

MR. McMAHON.

FOREIGN EXCHANGE AND GOLD MARKETSThursday, 10th January 1980

Professional jobbers dominated trading in sterling today and, with sellers predominating, the pound lost yesterday's sheen. The dollar was generally a little better. Sterling's ERI fell to 70.9.

The pound closed at 2.2650 yesterday in New York where the dollar improved a touch. This morning sterling opened at 2.2665 which proved the highest level of the day. With the dollar trading in a very narrow range and commercial interest in pounds almost non-existent, sterling was prey to the whims of the bigger professionals. The trend was softer; the pound touched 2.2550 this afternoon but, once Europeans had departed, it recovered to 2.2620 before closing at 2.2586. The CGBR, though not helpful, had little impact. Forward margins were little changed, the three months' at 2 1/16% p.a. discount. Sterling retained an intrinsic premium of 3/8%.

Sterling lost around 1/8% to the deutschemark (3.87 1/2) and French franc (9.07 1/2) and almost 3/8% to the Swiss franc (3.56). The deutschemark and Swiss franc were each a little softer against the dollar at 1.7159 and 1.5763 respectively. The French franc (4.0182) and Belgian franc (27.88) continued to bracket the EMS, a little over 1/8% apart. The French bought \$13 mn. and the Belgians sold \$63 mn. The Danes, too, sold \$12 mn. The punt (2.1522) recovered to 4 1/8% discount on sterling. The yen closed at 235.10 in Tokyo and 235.60 in London.

Gold continued to trade uncertainly, but within the recent range. Fixing levels were \$608.25 and \$602.85.

Operations:	Market	+ \$1 mn.
	Nigeria	+ 125
	Interest	+ 5
	Sundries	+ 2
		<u>+ \$133 mn.</u>
	Overnight	- \$27 mn.

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JGH