

SECRET

THE GOVERNOR

CR 1/12

Copy to: The Deputy Governor
- Mr LehnisE.E.A.: 4.32 p.m. Monday 1st December 1980

	(\$ mns.)	£ against	\$ against
Day's operations net (India +24)	+ 34		
Month's reserve movement	-493	\$ 2.3500	DM 1.9382
Forwards (compared with at end November)	+1008	DM 4.55 $\frac{1}{2}$	SF. 1.7515
		SF. 4.11 $\frac{5}{8}$	Yen
		FFc. 10.56 $\frac{7}{8}$	
∴ real movement on month	- 1112	ERI: 77.5	Gold: \$ 635 (fixing)

Remarks: The dollar has lost its earlier gains + dragged sterling back with it. Nevertheless, the pound is stronger in Europe than before the weekend. Trading has been light.

After a strong mid-session, encouraged by higher Eurodollar rates, the dollar retreated + is now virtually where it opened the day, in spite of firm Fed Funds (20%). However, interest rates are tending down again + the latest Fed Funds rate is below 18%. The Germans sold \$115mm, mostly for Fed account. EMS is 2 $\frac{1}{2}$ % between Belgium (31.16) + Holland (2.10). The Italians bought \$50mm. Dollar's gain from Friday about 1%.

Eurodollar close at 18 $\frac{1}{2}$ %. Interbank £ 14 $\frac{1}{2}$ %. Covered differential at par.

Gold steady.

J.H.N.