

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETSThursday, 24th December 1981

As expected, London was a dormant market for its morning in attendance and exchange rate quotations were purely nominal. The ERI shaded down to 90.6.

In New York last night sterling closed at 1.8895. It began Christmas Eve in London at 1.8905 and closed at 1.89, having been quoted between 1.8955 and 1.8870 without news of any underlying interest other than that a possible buyer was around. Eurodollars took a cue from domestic US rates and opened well bid but for 3 months and beyond closed at last night's levels. Interbank sterling edged up to 16% and, with the forward discount widening to 1 $\frac{1}{2}$ %, the covered differential remained at 3/16% in London's favour.

Closing cross-rates for sterling against European currencies were: deutschemark 4.30 $\frac{1}{2}$, French franc 10.90 $\frac{1}{2}$, Swiss franc 3.43 $\frac{1}{2}$. EMS was notionally between the punt (1.5667) and Belgian franc (38.65) at the close - some 1 $\frac{1}{2}$ % apart. Against the deutschemark the dollar was quoted a touch lower at 2.2785 but it showed some improvement in Paris (5.77). The Swiss franc was little changed at 1.8175 but the yen needed support in Tokyo: it closed there at 221.20 after sales of \$90 mn. by the Bank of Japan. Good commercial demand for Canadian dollars enabled the Bank of Canada to buy over \$200 mn. yesterday.

Gold moved up in New York and at today's only fixing in London a price of \$404 was struck.

Operations:	Interest	+ \$23mn.
	Sundries	- 4
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		+ \$19mn.
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Christmas Holiday:		- \$4mn.
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DAHB