



*The President's Daily Brief*

*16 May 1973*

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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The dollar, again under heavy pressure in active trading on European markets yesterday, depreciated markedly against the major European currencies. (Page 1)

The North Vietnamese are closing down part of their troop infiltration apparatus, a move that normally occurs at the onset of the rainy season. (Page 2)

The Soviets are continuing to counsel the Arabs against a new outbreak of hostilities in the Middle East. (Page 3)

The Lao Government's latest proposals to the Communists include a call for establishing joint police forces in Vientiane and Luang Prabang. (Page 4)

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Exchange Rate, Selected Countries  
Units per Dollar

	<u>19 March</u>	<u>7 May</u>	<u>14 May</u>	<u>15 May</u>
	Joint Float Instituted			
Mark	2.8265	2.8525	2.7975	2.7725
Guilder	2.8962	2.9580	2.888	2.8680
French Franc	4.5450	4.5612	4.4950	4.4300
Sterling	0.4065	0.4014	0.3932	0.3898
Swiss Franc	3.2487	3.2500	3.1725	3.1425
Yen	264.9	265.6	265.0	263.7

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar, again under heavy pressure in active trading on European markets yesterday, depreciated markedly against the major European currencies.

Although the Bank of England continued its "light" dollar purchases, there are no signs of any substantial central bank dollar intervention by the joint float participants. Nevertheless, these countries may be compelled to intervene in order to prevent too rapid an appreciation of their currencies vis-a-vis the dollar, which would damage their foreign trade.

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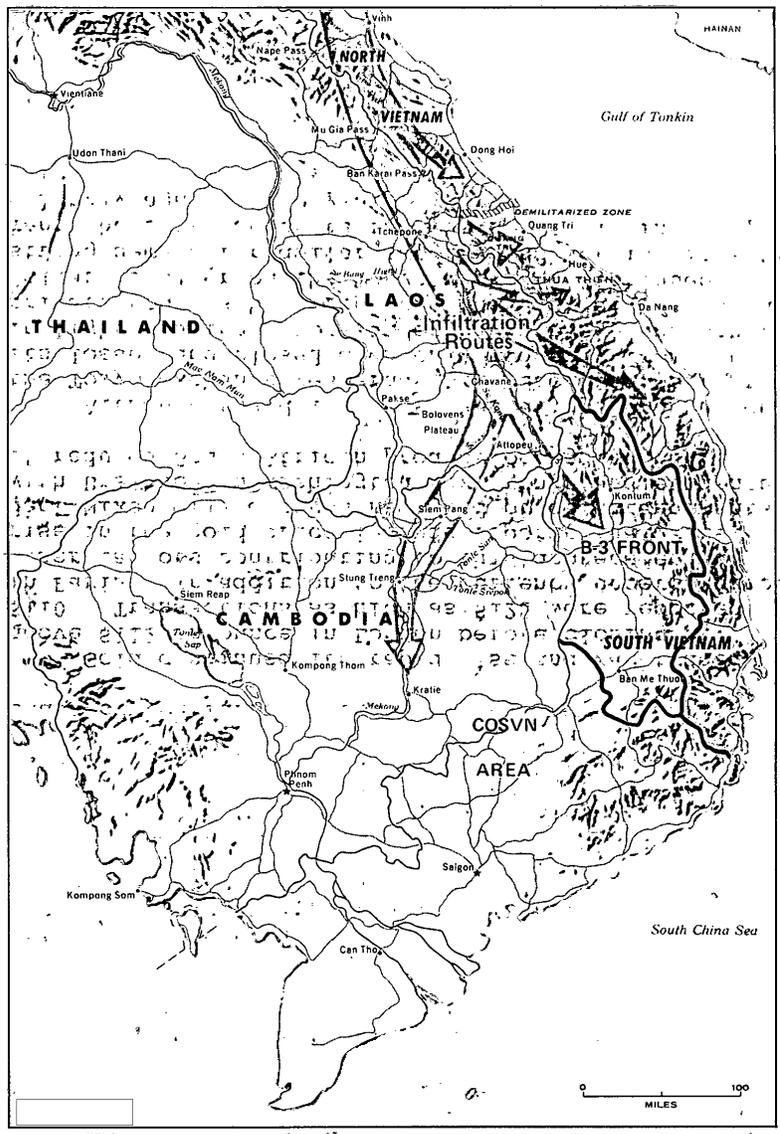
Traders continue to cite the "Watergate" as a primary cause of the current crisis.

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Gold continued its rapid rise and was traded above \$112 an ounce in London before closing at \$110. Transactions as high as \$128 were reported in Paris. In addition to the currency uncertainties, other factors contributing to this unprecedented rise in the gold price include reports that President Nixon will discuss new gold price arrangements with Brezhnev in Washington next month and evidence of reduced South African production and sales.

Although the dollar was weak at the opening on the Tokyo exchange yesterday, it recovered part of its losses and closed down only modestly from Monday in light trading. Foreign exchange banks and other private sources have replaced the central bank as a dollar supplier on the Tokyo market. Continued strong demand for dollar imports and foreign investment, however, accounts for the dollar losing only slightly against the yen.



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INDOCHINA

The North Vietnamese are closing down part of their troop infiltration apparatus, a move that normally occurs at the onset of the rainy season. Late last month the logistic authority responsible for the movement of men into the southern two thirds of South Vietnam and Cambodia was told that no new groups would be "sent south" after Group 2008 "cleared" it. This group should now have reached its destination in the COSVN area.

*The order probably refers only to regular troop infiltration and not to small special-purpose groups, a number of which are still entering the infiltration system. The support unit that received the order does not handle infiltration to the northern provinces of South Vietnam, where some infiltration is still occurring. At least 3,500 combat troops have been scheduled to set out for the two northern provinces by May 19*

[redacted]

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Since the cease-fire, the Communists have been streamlining the logistic system from the lower North Vietnamese panhandle to southeastern Cambodia. Many of the units that formerly manned way stations have been transformed into engineer and combat support outfits to operate directly in the B-3 Front and COSVN areas.

*Although the final shape of the changes is not yet clear, they do indicate that the Communists are going ahead with the development of a military support structure within South Vietnam.*

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USSR - ARAB STATES

The Soviets are continuing to counsel the Arabs against a new outbreak of hostilities. [REDACTED]

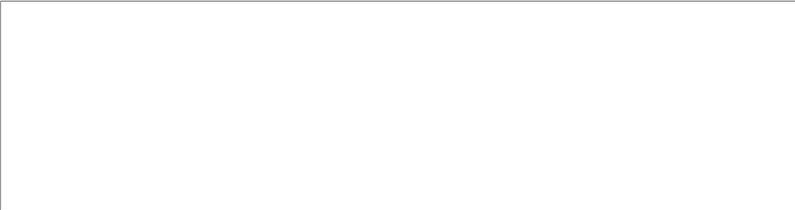
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[REDACTED] Moscow does not want another war and that this message had been conveyed to both Cairo and Damascus. Press reports confirm that Ambassador Vinogradov held a meeting with President Sadat.

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**NOTE**

Laos: Prime Minister Souvanna Phouma on May 14 submitted new proposals to chief Lao Communist negotiator Phoumi Vongvichit in Vientiane. The new proposals call for establishing joint police forces in Vientiane and Luang Prabang and offer minor changes in the distribution of cabinet portfolios.



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