

PRIME MINISTER

THE MARKETS

There will be no market report tonight.

Sterling remained virtually unchanged throughout the day in effective rate terms at around 68½. However it fell against the DM (from 2.78 to 2.76½) and rose against the dollar (from 1.4965 to 1.5075).

At one point during the day the pound seemed to get stuck just below \$1.50 which may have been a chart point for those who trade by watching trigger points. The Bank of England therefore intervened to push the pound through this level. They spent \$49m. on the market. They took in \$6m. off the market so the net figure was a loss of \$43m.

Why
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The only significant intervention was that the Japanese bought \$1½b. in support of a very weak dollar which has now fallen to just under yen 153 and to DM 1.83½.

At 1930 sterling stood at \$1.5040 and DM 2.7610.

DWS

MT

David Norgrove

14 January 1987