

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETS

Thursday, 20th March 1980

The dollar remained on the soft side today as deposit rates continued easier. Sterling was very firm this morning but retreated a little this afternoon following publication of the monetary aggregates. The ERI rose slightly to 72.3 after 72.6 this morning.

The pound closed at 2.1965 in New York yesterday and opened three points dearer this morning. The dollar eased quite sharply on the opening exchanges, as eurodollar deposit rates were marked down, and sterling was bid up to 2.2050. Middle Eastern professionals were seen taking losses on yesterday's sales of pounds and their efforts buoyed sterling throughout the morning. This afternoon the money figures proved a little disappointing and the pound was marked down to 2.1964 before recovering, as the dollar eased again, to close at 2.1976. Sterling's three month forward premium narrowed again to 9/16% p.a. and this left an adverse covered differential of 1/8%.

Sterling closed a little easier against the deutschemark (4.09 1/2), Swiss franc (3.87) and French franc (9.56). These were all a good deal firmer against the dollar at 1.8649, 1.7610 and 4.3505 respectively. The French took in deutschemarks equivalent to \$15 mn. and the Swiss swapped in \$200 mn. for a month. The EMS remained at 1 13/16% in width between the French franc and Belgian franc (30.16). The yen closed at 248.33 in London; Tokyo was closed for the rites of Spring.

Gold met panic buying in New York yesterday and remained very firm in face of the softer dollar today. Both fixings set a level of \$561.

Operations:	Market	+ \$22 mn.
	BIS	+ 55
	India	+ 11
	Bangladesh	- 11
	Crown Agents	- 6
	Sundries	+ 9
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		+ \$80 mn.
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	Overnight	- \$7 mn.
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