI	E UK-		
				-WORLD R	ATES			- EURO	USA CD	EURODOL	INTER	WORLD	UK-	UK-
				GERMANY			USA	DOLLAR	RATE	RATE	BANK	BASKET	USA	GERMANY
		1	2	3	4	5	6	7	8	9	10	11	12	13
987	QTR2	8.41	8.13	3.80	10.64	3.92	6.85	7.07	6.27	6.34	9.18	2.91	2.11	5.38
	QTR3	8.99	7.89	3.97	12.00	4.08	6.98	7.15	6.45	6.51	9.81	3.36	2.66	5.84
	QTR4	8.88	8.47	4.13	11.76	4.54	7.76	7.96	6.84	6.91	9.20	2.36	1.23	5.07
988	QTR1	8.55	7.94	3.41	11.11	4.36	6.74	6.91	6.18	6.24	9.01	2.83	2.10	5.60
	QTR2	9.05	7.81	3.62	10.91	4.49	7.25	7.41	6.37	6.42	8.34	1.97	0.93	4.72
	QTR3	9.83	7.65	5.10	11.36	4.90	8.20	8.35	7.15	7.18	11.31	4.17	2.96	6.22
987	ост	9.20	8.19	4.79	12.13	4.80	8.21	8.48	7.13	7.22	9.93	2.81	1.45	5.14
	NOV	8.63	8.61	3.95	11.58	4.34	7.39	7.55	6.67	6.73	8.97	2.30	1.42	5.02
	DEC	8.89	8.56	3.70	11.63	4.47	7.76	7.96	6.75	6.82	8.75	2.00	0.79	5.05
988	JAN	8.65	8.31	3.44	10.91	4.35	6.96	7.17	6.31	6.38	8.92	2.61	1.75	5.47
	FEB	8.50	7.58	3.37	11.00	4.32	6.63	6.79	6.07	6.12	9.22	3.15	2.43	5.85
	MAR	8.53	8.03	3.42	11.44	4.40	6.65	6.79	6.20	6.25	8.83	2.64	2.04	5.41
	APR	8.83	8.13	3.43	10.88	4.19	6.92	7.11	6.25	6.32	8.32	2.06	1.21	
	MAY	8.98	7.90	3.56	10.78	4.27	7.27	7.44	6.36	6.42	8.03	1.67	0.59	
	JUN	9.34	7.39	3.89	11.13	4.42	7.56	7.67	6.49	6.53	8.74	2.24	1.07	
	JUL	9.34	7.33	4.95	11.28	4.80	7.94	8.23	6.85	6.90	10.53	3.68	2.30	
	AUG	9.80	7.63	5.35	11.28	4.88	8.38	8.50	7.25	7.28	11.25	4.00	2.75	
	SEPT	10.35	7.98	4.99	11.54	5.02	8.28	8.33	7.34	7.35	12.16	4.82	3.83	7.17
988	JUL 11	9.35	7.25	4.95	11.12	4.72	7.90			6.87	10.22		2.16	
	<b>JUL 18</b>	9.39	7.38	5.35	11.25	4.88	8.05			7.07	11.03		2.72	
	<b>JUL 25</b>	9.40	7.38	5.00	11.38	4.78	8.12			6.98	10.72		1.97	
	AUG 1	9.49	7.38	5.35	11.38	4.75	8.15			7.04	10.81	3.80	2.56	
	AUG 8	9.66	7.38	5.25	11.25	4.83	8.20			7.01	10.91	3.91	2.54	
	AUG 15	9.93	7.69	5.38	11.25	4.92	8.50			7.46	11.03		2.34	
	AUG 22	9.90			11.25	4.95	8.55			7.45	11.41	3.98	2.79	
	AUG 29	10.00			11.25	4.94	8.50			7.45	12.09		3.53	
	SEPT 5				11.38	5.09	8.42			7.37	12.34		3.97	
	SEPT 12				11.63	5.01	8.24			7.40	12.13		3.76	
	SEPT 19	9 10.52			11.63	5.01	8.20			7.33	12.13		3.88	
	SEPT 20	6 10.41	7.81	5.00	11.50	4.95	8.25	8.31	7.29	7.31	12.03	4.74	3.72	7.03

Column 1.	90 DAY BANKERS ACCEPTANCES
Column 2.	3 MONTH MONEY MARKET RATE
Column 3.	3 MONTH INTER BANK
Column 4.	3 MONTH INTER BANK
Column 5.	3 MONTH CERTIFICATE OF DEPOSIT
Column 6.	3 MONTH CERTIFICATE OF DEPOSIT IN NEW YORK
Column 11.	USA CD RATE(COLUMN 8) USED FOR WORLD BASKET
Column 12.	3 MONTH EURODOLLAR RATE(COLUMN 7) USED FOR USA

QUARTERLY AND MONTHLY FIGURES ARE AVERAGES OF THE WEEKLY DATA THE WEEKLY FIGURES REPRESENT THE CLOSING VALUES FOR THAT DATE



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#### USA INTEREST RATES

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					10 YEAR
		THREE	MONTH RATE	5	COMMERCIAL
					BOND
					MOODY AAA
			CDIS		( REB )
					(V2625)
	(OVERNIGHT)	(42020)	NEW TORK	(VEOLI)	(******
QTR2	6.60	5.87	6.85	7.07	9.16
QTR3	6.82	6.08	6.98	7.15	9.72
QTR4	6.98	5.92	7.76	7.96	10.22
OTP1	6 67	5.86	6 76	6.91	9.57
					9.81
					9.98
anto	1.74	1.21	0.20	0.01	
SEP	7.12	6.47	7.43	7.56	10.14
ост	7.36	6.24	8.21	8.48	10.55
NOV	6.81	5.74	7.39	7.55	10.05
DEC	6.82	5.82	7.76	7.96	10.11
JAN	6.82	5.92	6.96	7.17	9.97
FEB	6.62	5.81	6.63	6.79	9.41
MAR	6.56	5.87	6.65	6.79	9.39
APR	6.75	6.04	6.92	7.11	9.65
MAY	7.04	6.48	7.27	7.44	9.89
JUN	7.50	6.65	7.56	7.67	9.87
JUL	7.69	6.91	7.94	8.11	9.94
AUG	8.05	7.26	8.38		10.09
SEPT	8.09	7.46	8.28	8.33	9.91
MAY 16	7.00	6.43	7.20	7.37	9.83
MAY 23	7.12	6.48	7.35	7.50	9.97
MAY 30	7.25	6.62	7.50	7.69	10.04
JUN 6	7.44	6.63	7.48	7.62	9.98
JUN 13	7.44	6.62	7.50	7.56	9.89
JUN 20	7.56	6.57	7.62	7.75	9.86
JUN 27	7.56	6.79	7.65	7.75	9.80
JUL 4	7.50	6.73	7.70	7.81	9.82
JUL 11	7.56	6.91	7.90	8.06	9.88
<b>JUL 18</b>	7.81	6.90	8.05	8.31	10.00
<b>JUL 25</b>	7.87	7.10	8.12	8.25	10.04
AUG 1	7.87	7.11	8.15	8.25	10.03
AUG 8	7.75	7.10	8.20	8.37	10.02
AUG 15	8.37	7.27	8.50	8.69	10.15
AUG 22	8.06	7.27	8.55	8.62	10.15
AUG 29	8.19	7.55	8.50	8.56	10.10
SEPT 5	8.09	7.42	8.42	8.37	10.08
SEPT 12	8.00	7.44	8.24	8.37	9.91
SEPT 19	8.06	7.37	8.20	8.25	9.79
SEPT 20	8.19	7.60	8.25	8.31	9.85
	QTR2 QTR3 QTR4 QTR1 QTR2 QTR3 SEP OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEPT MAY 16 MAY 23 MAY 30 JUN 6 JUN 13 JUN 20 JUN 27 JUL 4 JUL 11 JUL 18 JUL 25 AUG 15 AUG 22 AUG 29 SEPT 12 SEPT 19	QTR3       6.82         QTR4       6.98         QTR1       6.67         QTR2       7.09         QTR3       7.94         SEP       7.12         OCT       7.36         NOV       6.81         DEC       6.82         JAN       6.82         FEB       6.62         MAR       6.56         APR       6.75         MAY       7.04         JUN       7.50         JUL       7.69         AUG       8.05         SEPT       8.09         MAY       16         MAY       30         JUN       7.25         JUN 6       7.44         JUN 20       7.56         JUL 4       7.50         JUL 13       7.44         JUN 20       7.56         JUL 4       7.50         JUL 11       7.56         JUL 12       7.87         AUG 1       7.87         AUG 1       7.87         AUG 2       8.06         AUG 1       7.87         AUG 2       8.06         AUG 29 <td>(OVERNIGHT)         (V2626)           QTR2         6.60         5.87           QTR3         6.82         6.08           QTR4         6.98         5.92           QTR1         6.67         5.86           QTR2         7.09         6.40           QTR3         7.94         7.21           SEP         7.12         6.47           OCT         7.36         6.24           NOV         6.81         5.74           DEC         6.82         5.82           JAN         6.82         5.92           FEB         6.62         5.81           MAR         6.56         5.87           APR         6.75         6.04           MAY         7.04         6.48           JUN         7.50         6.65           JUL         7.69         6.91           AUG         8.05         7.26           SEPT         8.09         7.46           MAY 16         7.00         6.43           MAY 23         7.12         6.48           JUN 20         7.56         6.57           JUN 20         7.56         6.73           <td< td=""><td>BILLS (OVERNIGHT)         (RUST) (V2626)         CD'S NEW YORK           QTR2         6.60         5.87         6.85           QTR3         6.82         6.08         6.98           QTR4         6.98         5.92         7.76           QTR1         6.67         5.86         6.74           QTR2         7.99         6.40         7.25           QTR3         7.94         7.21         8.20           SEP         7.12         6.47         7.43           OCT         7.36         6.24         8.21           NOV         6.81         5.74         7.39           DEC         6.82         5.82         7.76           JAN         6.82         5.92         6.96           FEB         6.62         5.81         6.63           MAR         6.56         7.56         JUL         7.69           JUN         7.50         6.65         7.56         JUL         7.69           MAY         7.00         6.43         7.20         MAY         7.04           AUG         8.05         7.26         8.38         SEPT         8.09         7.46         8.28           MAY 16<td>BILLS         DOLLAR (RUST)         DOLLAR (CD'S         OLLAR (REU )           QTR2         6.60         5.87         6.85         7.U/ (V2627)           QTR3         6.82         6.08         6.98         7.15           QTR4         6.98         5.92         7.76         7.96           QTR1         6.67         5.86         6.74         6.91           QTR2         7.09         6.40         7.25         7.41           QTR3         7.94         7.21         8.20         8.31           SEP         7.12         6.47         7.43         7.56           OCT         7.36         6.24         8.21         8.48           NOV         6.81         5.74         7.39         7.55           DEC         6.82         5.82         7.76         7.96           JAN         6.82         5.92         6.96         7.17           FEB         6.62         5.81         6.63         6.79           MAR         6.56         5.87         6.65         7.76           JUN         7.59         6.91         7.94         8.11           AUG         8.05         7.26         8.38         &lt;</td></td></td<></td>	(OVERNIGHT)         (V2626)           QTR2         6.60         5.87           QTR3         6.82         6.08           QTR4         6.98         5.92           QTR1         6.67         5.86           QTR2         7.09         6.40           QTR3         7.94         7.21           SEP         7.12         6.47           OCT         7.36         6.24           NOV         6.81         5.74           DEC         6.82         5.82           JAN         6.82         5.92           FEB         6.62         5.81           MAR         6.56         5.87           APR         6.75         6.04           MAY         7.04         6.48           JUN         7.50         6.65           JUL         7.69         6.91           AUG         8.05         7.26           SEPT         8.09         7.46           MAY 16         7.00         6.43           MAY 23         7.12         6.48           JUN 20         7.56         6.57           JUN 20         7.56         6.73 <td< td=""><td>BILLS (OVERNIGHT)         (RUST) (V2626)         CD'S NEW YORK           QTR2         6.60         5.87         6.85           QTR3         6.82         6.08         6.98           QTR4         6.98         5.92         7.76           QTR1         6.67         5.86         6.74           QTR2         7.99         6.40         7.25           QTR3         7.94         7.21         8.20           SEP         7.12         6.47         7.43           OCT         7.36         6.24         8.21           NOV         6.81         5.74         7.39           DEC         6.82         5.82         7.76           JAN         6.82         5.92         6.96           FEB         6.62         5.81         6.63           MAR         6.56         7.56         JUL         7.69           JUN         7.50         6.65         7.56         JUL         7.69           MAY         7.00         6.43         7.20         MAY         7.04           AUG         8.05         7.26         8.38         SEPT         8.09         7.46         8.28           MAY 16<td>BILLS         DOLLAR (RUST)         DOLLAR (CD'S         OLLAR (REU )           QTR2         6.60         5.87         6.85         7.U/ (V2627)           QTR3         6.82         6.08         6.98         7.15           QTR4         6.98         5.92         7.76         7.96           QTR1         6.67         5.86         6.74         6.91           QTR2         7.09         6.40         7.25         7.41           QTR3         7.94         7.21         8.20         8.31           SEP         7.12         6.47         7.43         7.56           OCT         7.36         6.24         8.21         8.48           NOV         6.81         5.74         7.39         7.55           DEC         6.82         5.82         7.76         7.96           JAN         6.82         5.92         6.96         7.17           FEB         6.62         5.81         6.63         6.79           MAR         6.56         5.87         6.65         7.76           JUN         7.59         6.91         7.94         8.11           AUG         8.05         7.26         8.38         &lt;</td></td></td<>	BILLS (OVERNIGHT)         (RUST) (V2626)         CD'S NEW YORK           QTR2         6.60         5.87         6.85           QTR3         6.82         6.08         6.98           QTR4         6.98         5.92         7.76           QTR1         6.67         5.86         6.74           QTR2         7.99         6.40         7.25           QTR3         7.94         7.21         8.20           SEP         7.12         6.47         7.43           OCT         7.36         6.24         8.21           NOV         6.81         5.74         7.39           DEC         6.82         5.82         7.76           JAN         6.82         5.92         6.96           FEB         6.62         5.81         6.63           MAR         6.56         7.56         JUL         7.69           JUN         7.50         6.65         7.56         JUL         7.69           MAY         7.00         6.43         7.20         MAY         7.04           AUG         8.05         7.26         8.38         SEPT         8.09         7.46         8.28           MAY 16 <td>BILLS         DOLLAR (RUST)         DOLLAR (CD'S         OLLAR (REU )           QTR2         6.60         5.87         6.85         7.U/ (V2627)           QTR3         6.82         6.08         6.98         7.15           QTR4         6.98         5.92         7.76         7.96           QTR1         6.67         5.86         6.74         6.91           QTR2         7.09         6.40         7.25         7.41           QTR3         7.94         7.21         8.20         8.31           SEP         7.12         6.47         7.43         7.56           OCT         7.36         6.24         8.21         8.48           NOV         6.81         5.74         7.39         7.55           DEC         6.82         5.82         7.76         7.96           JAN         6.82         5.92         6.96         7.17           FEB         6.62         5.81         6.63         6.79           MAR         6.56         5.87         6.65         7.76           JUN         7.59         6.91         7.94         8.11           AUG         8.05         7.26         8.38         &lt;</td>	BILLS         DOLLAR (RUST)         DOLLAR (CD'S         OLLAR (REU )           QTR2         6.60         5.87         6.85         7.U/ (V2627)           QTR3         6.82         6.08         6.98         7.15           QTR4         6.98         5.92         7.76         7.96           QTR1         6.67         5.86         6.74         6.91           QTR2         7.09         6.40         7.25         7.41           QTR3         7.94         7.21         8.20         8.31           SEP         7.12         6.47         7.43         7.56           OCT         7.36         6.24         8.21         8.48           NOV         6.81         5.74         7.39         7.55           DEC         6.82         5.82         7.76         7.96           JAN         6.82         5.92         6.96         7.17           FEB         6.62         5.81         6.63         6.79           MAR         6.56         5.87         6.65         7.76           JUN         7.59         6.91         7.94         8.11           AUG         8.05         7.26         8.38         <

QUARTLERLY AND MONTHLY FIGURES ARE AVERAGES OF THE AVAILABLE WEEKLY DATA

DOLLAR EXCHANGE RATES WITH FIVE MAJOR OECD COUNTRIES

	EFFECTIVE -					
	EXCHANGE	FRANCE	GERMANY	ITALY	JAPAN	CANADA
	RATE -					
1987 QTR2	101.1	6.03	1.81	1300	142.6	1.33
QTR3	102.5	6.13	1.84	1331	150.0	1.32
QTR4	97.0	5.75	1.71	1249	135.7	1.31
1988 QTR1	94.2	5.67	1.68	1236	128.1	1.27
QTR2	93.5	5.78	1.71	1268	125.7	1.23
QTR3	99.0	6.31	1.86	1383	133.6	1.22
					417 4	4 77
1987 AUG	103.3	6.20	1.86	1346	147.6	1.33
SEP	100.9	6.05	1.81	1309	143.1 143.3	1.32
ОСТ	100.5	6.02	1.80	1302	135.4	1.32
NOV	96.5	5.71	1.68	1239 1205	128.5	1.32
DEC	93.9	5.54	1.64	1205	120.5	1.51
1988 JAN	93.9	5.59	1.66	1218	127.9	1.29
FEB	95.0	5.73	1.70	1249	129.2	1.27
MAR	93.6	5.69	1.68	1240	127.1	1.25
APR	92.7	5.68	1.67	1241	124.9	1.24
MAY	93.0	5.73	1.69	1259	124.8	1.24
JUN	94.8	5.93	1.76	1304	127.4	1.22
JUL	98.1	6.22	1.85	1366	133.1	1.21
AUG	99.5	6.39	1.89	1394	133.6	1.22
SEPT	99.6	6.33	1.86	1389	134.0	1.23
1988 APR 4	92.7	5.66	1.67	1237	125.2	1.24
APR 11	93.4	5.72	1.69	1251	126.5	1.24
APR 18	92.1	5.63	1.66	1232	124.0	1.23
APR 25	92.7	5.70	1.68	1246	124.8	1.23
MAY 2	92.7	5.70	1.68	1248	124.7	1.23
MAY 9	92.8	5.70	1.69	1249	124.7	1.24
MAY 16	92.7	5.73	1.69	1254	124.9	1.24
MAY 23	93.2	5.75	1.70	1263	124.5	1.24
MAY 30	93.7	5.82	1.73	1283	125.1	1.23
JUN 6	94.0	5.80	1.72	1277	126.1	1.23
JUN 13	93.7	5.82	1.72	1282 1305	125.1 126.2	1.21
JUN 20	94.4	5.93	1.76	1349	130.8	1.21
JUN 27	97.0	6.14	1.82 1.83	1358	135.5	1.22
JUL 4	98.5	6.16 6.21	1.85	1367	133.0	1.21
JUL 11	98.1 99.4	6.34	1.88	1392	134.6	1.21
JUL 18	97.5	6.23	1.85	1362	132.0	1.21
JUL 25	98.7	6.32	1.86	1383	132.7	1.21
AUG 1 AUG 8	99.6	6.41	1.90	1403	133.8	1.21
AUG 8 AUG 15	99.3	6.38	1.88	1395	133.3	1.23
AUG 22	100.4	6.51	1.92	1403	134.0	1.23
AUG 29	99.6	6.32	1.87	1386	134.4	1.24
SEPT 5	99.9	6.28	1.84	1378	133.7	1.24
SEPT 12		6.28	1.85	1379	133.4	1.24
SEPT 19		6.37	1.87	1395	134.1	1.22
SEPT 20		6.41	1.88	1404	134.7	1.22
			and the second sec			



STERLING EXCHANGE RATES WITH FIVE MAJOR OECD COUNTRIES

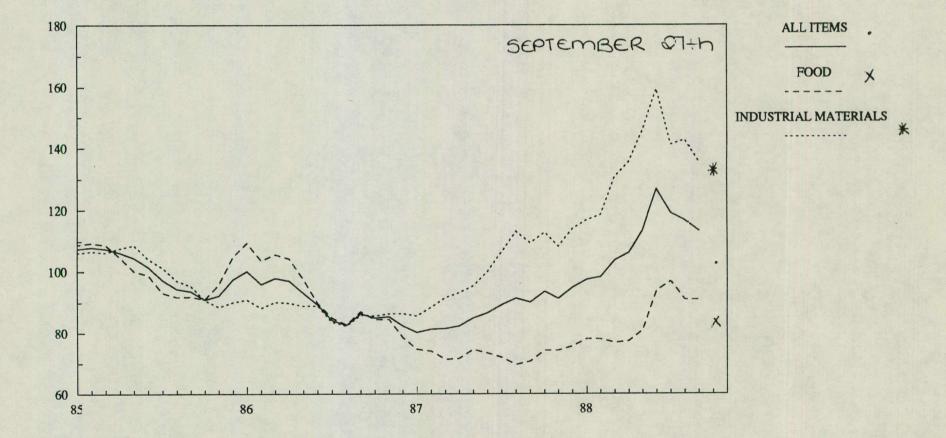
		EVOLUTION		AFAMANY	TTALM	IADAN	-
		EXCHANGE		GERMANY	ITALY	JAPAN	
1987	QTR2			2.96		234.2	
	QTR3		9.92		2152		
	QTR4			2.99	2188	237.8	
		14.1	10,00	L	-100		
1988	QTR1	75.1	10.18	3.01	2217	229.8	1.80
	QTR2	77.8	10.64	3.14	2335	231.7	1.84
	QTR3	75.8	10.68	3.16	2343	226.4	1.69
1987	AUG	72.4	9.89	2.96	2150	235.5	1.60
	SEP	73.0	9.97		2157	236.3	1.6
	OCT	73.2	9.99	3.00	2162	238.4	
	NOV	75.0	10.12	2.98	2199	240.1	
	DEC	75.8	10.12	2.99	2201	234.2	
1988		75.3	10.05	2.97	2189	230.2	1.8
	FEB	74.3	10.08	2.98	2196	227.1	
	MAR	75.9	10.43	3.07	2273	232.8	
	APR	77.8	10.65	3.13	2329	234.8	
	MAY	78.5	10.74	3.17	2357	234.0	
	JUN	76.8	10.52	3.11	2314	225.7	
	JUL	75.8	10.55	3.13	2319	226.4	
	AUG	76.3	10.84	3.20	2371	226.7	
	SEPT	75.5	10.66	3.14	2338	226.1	1.6
1988	APR 4	76.7	10.59	3.12	2313	233.9	1.8
	APR 11	78.1	10.60	3.12	2318	234.9	1.8
	APR 18	78.3	10.72	3.15	2347	236.2	1.9
	APR 25	78.3	10.68	3.14	2337	234.0	1.8
	MAY 2	78.7	10.70	3.15	2341	234.7	1.8
	MAY 9	78.4	10.72	3.16	2349	234.5	1.8
	MAY 16	77.9	10.82	3.19	2369	236.0	1.8
	MAY 23	79.0	10.75	3.18	2362	232.8	1.8
	MAY 30	78.3	10.73	3.19	2364	232.0	1.8
	JUN 6	78.2	10.46	3.09	2302	227.3	1.8
	JUN 13	76.2	10.58	3.13	2329	227.3	1.8
	JUN 20	76.8	10.58	3.14	2329	225.3	1.7
	JUN 27	76.2	10.45	3.10	2297	222.8	1.7
	JUL 4	76.2	10.37	3.08	2285	228.0	1.6
	JUL 11	75.0	10.49	3.12	2311	224.8	1.6
	JUL 18	75.1	10.59	3.14	2325	224.8	1.6
	JUL 25	76.8	10.75	3.19	2353	228.0	1.7
	AUG 1	76.4	10.84	3.21	2371	227.5	1.7
	AUG 8	76.5	10.88	3.23	2381	227.0	1.7
	AUG 15	76.5	10.93	3.22	2390	228.3	1.7
	AUG 22	76.2	10.91	3.22	2381	224.8	1.6
	AUG 29	75.8	10.66	3.14	2334	226.0	1.6
	SEPT 5	75.7	10.65	3.13	2332	229.3	1.6
	SEPT 12	75.7	10.65	3.13	2339	226.3	1.7
	SEPT 19	75.3	10.66	3.14	2340	224.3	1.6
	SEPT 26	75.2	10.68	3.14	2341	224.5	1.6

# ECONOMIST COMMODITY PRICE INDICES

		All item	s indices			SDR ind	ices
Annual	SDR	Dollar	Sterling	Real*	Food	Nfa**	Metals
1980	104.4	133.7	74.0	115.6	96.7		118.6
1981	99.3	115.2	73.5	105.3	93.7		106.2
1982	91.8	99.9	73.4	94.3	89.3	96.0	93.8
1983	107.2	112.7	95.7	110.4	102.0	116.6	110.1
1984	110.3	111.5	107.2	113.1	112.3	111.6	106.2
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	89.8	103.7	90.6	86.4	92.4	89.9	85.4
1987	87.4	111.5	87.1	82.2	73.0		100.6
Quarterly							
	~ ~ ~		86.2	01 0	85.1	85.5	83.1
1986 Q3	84.6	100.2		81.8			82.8
Q4	84.2	100.1	89.5	80.2	82.2	91.0	02.0
1987 Q1	81.0	100.8	83.5	76.5	73.2	95.2	84.3
Q2	84.9	108.2	84.4	80.7	73.2	102.6	92.1
Q3	90.2	113.4	90.0	84.6	70.7	111.9	108.0
Q4	93.4	123.7		87.0	74.7	103.3	117.9
4.							
1988 Q1	99.8	134.6	95.9	93.9	77.6		133.4
Q2	115.5	155.7	108.8	109.1	84.0		169.1
Q3(prov)	116.4	148.8	112.4	107.4	92.9	114.0	157.9
Monthly							
August	91.4	114.2	91.8		69.6	115.0	111.7
	90.1	114.2			70.7		107.9
September October	93.5	114.5			74.2		117.0
					74.2		113.3
November	91.3	121.3			75.6		122.4
December	94.8	129.1	90.5		/5.0	102.1	122.4
January	97.4	132.2	94.1		78.1	. 102.7	126.6
February	98.2	131.2	95.6		78.0	106.5	126.7
March	103.8	140.3			76.8	107.3	157.0
April	106.4	144.9			77.3	110.5	152.8
May	113.4	153.8			80.9	114.1	168.2
June	126.7	168.4			93.9	120.8	186.4
July	119.1	152.9			96.9		
August	116.9	148.9			91.0		
September(prov)		144.5			90.9		152.9
Weekly							
August 9	117.4				92.8		160.9
16	117.2	149.5			91.4		162.4
23	118.4	149.8	114.4		90.2		171.0
30	117.8	150.1	113.8		90.8	3 111.4	168.1
Sept 6	116.5	148.8	112.0		93.1	112.1	159.2
	114.9	140.0			92.1		155.4
13					89.3		152.1
20 27(prov)	112.0	142.9 139.2			89.0		144.8
					100	5 +0.8	+25.5
Z ch. on one yr	+18.7	+19.7	+16.1		+23.6	+0.8	123.3

\* In relation to prices of manufactured exports. Recent figures are estimated. \*\* Non-food agriculturals.

# ECONOMIST SDR COMMODITY PRICE INDICES 1985 = 100



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From : D L C Peretz Date : 30 September 1988

ECONOMIC SECRETARY

Chancellor Sir P Middleton Sir T Burns Sir G Littler o/r Mr Lankester Mr Scholar Miss O'Mara Mr Grice Mr Williams Mr Cropper

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ECU TREASURY BILLS : FIRST TENDER

We need to announce the details and size of the ll October ecu bill tender on Tuesday 4 October.

2. The attached letter from Ian Plenderleith sets out the Bank's proposals, with which I agree. The main points are :

announcement at 2.30 on Tuesday 4 October

size of issue : ecu 800m - 1 billion, divided 1 : 2 : 1 between 1 month, 3 month and six month bills

- target highest accepted yield, 10-20 basis points below LIBID.

3. It will be quite convenient to have the announcement on the same day as the September reserves press notice. Commentators will be able to write about the two events together.

4. The key question is about size of tender/target yield. I accept the Bank's general approach : we should not be trying at the first tender, by restricting its size, to get the very keenest terms. Bills would then be likely to be locked away by a handful of central banks, inhibiting the development of a secondary market; and we would find the terms at subsequent tenders began to deteriorate. We want to get a healthy market going that we can continue to tap in future.

5. I also accept the argument that it is better if anything to err a little on the high side in the size of the first tender, since the Bank can always hold bills back for perfectly explicable reasons. 800m - 1 billion may seem a little high against a target initial total size of the programme of 1-2 billion; but subsequent monthly tenders will be smaller than the first one, and partly used to refinance maturing bills.

6. I think the Bank may be being just a little unambitious in their target of 10-20 basis points under LIBID. Although it is a different market, we usually do rather better (up to 50 basis points below LIBID) in sterling Treasury bills. I would certainly wish to discourage them from accepting bids at yields above 15 basis points below LIBID. But the only point to be announced on Tuesday is the size of the tender, and I recommend you give authority for a figure (to be decided at the last minute) in the range ecu 800m - 1 billion.

#### D L C PERETZ

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BANK OF ENGLAND LONDON EC2R 8AH

30 September 1988

IAN PLENDERLEITH ASSISTANT DIRECTOR HEAD OF GILT-EDGED DIVISION 01-601 4491

D L C Peretz Esq HM Treasury Parliament Street London SWIP 3AG

car Danti,

UK GOVERNMENT ECU TREASURY BILLS: AMOUNTS AND MATURITIES FOR THE FIRST TENDER

1 The first tender is to be held on Tuesday 11 October. Under the terms of the Information Memorandum, we have to announce the amounts and maturities of the Bills to be offered at least four business days in advance of the tender date, by publication in the FT and on Reuters and Telerate.

#### Timing

2 This means that the announcement must appear in the FT on Wednesday 5 October at the latest; and since we could not sensibly give such market sensitive details to the FT the previous evening without first having announced them publicly, the effective deadline is Tuesday 4 October. We see no reason to bring the announcement forward before that date, and we therefore propose that the announcement be made at 2.30 pm on Tuesday 4 October.

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3 That is also the day of the monthly reserves announcement; but in terms of presentation in the next day's papers, the two announcements complement each other quite well and there seems no reason deliberately to separate them. It may also be that the DTI will be making an announcement on BP/KIO that day, but we do not see that that necessitates bringing forward the ECU Bill announcement.

# Maturities

We have had several rounds of discussions with the market 4 makers, both en bloc and individually, to get feedback from them on the developing interest they see in the Bills. The picture that emerges so far is that there is evidence of interest in Bills at all three maturities - one, three and six months - but with greater interest in 3-month Bills than for the other two maturities. The reason for this is that the market perceives somewhat greater interest-rate risk in the 6-month Bills than in the 3-month area; and 1-month Bills are felt likely to attract rather less demand than the other maturities from investors who may be reluctant to bid outright in the first tender but come into the market thereafter, because by then the 1-month Bills will be relatively close to maturity.

5 Given this background, we think it sensible to take the opportunity to test the water in all three areas at the outset, and we therefore propose that we should offer Bills at all three maturities. But reflecting the expected pattern of demand indicated above, we would propose a larger offering at three months than at the other two maturities.

#### Amounts

6 The broad consensus that we get from our soundings to date is that the Bills are expected to trade at around LIBID minus 1/18th per cent, but that there will be some investors - eg some central banks - who may be prepared to pay a higher price (take a lower yield) for the advantage of a prime sovereign name. However, there is also a general feeling that many investors may hang back from the initial tender because of the difficulty of deciding at

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what price to bid in the absence of any secondary market indications; such investors are expected instead to look to buy Bills from the market makers in the secondary market once a price level has been established.

Against this background we think that the ideal outcome for 7 HMG in terms of developing broad interest in the programme over a period of time would be a tender result in which the stop-rate (highest accepted yield) was around LIBID minus 10-20 bp. An outcome on these lines would be likely to generate additional demand in the secondary market as the price became established, possibly taking the Bills to a small premium over the initial tender price and thus encouraging continuing demand from a wider range of investors both in the secondary market and at future The alternative strategy of aiming to satisfy only the tenders. smaller pool of investors prepared to bid up at tighter yields would have the disadvantage of confining the Bills to a much narrower range of investors with little secondary market activity, which we think would be counter-productive to our longer run aim of developing the market.

8 If we take the broader market strategy suggested above, we think that, on the indications we have so far, we would need to offer somewhat more than the ECU 500 million indicated at the time of the Chancellor's first announcement. We think that the appropriate amount would be in the range of ECU 800-1,000 million, and we would like to reserve making a final recommendation within that range until Monday of next week, 3 October. In terms of specific maturities, we would propose that half of the total should be offered at three months, with the remainder split equally between the other two maturities. Thus we would propose either 800, split into 200 at 1 month/400 at 3 months/200 at 6 months, or 1,000 split 250/500/250.

9 An offering on these lines would, we think, give us the best chance of achieving our preferred outcome above, and should attract sizeable demand from market makers positioning themselves to supply investors who want the paper but may be hesitant about bidding at the first tender. In suggesting the increased amount, we recognise the downside risk that demand could prove less than

Aspected. In that event we would plan to under-allot at the tender, taking Bills ourselves, so that we would then be in a position to sell into the secondary market to satisfy subsequent demand. Provided we did not have to take paper on an excessive scale, we think that under-allotting in this way would not convey any sense of failure, but on the contrary would be seen to be positively helpful to the development of broader interest in the programme; we would of course take steps to get this message across. At the other extreme, there is always the risk that demand may so exceed expectations that we are able to allot only the highest bids; that, as indicated above, is not our preferred approach, but it is of course an outcome that we could live with with equanimity if it happened.

10 If you are content with these proposals, it would be helpful if you could seek contingent authority for us to announce next Tuesday on the basis suggested above, subject to a final decision on the amounts after the weekend. If you have any questions, please do not hesitate to be in touch.

Yum -con,

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CONFIDENTIAL

DRAFT **A J SHARPLES** FROM: ADVANCE COVY 30 September 1988 DATE: 1. MR ILETT CC PS/Chief Secretary PS/Financial Secretary PS/Paymaster General APS/ECONOMIC SECRETARY 2. Sir Peter Middleton ce Sir P. Middletan pps. Mr Anson Mr Scholar Hus homax Mr Burgner You may like to see this bright even though Mrs Lomax Mr Peretz it has not finally been cleared with the DTI and Miss Noble the Treening Stinter. It is backgrand 6 Monday's Miss Wheldon - T. So. Solw Cloves neeting, and shows that the Financial Services Ast praid RESTRICTIONS ON OVERSEAS INVESTMENT BUSINESSES more safeguards Miss Wheldon - T.Sol le de regne.

You asked for information on the restrictions on overseas investment firms seeking to do business in the UK. (Minute to PS/Chancellor 9 August). This arose from discussions on Barlow Clowes in which questions were raised about the protection available to UK investors against approaches from unregulated overseas companies such as Barlow Clowes International (BCI).

2. This minute explains the current rules under the Financial Services Act (FSA), and highlights changes made from the earlier Prevention of Fraud (Investments) Act (PF(I)A) regime. It does not consider in any detail the position of BCI under that regime or whether rules were broken in this particular case.

## Summary

3. The broad position under the FSA is that overseas firms must seek authorisation to do investment business in the UK. An overseas firm which <u>is</u> authorised is bound by exactly the same rules as a UK firm regarding advertising, cold calling etc. An

#### CONFIDENTIAL

overseas firm which is <u>not</u> authorised can only do business with UK residents through a UK authorised intermediary, with unsolicited clients who approach the firm directly, or with professional and business investors. Under the PF(I)A regime a license was required to deal in securities in the UK, and it was an offence fraudulently to induce an investment, but the scope of the Act was more limited, there was no statutory right to sue intermediaries and no compensation scheme. Overseas firms were required to apply for licences but there was room for argument about what constituted dealing in securities. Inevitably the full story is more complicated. Details are set out below.

# Authorisation

4. The first distinction to draw is between overseas firms which are authorised to do investment business in the UK and those which are not. The basic principle of the FSA is that it is a criminal offence to carry on investment business in the UK unless 'authorised' or 'exempted' (S.3).

5. There are a number of routes to authorisation, the main ones being authorisation by SIB or membership of a SRO. The procedures which an overseas firm must follow in seeking authorisation will depend on its circumstances. A UK <u>subsidiary</u> of an overseas firm must apply as if it were a UK firm. A UK <u>branch</u> of an overseas firm may take a short cut to authorisation if it can provide evidence that it has been authorised by a supervisor in its home country with which the SIB has negotiated a 'lead regulation arrangement'. (Such arrangements have now been concluded on

#### CONFIDENTIAL

securities business with all relevant countries and on banking business with some half dozen major countries). An overseas firm without an office of the UK (known in the Act as an 'overseas person') can also apply for authorisation. Where business of a branch or 'overseas person' is regarded as high risk the SRO may require incorporation in the UK as a condition of authorisation.

6. There is also provision in the FSA for businesses established in other EC member states, where there is investor protection equivalent to our own, to be authorised by their home countries to do business in the UK on a 'services' basis - that is, without having on office here. A firm would require the approval of the SIB to follow this route.

# Rules for businesses which are Authorised

7. A firm - whether UK based or overseas - which is authorised to do investment business in the UK must do so within the terms of the Act and the rules laid down by the body which has given authorisation. In particular it must adhere to conduct of business rules which include detailed rules on advertising and cold calling. No distinction is drawn in the rules between authorised firms which are UK based, overseas firms with UK offices, or overseas persons.

8. Advertisements must also conform to the general requirements of the Misleading Advertisements Regulations and (voluntary) codes set down by the Advertising Standards Authority and the Independent Broadcasting Authority (for TV and Radio adverts).

# Businesses which are not Authorised

9. An overseas firm which is <u>not</u> authorised to do business in the UK can only conduct or solicit investment business with UK residents in certain limited circumstances. (Such firms are governed by the 'overseas persons' regime set out in Part IV of Schedule 1 of the Act).

An unauthorised overseas firm may:

i. deal in investments in the UK (ie buy, sell etc) or arrange deals in investments with or through an authorised or exempt person in the UK, such as an authorised intermediary.

ii. do business which <u>has not been solicited</u> in any way. For example a UK resident may hear about an investment opportunity overseas through foreign newspapers or other sources and may contact the firm directly.

iii. solicit business if it can do so without breaking the law on advertising and cold calling (set out in Sections 56 and 57 of the FSA). There are broadly three ways it can do this. The first is by placing an advertisement which has been approved by an authorised person. SIB rules (rule 7.04) only allow such advertisements to be approved when they are 'image' or 'short form' advertisements within strict definitions, or where they are advertising regulated collective investment schemes or insurance business which has

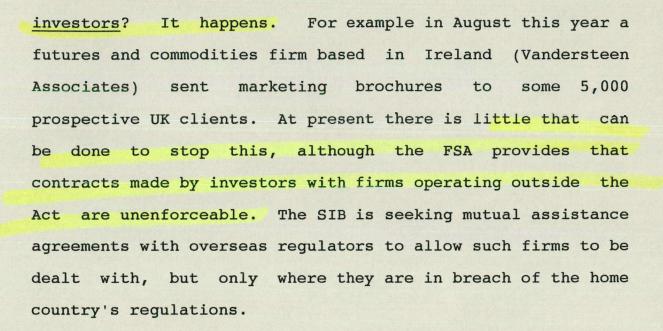
been approved through some other channel. The second exception is for advertising to professional and business <u>clients</u> who are considered to be 'sufficiently expert to understand the risks involved'. The third is for advertising to people who have been clients of the firm while living <u>outside the UK</u> and are now only temporarily resident in the UK. (The latter exceptions are set out in SI 1988 No.316)

# What does this mean in practice?

10. A good way of testing the practical application of these rules is to consider a number of possible cases.

What is there to stop a UK authorised intermediary a. putting clients' money into a dodgy unauthorised overseas firm? The intermediary is bound by the conduct of business rules of the SRO by which it is authorised (probably FIMBRA). These rules must match those laid down by the SIB, which inter alia require the firm to warn investors before placing money with an unauthorised or overseas firm that, by doing so, they will lose the protection of the Act (Rule 2.18). The intermediary is also required to give 'best advice'/to consider the suitability of any investment for the investor concerned. High risk overseas investments could fall foul of both these provisions. A firm which breaks the rules can be sued (under Section 62 of the Act).

b. What happens if an unauthorised overseas firm just ignore all the rules and sends mailings to potential UK



What is there to stop an unauthorised overseas firm c. persuading a UK authorised intermediary to approve an advertisement designed to solicit business? The law allows this, but the SIB rules impose strict limits on what such an advertisement can say. One form allowed is 'image' an advertisement which can only promote public awareness of a firm, describe its services, commend the firm but not the services and offer to supply further information. The second form allowed is a 'short form advertisement' which allows details of the firm's address and phone number and names of investments. (This is primarily intended to cover 'tombstones' recording issues which have already been made). These rules would not allow any material in advertisement designed to promote investments and investors would have to seek further information from an overseas address in response to such an advertisement.

# The PF(I)A Regime

11. The Prevention of Fraud (Investments) Act 1958 made it a criminal offence to deal in securities without a license from the DTI. The Act was in force until the FSA came into operation at the end of April of this year. Licensed dealers were bound by statutory conduct of business rules which included restrictions on advertising and cold calling. Additional provisions in the Act (Sections 13 and 14) made it an offence fraudulently to induce people to invest money, and to distribute circulars which might invite people to do so. Overseas firms wishing to do business in the UK were covered by these provisions. But the whole PF(I)Act system had become inadequate and the enforcement paras and machinery were insufficient.

12. The FSA has strengthened the PF(I)A regime in a number of respects. The procedures for authorisation have been clarified and transferred from the DTI to the SIB, SROs and other bodies. The coverage has been widened through a comprehensive definition of investment business. The conduct of business rules have been greatly extended and clarified. And a variety of other protections for investors have been introduced including a compensation fund.

# Assessment

13. The new regime provided by the FSA and associated rule booksprovides a substantial improvement in investor protection; clarifies what can and cannot be done by unauthorised overseas

#### CONFIDENTIAL

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firms; and sets out the responsibilities of intermediaries. It does not eliminate investments by UK residents with unauthorised overseas firms, nor is it designed to. But it does help to ensure that UK residents who do put their money overseas know what they are doing and understand the risks they are taking. It would be surprising if the present rules prove watertight at the first attempt and it would be wise for the DTI to monitor the impact of the rules, and the effectiveness of the overseas persons regime in particular, in conjunction with the SIB.

A J SHARPLES

SECRET

From : D L C Peretz Date : 3 October 1988

CC

**PS/ECONOMIC SECRETARY** 

PPS Sir P Middleton Sir T Burns Sir G Littler o/r Mr Lankester Mr Scholar Miss O'Mara Mr Grice Mr Gieve Mr Williams Mr Cropper

ECU TREASURY BILLS : FIRST TENDER

Following the Economic Secretary's agreement to the proposals in my minute of 30 September, we have now fixed a precise figure for the size of the 11 October tender (to be announced at 2.30 tomorrow) : ecu 900 million.

2. This will be divided 200 million : 500 million : 200 million between 1 month, 3 month and 6 month bills.

3. The amount is in the middle of the range the Bank proposed, and represents some natural caution on their part. They are, I think, fairly confident of achieving a highest accepted bid yield of 15 basis points or more below LIBID.

4. Most press questions are likely to be on points that should be referred to the Bank of England's press office, and I should be grateful if IDT could liaise with them. The size of the issue is larger than the earlier indication of ecu 500 billion. The Bank will be saying that they were able to raise the amount in view of the substantial indications of interest they have had from investors; but that this does not necessarily imply that the programme will eventually settle at anything larger than the ecu l billion-2 billion range. It is natural for the opening auction to be for a larger amount, to meet pent up demand, than subsequent auctions (which will in part be replacing maturing bills). If anyone is concerned that 900 million ecu is an odd amount, we can point out that it is roughly equivalent to \$1 billion.

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D L C PERETZ

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MONEY MARKETS			Monday 3rd	d October 1988
INTEREST RATES				
	£ Int	erbank	Eurodol	
The second second	Today	Change	Today	Change +
7 days	11 3/4	-1/8	8 3/16	-1/16
1 mth	11 13/16	0	8 3/16	-1/8
3 mth	11 15/16	0	8 1/2	-1/8
12 mth	11 11/16	-1/16	8 13/16	-1/16
BILLS		Toda	ау	Change
3 Mor	th Treasury Bills	1 11 1/2	- 11 3/8	0
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INDEX-LINKED those issues that changed gained 1/8.

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EQUITIES opened the new Account on a weak note but, after a partial recovery fell back further on news that consumer credit rose by 4.8billion in August. At 5pm Wall Street opened down 24 points.

Carl Darzy

NAME: Carl Davey TEL NO: 270 4613

#### SECRET

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GILT-EDGED MARKET	Monday 3rd 0	ctober 1988
Transactions basis, cash values (fm); sales + purchases -		
ISSUE DEPARTMENT: MARKET TRANSACTIONS	Today	October
Gross sales shorts	+	+
Gross sales mediums	13.2	31.8
Gross sales longs and undated	1 70.9	192.1
Gross sales index-linked	1 7.9	15.1
Part paid calls	+	+
Buying in non-next maturities shorts	+	+ 
Buying in non-next maturities mediums	-3.6	-27.6
Buying in non-next maturilies longs	-83.8	-222.7
Buying in non-next maturities index-linked	+	NOW IT AND THE PARTY OF A DESCRIPTION OF
CRND: Market transactions	-12.4	-12.4
TOTAL 'GROSS' SALES	-16.2	-38.7
Buying in of next maturities	-19.8	-29.9
Redemptions	1 -0.9	-0.9
TOTAL TRANSACTIONS WITH MARKET	-36.9	
	+===========	+==========
Future call	s	+
Sales required to meet * target of f	m =	+ +
PRICES/YIELDS OF GILT-EDGED STOCKS Yesterday's close	Chang yesterda	e from

Price (£/32)

REPRESENTATIVE STOCKS

8% Treasury 1992 8 3/4 Treasury 1997 'C' 11 3/4% Treasury 2003/07 3% Treasury 1992 2 1/2% Index-Linked 2016 2% Index-Linked 1994

GILT FUTURES

	Today		Change	Today	Change
I	93	25	-1	10.14	0.01
I	93	20	-4	9.84	0.02
I	115	24	-6	9.68	0.02
I	83	12	0	8.32	0.00
I	98	17	3	3.88	0.00
Ī	94	1	0	3.58	0.00
-		+.	+		*

			Open	Close	Volume
Long	Contract	December	95.23	95.20	9995
Medium	Contract	December	94.04	94.01	7
				NAME: C	arl Davey

TEL NO:

270 4613

Price (f/32) Yield (%)

0.02 |

0.02 |

0.00 |

-2 |

-4 |

-1 |

Yield (per cent)

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K. C.S.

M

FROM: N P WILLIAMS DATE: 3 October 1988

mon 3/10

1. MISS O'MARA 2. ECONOMIC SECRETARY

Chancellor \2/2 Sir G Littler Mr Lankester Mr Scholar Mr Peretz Mr Gieve Mr Nelson

# ECU TREASURY BILLS: FIRST TENDER

You may like to see for information the notice of the first tender of UK Government ECU Treasury Bills which will appear in Wednesday's FT.

CC

2. The arrangements for the tender will be familiar to you from the draft of the Bank's Information Memorandum attached to my minute of 9 September. The notice will include details of the size of the tender on which Mr Peretz minuted you on 30 September.

N P WILLIAMS

# UK GOVERNMENT ECU TREASURY BILLS

For tender on 11 October 1988

1. The Bank of England announces the issue by Her Majesty's Treasury of ECU 
 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 11 October 1988.

2. The Bills will be issued in the following maturities:

ECU 
 million for maturity on

ECU 
 million for maturity on

ECU 
 million for maturity on

Bills will be dated 13 October 1988.

3. All tenders must be made on the printed application forms available on request from the Bank of England. Completed application forms must be lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, London EC2 not later than 10.30 a.m., London time, on Tuesday, 11 October 1988. Payment for Bills allotted will be due on Thursday, 13 October 1988.

4. Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of ECU 100,000 nominal.

5. Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered for.

6. Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with Euro-clear or CEDEL, Bills will be credited in those systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on Thursday, 13 October provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE1 2HA. Definitive Bills will be available in amounts of ECU 100,000, ECU 500,000, ECU 1,000,000, ECU 5,000,000 and ECU 10,000,000 nominal.

7. Her Majesty's Treasury reserve the right to reject any or part of any tender.

8. The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Bill Programme issued by the Bank of England on behalf of Her Majesty's Treasury on 14 September 1988. All tenders will be subject to the provisions of that Information Memorandum, copies of which may be obtained at the Bank of England. UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loans Act 1968 and the Treasury Bills Regulations 1968 as amended.

Bank of England

4 October 1988

11 ·

53.2/james/no3.jr

SECRET



FROM: S M A JAMES DATE: 3 October 1988

cc **PS/Chancellor** Sir P Middleton Sir T Burns Sir G Littler Mr Lankester Mr Scholar Miss O Mara Mr Grice Mr Williams Mr Cropper

ECU TREASURY BILLS: FIRST TENDER

The Economic Secretary was grateful for your minute of 30 September. As I mentioned to you over the phone, the Economic Secretary is content for an announcement to be made on 4 October of a tender in the range of ecu 800m - 1 billion (with the final figure to be decided at the last minute).

S M A JAMES Private Secretary

MR PERETZ