

SECRET

THE DEPUTY GOVERNOR.

FOREIGN EXCHANGE AND GOLD MARKETS

Wednesday, 6th August 1980

Sterling continued very firm today with good commercial and professional demand. Elsewhere, the dollar was steady and sterling's ERI rose from 74.9 to 75.2.

The pound closed at 2.3570 in New York yesterday but opened this morning at 2.3633 against a dollar that was little changed. The opening exchanges were uncertain for both pound and dollar. Sterling traded up to 2.3664 and down to 2.3617 as the dollar firmed slightly but Swiss professional interest eventually secured a trading level around 2.3650 for most of the morning. Later, however, keen commercial buying took sterling up through 2.37. This afternoon, although the Swiss took their profits in sterling and Americans tended to bid for dollars, yet the pound remained quite firm and touched 2.3748 before closing at 2.3735. Sterling deposits were a good deal better bid following yesterday's banking statistics. Forward margins, however, more than compensated for this by closing substantially wider. Three months' cover cost 6 9/16% p.a. and the covered differential moved to 3/16% against London.

The pound gained 3/8% in Switzerland (3.87%), 1/4% in France (9.73) and 3/8% in Germany (4.20%). The dollar finished easier in these centres at 1.6310, 4.0992 and 1.7710 respectively, although most of the movement took place in New York yesterday. The French franc replaced the punt at the head of EMS, 2 15/16% above the lira (835.75). The French took in \$20 mn. and \$20 mn.-worth of marks. The yen closed at 225.65 in Tokyo and 225.46 in London.

Gold was steady and traded without feature. Fixings were \$628.50 and \$627.75.

Operations:	Market	+ \$12 mn.
	Interest	+ 8
	Greece	- 15
	Sundries	- 2
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		+ \$3 mn.
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*JG*  
6th August 1980.  
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