

G&FE

SECRET

THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETS

Monday, 5th July 1982

The Independence Day holiday in the US made for quiet markets in Europe today. Despite the good US money supply figures (M1 -\$2.2bn.) the dollar moved gently higher in very light trading. Sterling was steady and the ERI gained 0.1 to close at 91.4.

Sterling closed an uneventful evening in New York on Friday at 1.7310 and opened at 1.7330 in London this morning. The rate remained in a very narrow range of 1.7353 to 1.7320 throughout the day, closing at the low, as the dollar strengthened. Three-month Euro-dollars shed $\frac{1}{4}\%$, to close at $15\frac{3}{4}\%$ and the forward premium narrowed to $2\frac{15}{16}\%$. Sterling's intrinsic premium was $3\frac{1}{16}\%$.

The pound was marginally firmer on the Continent, closing at 4.28 $\frac{3}{4}$ in Germany, 3.64 $\frac{3}{4}$ in Switzerland and 11.89 in France. The dollar, too, was generally stronger, at 2.4755, 2.1060 and 6.8650 respectively. In EMS, the Danish krone (8.5462) displaced the French franc at the top of the arrangement, with the guilder (2.7365) remaining at the bottom. The French bought \$46mn.-worth of deutschemarks and the Danes bought \$9mn. The yen closed at 257.10.

Gold improved in the Far East on the lower financing costs and held its gains in London. Fixings were at \$315.50 and \$315.25.

Operations:	Market	+	\$2mn.
	PSB		
	British Nuclear		
	Fuels	+ \$88	
	Strathclyde	+ 35	+ 123
	Iran		+ 7
	Bangladesh	-	5
	Sundries	-	7
			<hr/>
		+	<u>\$120mn.</u>

5th July 1982.

TRS