

SECRET



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Dear David,

OFFICIAL RESERVES

You asked for a breakdown of our official reserve holdings and our liabilities under the Exchange Cover Scheme.

At the end of April, the reserves position was:

Spot (the total, but not the breakdown, published monthly):-

| | |
|---|----------------|
| - US Dollars | \$14.0 billion |
| - Other currencies (mainly DM and Yen) | \$ 4.7 billion |
| - Gold | \$ 7.2 billion |
| - SDR | \$ 3.4 billion |
| Total | \$29.4 billion |

Forward (never publicly known)

| | |
|--------------|----------------|
| - US Dollars | \$ 3.3 billion |
| - Other | \$ 1.5 billion |

Between end-April and 15 May we have added the equivalent of a further \$7 billion spot (although we are switching an element of this into forward DM to hold against prospective MOD spending).

On the liabilities side we have:

| | |
|-------------------------------------|----------------|
| - Long-term North American loans | \$ 2.4 billion |
| - Other HMG debt | \$ 7.0 billion |
| - Exchange Cover Scheme Debt | \$10.0 billion |
| Total | \$19.4 |

Of this total, \$16 billion is denominated in US dollars.

*Yours,
Cathy*

CATHY RYDING
Assistant Private Secretary