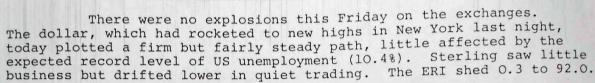
2/2 4

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETS

Friday, 5th November 1982



Sterling hit a new low of 1.6625 in New York last night as the dollar surpassed the August 1981 peak, reaching DM 2.5815; by the close there the pound had recovered to 1.6675. This morning sterling opened at the high for the day of 1.6710 but then gave ground gradually to close at the low of 1.6635. Trading was very light and apart from some modest selling during the afternoon little activity was seen. Three-month Euro-dollars closed unchanged at 9 11/16% and sterling's forward premium was 11/16%.

The pound lost some ground in Europe, closing $\frac{1}{4}$ % lower, at 4.28½ in Germany, 3.69½ in Switzerland and 12.08½ in France. The dollar was firmer in each of these centres at 2.5756, 2.2225 and 7.2650 (after a new low of 7.2715). In EMS the Dutch cut their discount rate by ½% to 5½%, but the band widened between the Belgian franc (49.91 - a new low) and the guilder (2.8005). The only intervention was by the Italians, who sold \$108mm. and the Irish, who sold \$28mm. In contrast to the other major currencies, the yen was firmer, rising ½% to close at 275.57.

Gold gave ground against the stronger dollar, fixing at \$423 and \$417.50.

Operations: Sundries + \$11mn.

5th November 1982.

TRS

US BOND AND MONEY MARKETS

Friday, 5th November 1982

Federal Funds

9音号 Opening:

9월8 - 9월8 Range:

Close: 918 US Governments (NY closing bids)

938 (一智) 100 2-year:

1085 (-3) 1038 5-year:

1038 (-1/2) 100 10-year:

 $(-\frac{3}{4})$ 1038 129 30-year:

Euro-dollars (Today's opening London bid)

7-day: 9%8

9 9/16% 1-month:

9 11/16% 3-months:

6-months:

Federal Reserve Operations:

Weekend reverse repurchase

agreement with Fed Funds at 94%. Stop rate 9.36%.

938

3-month Treasury Bills 7%% 3-month US bank CDs 9%

Differential 14%

Indicators

M1 + \$2.7bn.

Unemployment 10.4% (c.f. 10.1% in September)

Comment:

The market weakened slightly during the morning and fell further following the Fed's matched sales. The afternoon saw prices move higher, helped by a statement by Kaufman that the Fed would cut the discount rate on Friday or today. Prices fell again following the money announcement.

8th November 1982.

OP OP