

PRIME MINISTER

BILATERAL WITH THE CHANCELLOR: 11 APRIL

We arranged the meeting to give the Chancellor an opportunity to discuss with you the G7 meetings which he will be attending from Tuesday onwards. I enclose an article from today's Financial Times setting out the background to the G7 meetings which you may like to glance at.

But you will also now wish to review with the Chancellor the position in the markets following today's ½ per cent interest rate reduction. The immediate impact of the change was to cause some weakening of the exchange rate, down to around DM 3.13, but as the afternoon has gone on, it has again strengthened to nearly DM 3.14. For convenience I am also including in this folder today's evening report.

PRCC.

Paul Gray  
8 April 1988