

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETSThursday, 21st August 1980

During a very quiet day the pound has edged up, the dollar has edged down. Sterling's ERI is at 75.6 again.

In New York last night the pound closed at 2.3717. It opened at 2.3704 in London today, drifted down to 2.3653 in mid-morning and rallied to close at 2.3695. Later in New York 2.3720 was paid. Forward margins narrowed at first but widened as good borrowing of sterling took place, the cost of three-months' cover closing at 5¼%. Euro-dollars were a touch bid and the covered differential in London's favour came down to ¼% p.a.

Against the deutschemark the pound was unchanged at 4.25½ but it improved in France (9.87) and Switzerland (3.92¼). The dollar slipped in the closing hour, but not very significantly. The deutschemark improved only to 1.7958. EMS widened, however, as the lira again weakened on devaluation fears: it closed at 853.90, 3½% weaker than the French franc which had eased to 4.1655. The Swiss franc and yen were little altered. The Norwegians bought another \$76mn. as rumours of revaluation were revived.

Gold remained firm with operators still looking to Poland. Fixings were at \$640.50 and \$645.25.

Operations:	Market	+	\$22mn.
	BIS	+	24
	Interest	+	9
			<hr/>
		+	\$55mn.
			<hr/> <hr/>

21st August 1980.

DAH B