

THE DEPUTY GOVERNOR



FOREIGN EXCHANGE AND GOLD MARKETS

Wednesday, 18th June 1980

A peaceful day on the exchanges where the dollar held steady at lower levels set yesterday in New York. Sterling continued to look vulnerable with interest rate uncertainty predominating. The ERI fell to 73.4.

The pound advanced to 2.3340 at the close yesterday in New York, where the dollar eased generally. This morning sterling opened at 2.3325, touched 2.3310 on the opening exchanges as Singapore offered pounds, but firmed to 2.3350 by mid-morning as the dollar gave a little further ground. A steadier dollar, however, brought sterling back to opening levels and early this afternoon, with potential sellers around, the rate was marked down to 2.3285. Thereafter, it moved quietly either side of 2.33 until closing at 2.3315. Forward margins narrowed slightly, the three months' to 7 5/16% p.a. discount: sterling commanded a small intrinsic premium.

The pound gave up a further 1/8% in Frankfurt (4.11) and 3/8% in each of Zurich (3.78 1/2) and Paris (9.56 1/2). The deutschemark and Swiss franc firmed against the dollar to 1.7632 and 1.6247 respectively. There was no major Central Bank intervention but the Irish took in \$23 mn. as their punt (2.1330) advanced to the top of the EMS, displacing the French franc (4.1017) and extending the margin over the lira (834.02) to 2 11/16%. The yen closed at 215.85 in Tokyo and 216.05 in London.

Gold gained ground in New York yesterday as the dollar weakened and held its gains through a dull day's trading in Europe. Both fixings set a level of \$602.50. Late in the day, New York evinced fresh demand for the metal, which closed around \$609.

Operations:	Market	- \$11 mn.
	North Ireland Post	
	Office (PSB G'teed)	+ 80
	Interest	+ 9
	IDA	+ 8
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		+ \$86 mn.
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