



THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETS

Friday, 14th November 1980

In a relatively quiet finale to the week, the dollar scored modest gains to the accompaniment of a firmer tone in the Euro-dollar market. Sterling marked time this morning but was beaten down this afternoon in a movement orchestrated from Chicago. The ERI fell to 78.4.

The pound closed almost a cent lower yesterday in New York where the dollar was generally stronger. This morning sterling began on a brighter note at 2.4145 and advanced to 2.4185 on the early exchanges in concert with a firmer dollar. There was little activity, however, and the pound settled to trade around 2.4150 through the morning. This afternoon, however, sterling was singled out for a solo performance as the Chicago IMM sold the currency progressively down to 2.3990 before the close came at 2.4040. The RPI was largely anticipated but, in the USA, Industrial Production proved stronger than many had expected. Euro-dollars gained up to 3/8%. Sterling deposits were a shade softer. Forward margins, however, narrowed only slightly - the three-months' to 3/8% p.a. discount - so that the covered differential moved to 3/16% against London.

The pound was barely changed in France (10.61%) and Germany (4.57%) and a touch softer in Switzerland (4.12%). The dollar improved in these centres to 4.4160, 1.9040 and 1.7152 respectively. The guilder (2.0652) remained at the snake's helm. The Belgian franc (30.60) was 2 1/2% adrift and the lira (902 1/2) 3 1/2% off. The French sold marks worth \$37mn., the Irish sold \$7mn. and the Swedes spent \$25mn. The yen closed at 212.65 in Tokyo and 213.30 in London.

Gold traded without feature at levels somewhat lower than those of yesterday. Fixings were \$615.70 and \$612.50.

Operations:	Market	-	\$5mn.
	N.Scotland Hydro		
	(PSB G'teed.)	+	12
	Iran	+	10
	Zambia	-	5
	Sundries	+	1
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		+	\$13mn.
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