

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETS

Thursday, 14th August 1980

Market activity picked up a little today in advance of the long weekend holiday in some European centres. The Belgian and Italian currencies came under particular pressure as New York bought the dollar. Sterling's ERI edged up to 75.6.

The pound closed at 2.3780 in New York last night. It briefly touched 2.3785 this morning after opening at 2.3765, eased to 2.3712 as the dollar reached its best levels across Europe and finished quietly at 2.3757. Eurodollar and sterling interbank rates moved apart and a covered differential of 5/16% in London's favour re-emerged.

In Europe sterling rose about 1/8% to 4.24 in Germany, 3.90½ in Switzerland and 9.82½ in France. EMS widened to 3 7/16% between the punt (2.1180) and a lira (847½) which was suffering from devaluation rumours. The Italians sold \$200 mn. The Belgian Franc diverged from the florin during the morning, forcing the National Bank to sell \$59 mn. and \$22 mn. in florins. The deutschemarek eased to 1.7844 (after 1.7882), the Swiss franc to 1.6437 and the yen to 224.37 in London (223.90 in Tokyo earlier). The Swedes sold a further \$70 mn. and the Norwegians bought \$74 mn.

Gold came back into favour, fixing at \$623 and \$626.

Operations:	Iran	- \$24 mn.
	Zambia	- 10
	Sundries	+ 4
		<u>- \$30 mn.</u>
		<u>          </u>
Overnight		<u>+ \$8 mn.</u>

*Lang*  
14th August 1980

D.A.H.B.