FE440.07

COVERING SECRET

25. 4.80

GPS

Copies to: Mr.Loehnis o/r
Mr.Sangster
Mr.Byatt

I attach a note of developments in foreign exchange and gold markets during the Governor's absence, as requested.

25th April 1980

PAB

EEA transactions.

SECRET

Foreign Exchange and Gold Markets

Wednesday 23rd - Friday 25th April

Yet lower interest rates (Chase prime going to 19%, other majors to 19½%) set the dollar back on Wednesday and Thursday, and it fell steeply this morning on news of the abortive attempt to rescue the hostages. Sterling enjoyed mixed fortunes at first, with Middle Eastern traders prominent both ways in the market, until the Iranian news brought substantial buying today. The EMS has been relaxed. The Fed bought dollars against marks and Swiss francs on Wednesday, but European intervention was negligible until today.

Gold has risen by nearly $50 to $551½ at this afternoon's fix.

The table summarises exchange rates, main intervention and EEA transactions.

25th April 1980

PAB

Exchange Rates

	Tuesday close	Friday close
Dollar Rates		
£	2.2375	2.2780 (after 2.2935)
DM	1.8620	1.8150 (after 1.8075)
SF	1.7382	1.6915
FF	4.3240	4.2300
Yen	249.87	245.30
Sterling Rates		
DM	4.16⅝	4.13½
SF	3.88⅞	3.85⅜
FF	9.67½	9.63⅝
sterling effective	73.5	73.8 (after 74.1)

Intervention Abroad (main items)

	$ mns.; purchase of $ (+)
Fed	+ 135
Germany	+ 96
Switzerland	+ 45
Sweden	- 149

EEA Transactions (23rd-25th April inclusive)

		$ mns.
total operations		+ 159
of which:	Market	+ 105
	India	+ 46
	Ireland	+ 23
	Bangladesh	- 18

At the close today, the increase in reserves for April is 1,068, after 128 of debt repayments and a valuation increase of 931 arising from the EMCF swap. The overbought market forward position is 2,210, 15 less than at the end of March.