

SECRET

THE GOVERNOR

Copy to: The Deputy Governor

E.E.A.: 4.30 p.m.

Friday 3<sup>rd</sup> April 1961.

	(\$ mns.)	£ against	\$ against
Day's operations net	+ 28		
Month's reserve movement (after debt repayment of 448)	- 661	\$ 2.2035 (-1 <sup>3</sup> / <sub>8</sub> %)	DM 2.1290 (+1 <sup>1</sup> / <sub>8</sub> %)
Forwards (compared with at end - March)	+ 2178 + 1969	DM 4.69 <sup>1</sup> / <sub>8</sub> (-1 <sup>1</sup> / <sub>4</sub> %)	SFcs. 1.9405 (+1 <sup>1</sup> / <sub>8</sub> %)
		SFcs. 4.27 <sup>5</sup> / <sub>8</sub> (-1 <sup>1</sup> / <sub>2</sub> %)	Yen 213.82 (+1 <sup>1</sup> / <sub>2</sub> %)
		FFcs. 11.07 <sup>1</sup> / <sub>8</sub> (-1 <sup>1</sup> / <sub>4</sub> %)	
		ERI: 99.5 (100.1)	Gold: \$ 523 (fr)
∴ real movement on month	- 870		

## Remarks:

The pound fell sharply in the U.S. yesterday in response to sizeable selling orders in a thin market. Here, the dollar strengthened across the board in response to Weinberger's increased fear of Russian intervention in Poland. This morning - with currencies, in addition, much firmer following an unexpected tightness in Federal Funds - the dollar continued to gain ground but sterling - having already fallen so far - was relatively well protected. Thus afternoon, the Chicago I.M.M. again sold pounds and sterling was traded down to 2.1910 before the close.

In E.M.S. pressure continued on the Belgium franc which finished at 95 on the index of divergence. The band was more than fully stretched at the close. The Banker bought \$10m of Belgium francs. The Belgians sold \$214m of denunciations and \$10m of sterling. The French spent \$17m of denunciations. Elsewhere the Irish sold \$25m and the Swedes bought \$70m.

Eurodollars were nearly 1/2% firmer, sterling deposits a touch easier. Sterling's three-month forward premium widened by 3/8% to 2<sup>1</sup>/<sub>16</sub>% and the covered differential contracted to 1/16% in London's favour.

Gold was slightly firmer on Polish considerations.

John 3/4