

PRIME MINISTER 2

FOREIGN EXCHANGE RESERVES

I learned tonight that, since the Louvre Accord on 22 February, we have taken in \$12 billion to the Reserves, including amounts for the Forward Book.

Currency in the Forward Book has of course not yet been delivered. But, for the rest, much of it will have been invested in US Government securities. We are in a sense joining the Bank of Japan, the Bundesbank and other central banks in taking over from the private sector an increasing share of the task of financing the US budget deficit.

DNS

David Norgrove

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