

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETS

Friday, 18th April 1980

A much quieter session on the exchanges today found the dollar trading steadily until mid-afternoon when further reductions in Prime Rates brought on a softer tone. Sterling saw little volume and was little changed. The ERI fell slightly to 73.0.

The pound closed at 2.2297 in New York yesterday but opened at 2.2227 today, as the dollar recovered in the Far East the ground it had lost in New York. The morning was unusually calm and sterling traded quietly between 2.22 and 2.2262. The RPI had no marked impact, though sterling was firmer for choice. This afternoon the pound found some light buying interest and was already advancing when the dollar began to decline following the Prime Rate reductions. 2.2342 was the best level and sterling closed at 2.2285. Forward margins were little changed; the three months' premium was $\frac{1}{2}\%$ p.a. and sterling's intrinsic premium remained at 3/16%.

The pound lost $\frac{1}{8}\%$ in Paris (9.58 $\frac{1}{2}$), $\frac{1}{8}\%$ in Frankfurt (4.11 $\frac{1}{2}$) and $\frac{1}{8}\%$ in Zurich (3.83 $\frac{1}{2}$). The Swiss franc, deutschemark and French franc all closed firmer on the dollar at 1.7225, 1.8450 and 4.30 respectively. The Federal Reserve yesterday sold marks worth \$82 mn. but today there was again no significant official activity in Europe. The lira (869 $\frac{1}{2}$) remained at the foot of the EMS, 2% adrift of the French franc. The yen finished at 248.80 in Tokyo and 247.70 in London.

Gold traded steadily around yesterday's levels. The fixings set prices of \$511.75 and \$515.60.

Operations:	Market	- \$7 mn.
	India	+ 22
	Mauritius	- 5
	Sundries	- 1
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		+ \$9 mn.
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