

SECRET

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETS

Tuesday, 24th June 1980

There was little activity on the exchanges today and little consequent movement in rates. The dollar closed a touch better, where changed. Sterling's ERI fell to 73.7.

The pound closed at 2.3425 in New York yesterday and opened at 2.3375 this morning. After touching 2.3378 on the early exchanges, sterling drifted back to find a level around 2.3350 and it traded within sight of this point (touching 2.3337 at one stage) all day. The later stages brought a slight firming and the close was 2.3360. Eurodollars were a shade harder. Forward margins narrowed, the three-months' to 7 7/16% p.a. discount, and sterling's intrinsic premium widened to 1/2%.

The pound was unchanged against the major European currencies which all suffered a little against the dollar, the deutschemark to 1.7691, the Swiss franc to 1.6356 and the French franc to 4.1072. EMS widened to 2 15/16% between the French franc and lira (837.45) and the Italians expended a further \$200mn. The yen eased to 216.90 in Tokyo and 216.68 in London.

Gold continued featureless, trading up modestly over the day. Fixings were \$599.75 and \$603.

Operations:	Market	+ \$5mn.
	Interest	+ 7
	Bangladesh	- 23
	Ghana	- 11
	Sundries	+ 5
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		- \$17mn.
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