

[20488001]

Mrs. Thatcher 's remarks were seen as a rebuff to several leading members of her own Conservative Party who have called for a more clear-cut British commitment to the EMS .

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At the same time , a recent poll shows that Mrs. Thatcher has hit the lowest popularity rating of any British leader since polling began 50 years ago .

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Comments by John Major , who has succeeded Mr. Lawson , also failed to damp market concern , despite his pledge to maintain relatively high British interest rates .

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According to one London-based analyst , even higher interest rates wo n't help the pound if Britain 's government continues to appear unstable .

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One U.S. trader , however , dismissed sterling doomsayers while acknowledging there is little immediate upside potential for the U.K. unit .

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" There is no question that the situation is bad , but we may be painting a gloomier picture than we should , " he said .

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He predicts the pound will continue to trade in a very volatile fashion , with " fits of being oversold and overbought " before recovering its losses .

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Dealers also note that the general lack of enthusiasm for the yen has helped bolster the U.S. dollar .

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They observe that persistent Japanese investor demand for dollars for both portfolio and direct investment has kept a base of support for the dollar at around 140 yen .

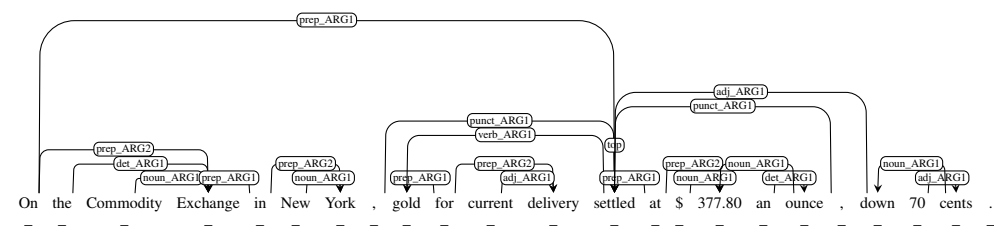
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The dollar began yesterday on a firm note in Tokyo , closing higher in late trade .

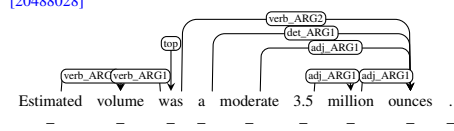
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In Europe , the dollar closed slightly up in a market dominated by cross trades .

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