

212-4

SECRET

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETS

Friday, 12th November 1982

The exchanges were quiet today and the dollar closed little changed in most centres. Sterling was rather soft as the implications of the cut in Indonesia's oil price outweighed the good retail price index. The ERI moved 0.2 lower to 91.3.

Sterling opened at 1.6560 this morning and, having touched 1.6562 in early business, gave ground slowly as the dollar moved higher elsewhere in Europe. By noon the rate had drifted down to 1.6530 on little business but activity picked up with the entry of New York and some widespread small-scale selling developed. Although the dollar was firming elsewhere at this time, helped by a high Fed Funds rate (9½%), sterling lost ground more quickly than the other major currencies, dipping to 1.6485 in mid-afternoon before closing at 1.6512. Three-month Euro-dollars were ½% firmer at 9 15/16% and sterling's forward premium was 13/16%.

The pound was easier in Europe, losing ¼% in Germany (4.27½) and France (12.07½) and ½% in Switzerland (3.67½). The dollar closed unchanged in the first two centres, at 2.5910 and 7.3112, but lost ⅜% against a firm Swiss franc (2.2242). In EMS, the Belgian franc (50.23) closed a full 2¼% below the guilder (2.8160), the Belgians having sold \$81mn. (of which \$34mn. was in guilders) and the Germans \$23mn., while the Danes bought \$24mn. (of which \$19mn. was in deutschemarks) and the Dutch bought \$10mn. - \$6mn. in deutschemarks and the balance in Belgian francs. The yen was in less demand than on most days recently and closed at 267.90, the Bank of Japan having sold \$97mn. in Tokyo this morning.

Gold was a quiet but weak market. Fixings were at \$406 and \$398.

Operations:	Market	+	\$16mn.
	Sundries	+	2
			<hr/>
		+	\$18mn.
			<hr/> <hr/>

12th November 1982.

TRS

US BOND AND MONEY MARKETS

Friday, 12th November 1982

Federal Funds

Opening: 9½%
Range: 9¾% - 9⅝%
Close: 9⅝%

US Governments (NY closing bids)

2-year: 99¼ (-¼) 9⅞%
5-year: 107⅞ (-½) 10 9/16%
10-year: 99¾ (-½) 10⅝%
30-year: 99¼ (-¼) 10½%

Euro-dollars (Today's opening
London bid)

7-day: 9¼%
1-month: 9¼%
3-months: 10%
6-months: 10 1/16%

Federal Reserve Operations:

\$1bn. customer repurchase agreement
with Fed Funds at 9½%. Stop rate
9.30%.

Bought \$450mn. Treasury Bills for
a customer.

3-month Treasury Bills 8¾%

3-month US bank CDs 9½%

Differential ¾%

Indicators

Comment:

After opening weaker the market moved in a narrow range
throughout the day. Trading remained very light.

15th November 1982.

OP 08