

EURUSD ↓ 1.2179
 At 19:38 Op 1.2174 HI 1.2179 Value 3/21/06
 Range 3/17/05 - 3/17/06
 Upper Chart: 3 Market Price
 Currency 1/4
 1) News



Financial and Banking Operations Department
- International Reserves Management Division -

EUR EURO SPOT PRICE 1.2181

Range 9/19/05 to 3/17/06 Period Daily Market mid/trd

DATE	PRICE	DATE	PRICE
F 3/17	1.2179	F 2/24	1.1878
T 3/16	1.2174	T 2/23	1.1911
W 3/15	1.2050	W 2/22	1.1911
T 3/14	1.2016	T 2/21	1.1914
M 3/13	1.1934	M 2/20	1.1946
F 3/10	1.1894	F 2/17	1.1909
T 3/ 9	1.1909	T 2/16	1.1884
W 3/ 8	1.1928	W 2/15	1.1884
T 3/ 7	1.1889	T 2/14	1.1897
M 3/ 6	1.1996	M 2/13	1.1902
F 3/ 3	1.2025	F 2/10	1.1919
T 3/ 2	1.2012	T 2/ 9	1.1974
W 3/ 1	1.1913	W 2/ 8	1.1944
T 2/28	1.1923	T 2/ 7	1.1974
M 2/27	1.1853	M 2/ 6	1.1962

International Financial Market Report

5 - 9 November 2018

BLOOMBERG NEWS AUDIO/VIDEO

Search Audio/Video 3/17/06 19:27:27

- Bankinvest's Broby: Softbank, Microsoft, L'Oreal, Body Shop
- ICAP's Smith: U.S. Fed Policy, Fed Reserve
- F.Marks Bennett: U.S. Fed Policy, Eurozone
- Comptroller General Walker: Fiscal Policy and Deficit
- Comptroller General Walker: Fiscal Policy and Deficit
- Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy
- China Airlines' Wei: Fleet Reorganization, Earnings Outlook
- Bear Stearns Teleconference: Fiscal First-Quarter Profit
- Microsoft's Ballmer: Stock Performance, Strategy, Products

13) LIVE <GO> Events

Event	Date	Time	Language	Type
14) Legal & General Teleconference: Full-Year Earnings	3/17	Now Playing	English	🔊
15) UBS Warburg's Hickson: Outlook for Steel Industry	3/17	Now Playing	English	🔊
16) European Commission: Daily News Conference	3/17	20:00 - 20:30	English	🔊
17) Egypt's Mubaidin: Sale of State-Owned Businesses	3/17	21:05 - 21:20	English	🔊
18) Borders Group Teleconference: 4th-Qtr Results	3/17	22:00 - 23:00	English	🔊
19) AIG Teleconference About Fourth-Quarter Results	3/17	22:30 - 23:30	English	🔊

USD INTEREST RATE SWAPS

Ticker	Bid	Ask	Mid	Chng
US Semi 30/360				
2) 2 YR	5.0670	5.0800	5.0755	+0.0305
3) 3 YR	5.0500	5.0720	5.0610	+0.0330
4) 4 YR	5.0620	5.0740	5.0680	+0.0250
5) 5 YR	5.0860	5.0920	5.0890	+0.0235
6) 6 YR	5.1100	5.1130	5.1105	+0.0170
7) 7 YR	5.1300	5.1350	5.1325	+0.0170
8) 8 YR	5.1470	5.1530	5.1500	+0.0160
9) 9 YR	5.1620	5.1680	5.1640	+0.0135
10) 10 YR	5.1780	5.1830	5.1805	+0.0175
11) 15 YR	5.2370	5.2430	5.2400	+0.0145
12) 20 YR	5.2670	5.2720	5.2690	+0.0130
13) 30 YR	5.2750	5.2840	5.2795	+0.0190

Change on day
 IYC4 I52<GO>
 Change on Month
 IYC6 I52<GO>

USD INTEREST RATE SWAPS

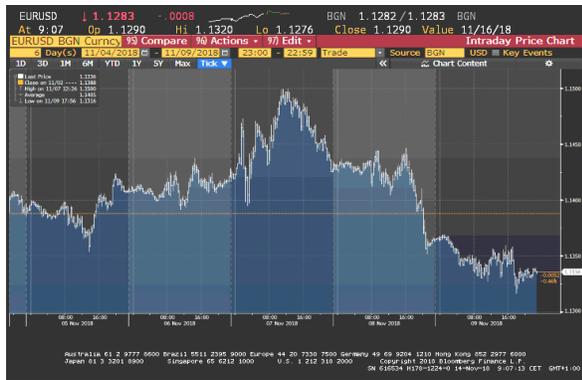
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	52.25	53.25	52.75	+.50
31) 15 YR	57.00	58.00	57.50	+.50
32) 20 YR	58.63	59.88	59.25	+.15
33) 30 YR	57.38	58.63	58.00	+.20

Change on day
 IYC4 I48<GO>
 Change on Month
 IYC6 I48<GO>
 For US Govt Yield Curve, type fIYC1 I2
 For US swap Curve, type fIYC1 I52 <G

Podgorica, 14 November 2018

FX NEWS

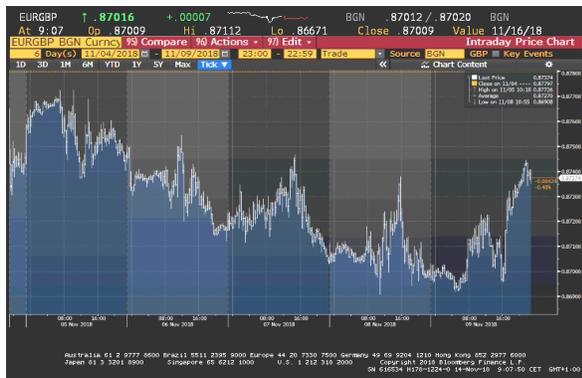
EUR/USD



Source: Bloomberg LP

The **EUR/USD** recorded a slight growth during the first three days of the reporting week. During this period, the USD was under the pressure relative to EUR due to elections for the US Congress and the Senate. The elections delivered the changes in the House of Representatives where the Democrats, after the two years of Donald Trump's mandate, got the majority. On the other hand, the Republicans cemented their majority in the Senate. Since Wednesday, the investors' focus was on the FED meeting, thus the EUR/USD exchange rate started to deteriorate. Specifically, the FED kept its interest rate unchanged on the aforementioned meeting, signalling that it would continue to raise rates gradually in the upcoming period, which resulted in growing demand for the USD. Moreover, the uncertainty on Italy and its budget had adverse impact on the euro. This week, the EUR/USD exchange rate depreciated from 1.1388 to 1.1336.

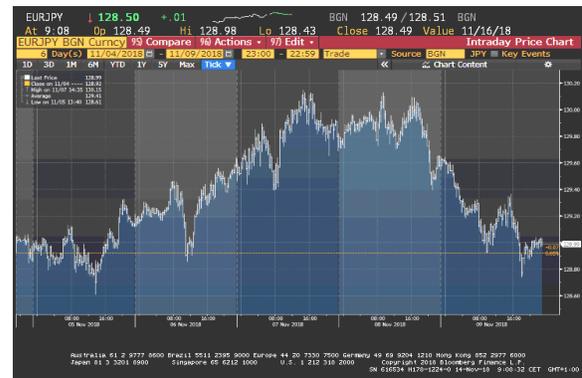
EUR/GBP



Source: Bloomberg LP

During the whole reporting period, the **EUR/GBP** exchange rate had a declining trend. Specifically, the British media had constantly been stating that the UK and the EU were close to agreement, and that they made positive steps regarding the resolving of disputable border with Ireland. However, at the very end of the week, the EUR/GBP recovered from previous losses since the optimism regarding the agreement dwindled as the proposal of the UK's Prime Minister had first to be supported by her Party, and then by the Parliament. At the beginning of the week, the EUR/GDP exchange rate was 0.87797, while it stood at 0.87374 at the week-end.

EUR/JPY



Source: Bloomberg LP

The **EUR/JPY** exchange rate had an upward trend until Thursday. This resulted from the recovery in stock prices at the Asian markets resulting in decreased investors' demand for safer assets. Nevertheless, this exchange rate depreciated from Thursday until the rest of the week, due to investors' caution regarding the unresolved issue of the Italy's budget.

Table 1 - Exchange rates of the most important currencies

	5 November 2018 ¹	9 November 2018 ²	% Change
EUR/USD	1.13880	1.13360	-0.46
EUR/GBP	0.87797	0.87374	-0.48
EUR/JPY	128.920	128.990	0.05
EUR/AUD	1.58332	1.56878	-0.92
EUR/CHF	1.14258	1.13956	-0.26
USD/JPY	113.200	113.830	0.56
GBP/USD	1.29700	1.29720	0.02

Table 2 - Overview of the reference interest rates of the leading central banks

Central Bank	Reference interest rate	Reference interest rate level	Next meeting
European Central Bank	ECB Main Refinancing Rate	0.00%	13 December 2018
Federal Reserves	Federal Funds Target Rate	2.25%	19 December 2018
Bank of Japan	Overnight Call Rate	-0.10%	20 December 2018
Bank of England	Official Bank Rate	0.75%	20 December 2018
Swiss National Bank	Libor Target Rate	-0.75%	13 December 2018
Bank of Canada	Target Overnight Rate	1.75%	5 December 2018
Reserve Bank of Australia	Cash Rate Target	1.50%	6 November 2018

During the reporting week, the FED had its regular meeting on which it decided not to change the existing level of interest rates. It confirmed that it would continue to increase interest rates in the coming period, with expectations to increase the benchmark interest rate by 25 bps at the December meeting.

Table 3 - Eonia and Euribor

	5 November 2018 ¹	9 November 2018 ²	Change in basis points
Eonia	-0.362	-0.361	0.10
Euribor 1W	-0.376	-0.376	0.00
Euribor 1M	-0.368	-0.369	-0.10
Euribor 3M	-0.318	-0.316	0.20
Euribor 6M	-0.258	-0.257	0.10
Euribor 12M	-0.148	-0.148	0.00

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

During the first two days of the reporting week, the yields on German 10-year bonds fluctuated between 0.38% and 0.41%. After that, they grew as the prices on stock exchanges had increased. Simultaneously, the yields on Italian long-term maturity bonds trended up. On Thursday, the EU stated that the deficit in Italy would record respective growth to 2.9% and 3.1% in 2019 and 2020, confirming the previously published statements that resulted in increased demand for safer bonds. On the last day of the week, the declining trend on the yields on German 10-year bonds continued due to lower prices of stocks at stock exchanges. The resignation of the UK Transport Minister also shook the UK market, thus investors sought shelter in German bonds. Yields from German 10-year bonds stood at the level of 0.41% at the end of the reporting week.

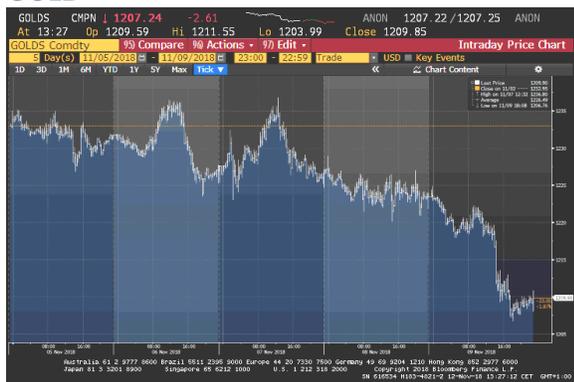
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

At the very beginning of the week, the yields on 10-year US government bonds fluctuated mildly due to Congress elections to be held. On Tuesday, these yields dropped after the announcement that the Democrats got the majority in the House of Representatives and Republicans maintained the control in midterms elections. Some forecasts suggest that such result of the elections will have adverse effect on the Trump's policy and further implementation of his reforms, which boosted the demand for safe funds. At the very end of the week, the yields on long-term US government bonds increased after the FED announced that it would continue to pursue the policy of increasing interest rates in the coming period. Yields on US 10-year bonds stood at the level of 0.38% at the end of the reporting week.

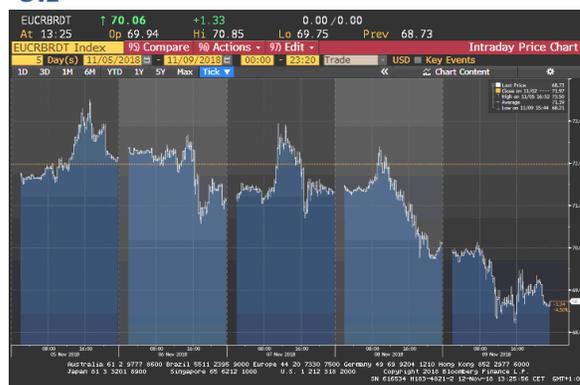
GOLD



Source: Bloomberg LP

During the reporting week, the gold price had a mild downward trend, with higher decline recorded on the last day of the week. During this period, USD appreciated, and prices of stocks increased. As the week went on, the news on the split US Congress published in the first part of the week had lower effect on the decisions of investors who focused their attention on the conclusion of the FED's meeting. Price of gold recorded sharper decline on Friday when the USD appreciated against the euro after the FED's decision to continue pursuing the policy of gradual interest rate increase. Encouraging data on the US's output in October additionally decreased the demand for this precious metal.

OIL



Source: Bloomberg LP

During the most of the reporting week, oil price was rather stable. The price fluctuations resulted from the announcement of the American Petroleum Institute that crude oil stocks grew in the previous week, and from the news that OPEC and its members were considering new production cuts that could be performed in the coming year. They also resulted from the US government report showing the growth in crude oil stocks for the seventh consecutive week. During the last two days, the price of this fuel had a strong declining trend as the USA recorded the record output. The daily production of oil in the USA increased to the outstanding 11.6 million barrels.

Table 4 - Economic indicators (5 - 9 November 2018)

Country	Indicator	Period	Expected value	Current value	Previous value
USA	<p>Initial Jobless Claims</p> <p>It measures changes in the number of employed people in the United States. The growth of this indicator has a positive impact on consumer spending, which stimulates economic growth</p>	November 3 K= 1.000	214 K	214 K	214 K
Great Britain	<p>Gross domestic product (GDP)</p> <p>One of the basic macroeconomic indicators, which represents the calculated value in the market prices of goods and services produced within the country, but excludes the income of citizens and corporations working abroad. The following four components are used to calculate GDP: consumption, investments, government expenditure, and net exports.</p>	Q3 QoQ% (YoY%)	0.6% (1.5%)	0.6% (1.5%)	0.4% (1.2%)
Germany	<p>Industrial output</p> <p>Measures the production output of the sectors for energy, factories and mines. Growing industrial output points to increased production and economic expansion.</p>	September MoM% (YoY%)	0.0% (0.5%)	0.2% (0.8%)	-0.3% (0.2%)
Euro area	<p>Retail sales (Retail sales)</p> <p>This indicator measures activity related to retail trade volume (not applicable to motor cars and motor cycles).</p>	September MoM% (YoY%)	0.1% 0.9%	0.0% (0.8%)	-0.2% (1.8%)

Source: Bloomberg