

PRIME MINISTER

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TODAY'S MARKETS

I attach the evening report.

For most of the day the exchange rate was fairly steady but the report indicates that sterling weakened later in the afternoon. If anything it has weakened a bit further from the post-close rates shown there; it is currently (19.25) at \$1.6675 and DM3.125.

The Bank did some further intervention after hours in London beyond that shown in the report, but are not currently planning to do anything in New York. I have however urged the Treasury to consider some further intervention early tomorrow in London if the rate is still weak; we can well afford to use some of the Reserves we have built up, and in their present nervous state we do not want to leave the markets in any doubt about our resolve.

Agreed  
not  
not

PLG.

Paul Gray

1 September 1988