

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETSMonday, 24th March 1980

Far Eastern markets marked the dollar substantially higher this morning but it failed to hold best levels. Sterling met some good demand both from the Middle East and on oil company account. The ERI rose to 72.2.

The pound closed at 2.1850 in New York on Friday but opened at 2.1735 this morning as the dollar was pitched higher across the board. The early exchanges were steady but even then sterling showed no inclination to decline and, when buyers came in from the Middle East, it crested 2.18, advancing later to 2.1832 as the balance of Friday's oil company interest was completed. The Middle Eastern appetite was renewed early this afternoon and business took place up to 2.1835. Thereafter the market was generally quieter and the pound retreated slightly to close at 2.1813. Sterling's three-month premium closed unchanged at 15/16% p.a., leaving an intrinsic discount of 1/16%.

The pound gained $\frac{3}{8}\%$ on both the Swiss franc (3.89 $\frac{1}{2}$) and French franc (9.56 $\frac{1}{4}$) and $\frac{1}{2}\%$ on the deutschemark (4.11 $\frac{1}{2}$). The deutschemark lost a pfennig at 1.8867 (after 1.8940) and the Bundesbank sold \$181 mn. The Swiss franc was 1.7855 but the Swiss merely swapped in \$55 mn. The EMS closed at 2% in width between the French franc (4.3865) and Belgian franc (30.46). The French took in \$11 mn. of Swiss francs and \$11 mn. of marks. The Danish krone (5.9050) slipped to within an ace of the bottom of the band and the Danes sold French francs worth \$11 mn. In Tokyo this morning the Japanese sold \$66 mn. and the yen closed at 249.39. In London it finished at 249.18.

Gold was generally firmer on the deterioration in the Iranian situation. Fixings were \$544 and \$558 $\frac{1}{2}$ and the close around \$565.

Operations:	Market	+ \$28 mn.
	IDA	+ 8
	PSB	- 8
	Crown Agents	- 5
	Sundries	- 1
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		+ \$22 mn.
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