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SECRET

THE DEPUTY GOVERNOR



FOREIGN EXCHANGE AND GOLD MARKETS

Monday, 1st November 1982

With a number of European centres closed today and the prospect of a New York holiday tomorrow for the mid-term elections, the exchanges were very quiet. Rates remained in a narrow range and the dollar eased a little in light trading. Sterling saw little business and seemed unaffected by the cut in the Bank's bill dealing rates. The ERI closed 0.1 lower at 92.4.

Sterling closed at 1.6755 in New York on Friday. Today the rate opened at the low for the day of 1.6770, traded as high as 1.6791 and closed at 1.6781. After the close as the dollar eased further the rate was quoted up to 1.6835. Three-month Euro-dollars were $\frac{1}{8}\%$ lower at $9\frac{1}{8}\%$ but sterling's forward premium remained at $\frac{3}{8}\%$ as sterling interbank rates also fell.

The pound lost $\frac{1}{4}\%$ in Switzerland (3.69 $\frac{1}{2}$) and France (12.11 $\frac{1}{2}$) but was unchanged in Germany (4.29). The dollar was a little easier in each of these centres at 2.2005, 7.2190 and 2.5568 respectively. EMS closed only 2% wide between the Belgian franc (49.41) and the guilder (2.7775). There was no intervention. The yen ended at 277.35.

Gold saw some modest demand in the morning and held its gains thereafter. Fixings were at \$426.75 and \$427.25.

Operations:	Market	+	\$12mn.
	IBRD	+	5
	Sundries	+	8
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		+	\$25mn.
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	Overnight	+	\$9mn.
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1st November 1982.

TRS



US BOND AND MONEY MARKETS

Monday, 1st November 1982

Federal Funds

Opening: 9 $\frac{1}{4}$ %
Range: 9 $\frac{1}{4}$ % - 9 $\frac{3}{8}$ %
Close: 9 $\frac{3}{8}$ %

US Governments (NY closing bids)

2-year: 100 (+ $\frac{1}{8}$) 9 $\frac{1}{4}$ %
5-year: 108 $\frac{1}{2}$ (+ $\frac{5}{8}$) 10 $\frac{3}{8}$ %
10-year: 116 $\frac{1}{4}$ (+ $\frac{1}{4}$) 10 15/16%
30-year: 127 $\frac{1}{2}$ (+1 $\frac{1}{2}$) 10 $\frac{3}{8}$ %

Euro-dollars (Today's opening
London bid)

7-day: 9 9/16%
1-month: 9 9/16%
3-months: 9 11/16%
6-months: 9 $\frac{7}{8}$ %

Federal Reserve Operations:

\$700mn. customer repurchase
agreements with Fed Funds at 9 $\frac{1}{8}$ %.
Stop rate 9.26%.

3-month Treasury Bills 7 13/16%
3-month US bank CDs 9 1/16%
Differential 1 $\frac{1}{4}$ %

Indicators

Comment:

The market was very firm, moving up throughout the day in quiet, professional trading. There was little evidence of retail demand. The Fed action, although small, was well received and the market closed only a little below its highs.

2nd November 1982.

TRS