

SECRET

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETS

Friday, 24th April 1981

A day much as yesterday. The dollar improved and sterling turned easier in New York last night: both moved quite narrowly in London today. The ERI fell to 99.3 at the opening and remained there to the close.

The pound was sold in the final hour of trading in New York by early Far East operators, depressing the rate to 2.1690. In a featureless market in London it ranged between the opening level of 2.1740 and 2.1645 (in mid-afternoon) before closing at 2.1695. Forwards and interest rates remained steady, too.

There was a further decline in sterling's value in Europe: it eased to 4.72½ in Germany, 11.18½ in France and 4.30½ in Switzerland. EMS continued to contract, closing 1 9/16% wide between the deutschemark (some 9/16% lower at 2.1765) and the punt (1.6777). Nevertheless, the Irish, French and Italians remained concerned about their respective currencies' weakness: \$46mn. was spent in Dublin, \$117mn. in Paris (of which \$53mn. in deutschemarks) and \$100mn. in Rome. The franc closed at 5.1572, the lira at 1085½, each about ½% below the top. The Germans swapped in another DM 3.6bn. for one and two weeks. In Zurich the franc eased to 1.9855. The yen was a touch lower at 215.15.

Gold was thinly traded and rallied to \$491.75 this morning, gaining further ground this afternoon when it fixed at \$494.50.

Operations:	Market	+	\$7mn.
	India	+	11
	IDA	+	7
	Bangladesh	-	19
	Government	-	12
	Ghana	-	7
	Sundries	+	2
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		-	\$11mn.
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