

THE DEPUTY GOVERNOR.

FOREIGN EXCHANGE AND GOLD MARKETS

Tuesday, 22nd April 1980

In another unexceptional day's trading, the pound was bought this morning while the dollar generally found favour this afternoon. Sterling, as usual, was less affected by the dollar's buoyancy and the ERI rose to 73.5, after 73.7 this morning.

In a thin market, Chicago bid sterling up to 2.2480 yesterday before the US market closed at 2.2427. This morning, the pound opened at 2.2417 and met early demand from the Middle East, rising to 2.2485 before finding a trading level around 2.2450. Later a sizeable commercial selling order in London brought some reaction and, as the dollar improved generally, sterling retreated below 2.24 by early afternoon. With the return of New York, the dollar was well wanted. The pound met modest two-way business but gave only a little further ground, falling to 2.2333 before closing at 2.2375. The cost of three month's cover narrowed to  $\frac{1}{2}$ % p.a. but sterling's intrinsic premium was unchanged at 5/16%.

The pound gained  $\frac{1}{4}$ % in France (9.67 $\frac{1}{2}$ ) and  $\frac{1}{4}$ % in both Switzerland (3.88 $\frac{1}{2}$ ) and Germany (4.16 $\frac{1}{2}$ ). Once again there was no significant intervention on the Continent. The deutschemark and Swiss franc weakened to 1.8620 and 1.7382 respectively. The EMS was a comfortable 1 $\frac{1}{2}$ % in width between the French franc (4.3240) and lira (870.70). The yen closed at 250.10 in Tokyo and 249.87 in London.

Gold opened weak at around \$490 but made up ground over the day as modest buying interest developed below \$500. The fixings set levels of \$494.50 and \$502.40.

Operations:

India	+ 22
Iraq	+ 11
Government	- 18
Mauritius	- 5
Sundries	+ 1
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	+ \$11 mn.
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