

SECRET

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETS

Wednesday, 23rd December 1981

A good day for sterling, which was wanted for New York commodity and Middle Eastern account during the morning. The revision to October's export figure caused a temporary jump this afternoon; the November result had no impact, however. The dollar moved up in a reaction to yet higher interest rates. Sterling's ERI climbed to 90.7.

Calm prevailed in New York last night: the dollar softened, the pound rose to close at 1.8930. It opened in London today at 1.8905 and was in good demand in mid-morning, improving to 1.8957 at best. By noon, serenity had returned and it was scarcely disturbed by the various trade figures released later on. Operators are shy in advance of the year-end. Sterling touched 1.8955 and closed at 1.8922. Eurodollars, marked up overnight on the latest U.S. durable goods figure, closed at 14 1/16% p.a. Sterling deposit rates rose to 15 15/16% and left sterling's intrinsic premium little changed at 3/16%.

The pound's stronger performance in dollar terms was reflected in all other centres: the German (4.31%) and French (10.90%) currencies both yielded 1/2%, as did the Swiss (3.43 13/16). The dollar began to move only when Fed Funds hardened to 13%. EMS widened a touch but was not under pressure. The weakest and strongest positions changed hands regularly throughout the day but trading was light. The deutschemark had opened at 2.2705; it eased to 2.2810 at the end, only a little ahead of the Belgian franc, as weakest in EMS. The battle for top was resolved in the lira's favour (1213.45); the system ended 1 1/2% wide tonight. The French franc closed at 5.7617. The Dutch sold exchange equivalent to \$19mn. The Swiss (1.8170) bought \$20mn. The Japanese sold \$32mn. in Tokyo, the yen closing at 220.37 in London.

Even kings of Orient would have had difficulty buying a gift of gold and in selling the metal at this time. In only a few hours gold has swung between \$397.50 and \$405.75 as dealers shied away. The price eased from \$402.25 at the first fixing to \$400.40 at this afternoon's.

Operations:	Market	+	\$6mn.
	Iran	+	5
	Sundries	+	6
			<u> </u>
			+ \$17mn.
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From Professor Norman Davis, FBA

Sir, In his article on Hereford Cathedral library (December 22, 1980) Mr Wapshott claims that the earliest Christmas greetings "which can be found written in English" appear at the end of a business letter from Charles Booth between

1516 and 1535. But a generation or so earlier Thomas Betson wrote "To my right synguler good lady, Dame Elyzabeth Stonor" a letter concluding: "Madame, I beseche the blissid trenyte to send you a Mery Cristymas to your hartes ease, and ever to preserve and kepe you in longe helth and vertu. At London the xxij day Discebre."

The letter is no 185 in the Camden Society edition of the Stonor Letters by C. L. Kingsford (1919), who dates it convincingly 1477. Its special interest is that the now so conventional phrase "Merry Christmas" occurs here long before the earliest quotation in the *Oxford Dictionary*, which is of 1617. There may well, of course, be other cases still unnoticed.

Your obedient servant,
NORMAN DAVIS,
Merton College,
Oxford.
December 22.