

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETSTuesday, 25th March 1980

Dollar and pound remained in top form today, with new recent heights scaled by the former this morning. Underpinned still by buying interest on oil account, sterling's ERI rose from 72.2 to 72.7.

Despite a firmer dollar, the pound was well bid up to 2.1950 in New York yesterday before closing at 2.1925. This trend was resumed this morning when the dollar began on a very firm tack. Sterling opened at 2.1872 and was soon run up above 2.19, touching 2.1940 several times in the course of a morning which saw persistent underlying demand for pounds. The afternoon was again quieter but, with the dollar coming off the top, sterling advanced to 2.1972 before closing at 2.1934. The three months' forward premium narrowed to 13/16% p.a. while sterling's intrinsic discount rose to $\frac{1}{4}$ %.

The pound gained $\frac{3}{4}$ % in both France (9.64%) and Switzerland (3.93) and 1% in Germany (4.15%). The deutschemark again suffered more than most, easing to 1.8985 before closing at 1.8945. The Bundesbank, however, sold only \$14 mn. Yesterday, the Federal Reserve bought deutschemarks equivalent to \$20 mn. The EMS varied around 2% in width over the day, finishing at 1 15/16% between the French franc (4.3987) and Belgian franc (30.53). The French took in Swiss francs worth \$25 mn. and deutschemarks equivalent to \$24 mn. and swapped in \$83 mn. The Danes sold \$12 mn. and \$15 mn. of French francs. The Irish bought £11 mn. The Swiss swapped in \$720 mn. over the turn of the quarter; their franc eased to 1.7915. The yen closed at 248.95 in Tokyo and 249.05 in London.

After opening slightly easier, gold firmed with the dollar. The fixings set levels of \$548.50 and \$547.25. Later, as the dollar eased, the metal came back to \$534.

Operations:	Market	+ \$11 mn.
	IDA	+ 19
	Government	+ 6
	Bangladesh	- 22
	New Zealand	- 9
	Ghana	- 7
	Sundries	- 1
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		- \$3 mn.
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