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THE DEPUTY GOVERNOR

FOREIGN EXCHANGE AND GOLD MARKETS

Tuesday, 2nd November 1982

Another very quiet holiday-affected day. The dollar weakened in New York last night following a strong performance by the US bond market but regained a little of its losses in uneventful trading today. The result of the miners' ballot fully discounted, sterling traded steadily. The ERI closed 0.1 higher at 92.5.

As the dollar weakened in New York last night, sterling moved up to close there at 1.6875. This morning the rate opened at what proved to be the high of 1.6869 and traded down quietly to the close at 1.6822. The second ¼% cut in the Bank's dealing rates had only a very temporary impact. Euro-dollar rates fell further, three-months closing at a new two-year low of 9 11/16% and sterling's forward premium was 9/16%.

The pound was more or less unchanged in Europe, closing at 4.29½ in Germany, 3.69½ in Switzerland and 12.09½ in France. The dollar ended at 2.5507, 2.1953 and 7.1880 respectively. EMS widened to 2 3/16% but was otherwise unchanged with the Belgian franc (49.35) at the bottom and the guilder (2.7895) at the top. The Italians sold \$41mn., the Belgians \$1mn., while the Danes bought \$3mn. The yen closed at 275.90.

The weaker dollar contributed to a firmer tone for gold. Fixings were at \$431.50 and \$431.

Operations:	Market	+	\$5mn.
	Interest	+	<u>6</u>
		+	<u>\$11mn.</u>

2nd November 1982.

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US BOND AND MONEY MARKETS

Tuesday, 2nd November 1982

Federal Funds

Opening:

Range:

Close:

US Governments (NY closing bids)

2-year:

5-year:

10-year:

30-year:

Euro-dollars (Today's opening
London bid)

7-day: 9 $\frac{3}{8}$ %

1-month: 9 $\frac{3}{8}$ %

3-months: 9 9/16%

6-months: 9 $\frac{3}{8}$ %

3-month Treasury Bills 7 13/16%

3-month US bank CDs 9 9/16%

Differential 1 $\frac{1}{4}$ %

Federal Reserve Operations:

Indicators

Closed for Election Day.

Comment:

3rd November 1982.

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