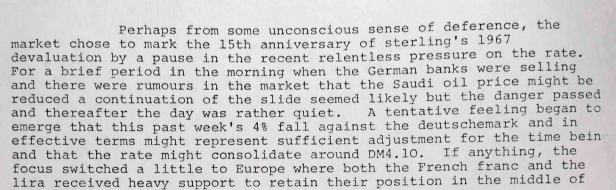
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THE DEPUTY GOVERNOR

## FOREIGN EXCHANGE AND GOLD MARKETS

### Thursday, 18th November 1982

Sterling's ERI closed O.1 higher at 87.9.



Sterling closed a quiet night in New York yesterday at This morning the rate opened at 1.5975 and quickly encountered 1.6005. selling from German banks which took the pound back to 1.5960. some good buying in London and some demand from Europe to cover short positions taken yesterday, the rate soon began to recover, reaching Rumours then began circulating that the Saudis 1.6055 in mid-morning. might lower their oil price and this prompted some renewed professional and commercial selling from Europe, but the scale was not comparable with that of the past few days. With the dollar strengthening itself at this time on firmer Euro dollars, the rate fell steadily bottoming at 1.5960 shortly before noon. The absence of any confirmation of these reports and some modest demand from the U.S. during an uneventful afternoon saw sterling return above 1.60, to end the day at 1.6017. Three month Euro dollars closed 1/16% firmer at 9 15/16% and sterling's forward premium remained at %%.

The pound ended marginally firmer in Europe, closing at 4.11% in Germany, 3.52 in Switzerland and 11.61% in France. The dollar was broadly unchanged, closing at 2.5670, 2.1980 and 7.2517 respectively EMS widened to 2 3/16% but was otherwise unchanged between the Belgian franc (49.83) and the guilder (2.7950). The French sold \$305mm.(of which \$39mm. was in deutschemarks), the Italians \$183mm. and the Irish \$24mm. The yen eased a little to 263.20.

Gold remained dormant, fixing at \$409.25 and \$408.50.

Operations: Market (net) + \$2mn.

Interest + 30Sundries + 2+ \$34mn.

18th November 1982

TRS



### US BOND AND MONEY MARKETS

## Thursday, 18th November 1982

Federal Funds		US Governments (NY closing bids)			
Opening:	938	2-year:	100%	$(+\frac{1}{4})$	93/8
Range:	918-9128	5-year:	108%	(+½)	10 7/16%
Close:	948	lo-year:	100%	(+7/8)	10 7/16%
		30-year:	1001/4	(+1%)	10 3/8%

# Euro-dollars (Today's opening London bid)

7-day: 9 9/16% 1-month: 9 1/2% 3-months: 9 3/4% 6-months: 9 15/16%

## Federal Reserve Operations:

Four day repurchase agreement for systems account with Fed. funds at 9½%. Stop rate 9.01%

3-month Treasury Bills 81%
3-month US bank CDs 9%
Differential 3%

### Indicators

U.S. personal income +0.7% (after + 0.3% in September)

#### Comment:

The market opened little changed and remained within point of the prior close through the morning in quiet trading. Soon after the Fed's. repos, with the Funds rate declining, the market began to move ahead, as hopes rose for an early cut in the discount rate.

19th November 1982
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