

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



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	1.1878
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	1.1881
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

9-13 July 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. Clean Energy and ESG
- F.Mario's 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

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) Bonders 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
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 Change on Month
 IYC6 I52<GO>

USD INTEREST RATE SWAPS

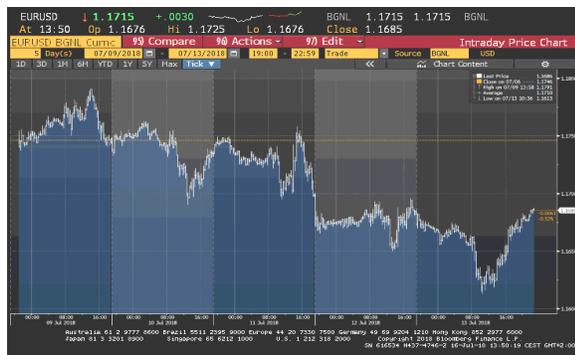
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	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
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 Change on Month
 IYC6 I48<GO>
 For US Govt Yield Curve, type fIYC1 I2
 For US swap Curve, type fIYC1 I52 <G

Podgorica, 18 July 2018

FX NEWS

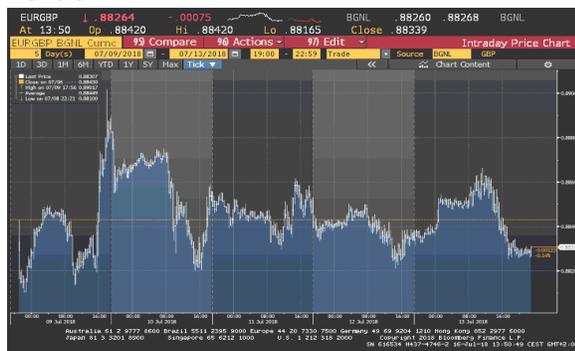
EUR/USD



Source: Bloomberg LP

Over the first two days of the week, **the EUR/USD exchange rate** fluctuated mildly but remained on the downward trend in expectation of the US labour market data and the rise in wages benefitting the dollar. On the other hand, in July ZEW Indicator of Economic Sentiment for Germany saw a monthly drop, which weakened the euro. Similar data were published for France for May. On Wednesday, the EUR/USD exchange rate experienced a downward trend as a result of putting aside the tensions building up around the trade war and focusing on the data revealing the 0.3% rise in the US producer prices in June. This data supports the position that the price growth in the USA is stable, and as per analysts, it will most likely enable the Fed to make two more interest rate hikes this year. The exchange rate stood steady on Thursday, whereas Friday ended with the euro stronger than the dollar, due to a drop in the yields of the US long-term Treasury Bonds. Weekly analysis revealed that the EUR/USD exchange rate did not record major changes (starting the week at 1.1746 and ending it with 1.1686).

EUR/GBP



Source: Bloomberg LP

On Monday, the **EUR/GBP exchange rate** grew fuelled by the news that the Great Britain's Prime

Minister, Theresa May was facing a political crisis since one of her cabinet's key members had resigned in protest against the plan for a "soft Brexit". The Brexit Minister David Davis, resigned because he disagreed with the politics pursued by the country's Prime Minister. He expressed his opposition to the "soft Brexit" negotiations that include the establishing of the UK-EU free trade area for trading agricultural and industrial products, as well as the combined customs union. Foreign Minister Boris Johnson stepped down the same day. The exchange rate weakened as soon as the next day, due to disappointing data on the ZEW Indicator of Economic Sentiment for Germany. The EUR/GBP exchange rate fluctuated mildly up to the end of the reporting week, as the investors were trying to estimate the impact of the resignations of May's ministers involved in the Brexit negotiation plans on the expected interest rate increase. The internal political crisis was followed by disappointing data on the UK's industrial output, additionally weakening the British currency.

EUR/JPY



Source: Bloomberg LP

The EUR/JPY exchange rate rose this week from 129.72 to 131.30. The week started with the EUR/JPY exchange rate on an uptrend due to "lack" of new trade tensions between the USA and China, which resulted in lower safe-haven demand. The EUR/JPY exchange rate remained on the same trend the following day, after the Trump administration released the list of Chinese goods exported to the USA that will be subject to additional tariffs with an annual trade value of about 200 billion dollars. On Thursday, the yen weakened as a result of the rise in Chinese stock prices. The EUR/JPY exchange rate fluctuated slightly on Friday.

Table 1 - Exchange rates of the most important currencies

	9 July 2018 ¹	13 July 2018 ²	% Change
EUR/USD	1.1746	1.1685	-0.52
EUR/GBP	0.88430	0.88339	-0.10
EUR/JPY	129.770	131.30	1.18
EUR/AUD	1.58099	1.57399	-0.44
EUR/CHF	1.16257	1.17063	0.69
USD/JPY	110.470	112.38	1.73
GBP/USD	1.3283	1.3222	-0.46

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%	26 July 2018
Federal Reserves	Federal Funds Target Rate	2.00%	1 August 2018
Bank of Japan	Overnight Call Rate	-0.10%	31 July 2018
Bank of England	Official Bank Rate	0.50%	2 August 2018
Swiss National Bank	Libor Target Rate	-0.75%	20 September 2018
Bank of Canada	Target Overnight Rate	1.50%	5 September 2018
Reserve Bank of Australia	Cash Rate Target	1.50%	7 August 2018

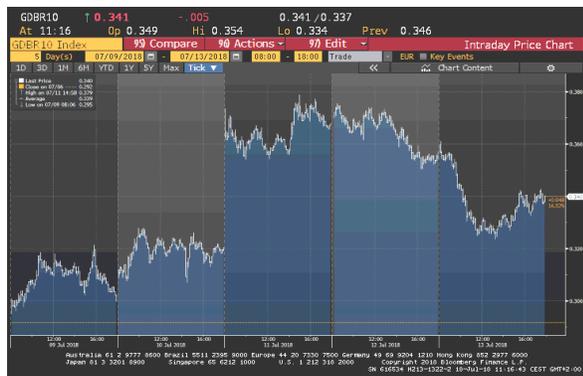
Table 3 - Eonia and Euribor

	09.07.2018. ³	13.07.2018. ⁴	Change in basis points
Eonia	-0.362	-0.362	0.00
Euribor 1W	-0.378	-0.377	0.26
Euribor 1M	-0.371	-0.369	0.54
Euribor 3M	-0.321	-0.321	0.00
Euribor 6M	-0.270	-0.268	0.74
Euribor 12M	-0.181	-0.179	1.10

¹Opening market value on Monday

²Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

Germany's 10-Year Government Bond yields, were stable Monday through Tuesday, which was followed by an upturn by about 5 bp in the middle of the reporting week. The rise was fuelled by the media reports of the ECB Board members disagreeing on the timing of the interest rate hike, and the possibility of the sooner-than-expected interest rate rise - during July 2019. These yields were on a slight downtrend for the rest of the week, closing the week at 0.34%.

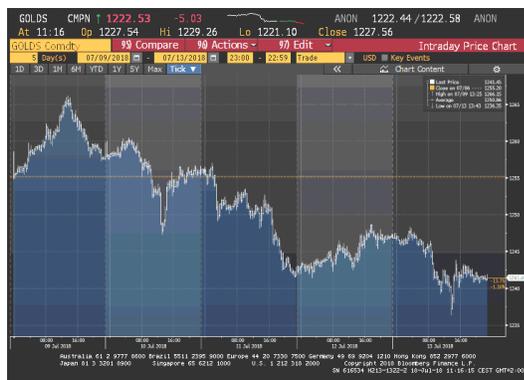
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

On Monday and Tuesday, yields on the US 10 Year Treasury Bonds grew, mainly on the back of de-escalating concerns regarding the trade relations between the USA and China. However, Tuesday ended with these yields dropping by about 5 bp as the USA announced the introduction of new tariffs on Chinese products pushing the trade war concerns into focus again. On Wednesday and Thursday this market was once more on an upward trend, fuelled by the solid data regarding the consumer price index. However, as of Thursday afternoon up to the end of the reporting week, the yields declined after a report revealed that consumer confidence had reached its 6-month minimum, although remaining close to past 12 months average. There were no significant changes in these yields on the weekly level (they stood at 2.825% at the beginning and 2.827% at the end of the reporting week).

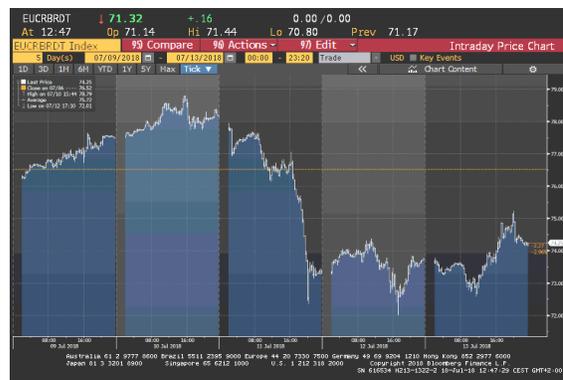
GOLD



Source: Bloomberg LP

Price of gold was on an almost constantly downward trend during the reporting week. The precious metal's price decline was caused by the dollar strengthening against most currencies, which has led the decline in demand for gold. Furthermore, favourable data from the USA (production prices rise of 0.3% in June compared to May) fuelling the expectations that the FED will increase the interest rates, had an additional impact on the gold price drop. The decline in the price of gold slowed down by the end of the reporting week.

OIL



Source: Bloomberg LP

Crude oil price experienced a downturn in this reporting week. The price grew mildly over the first two days due to the concerns building up around a possible disruption in the supply of this product in Canada and Libya, as well as to the US sanctions against Iran. The growth was also a result of the oil-worker strikes in Norway, which is the biggest producer of oil in the Western Europe as well as due to the publishing of the report revealing that the US oil supply was diminishing. However prices dropped sharply on Wednesday, amidst the fears that the tensions between the USA and China might jeopardise the demand for this product (the USA announced new tariffs on the Chinese goods), and also due to Libya announcing the reopening of some export terminals, potentially increasing the oil supply. The price made a mild recovery by the end of the reporting week.

Table 4 - Economic indicators (9 - 13 July 2018)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Industrial production Measures the change in the output volume in the manufacturing and energy sectors. Industrial output represents around 1/4 of the euro area's GDP.	May MoM% YoY%	1.2% 2.4%	1.3% 2.4%	-0.8% 1.7%
	Sentix Investors' Confidence Monthly survey showing the market sentiment on the current economic situation and outlook for the next quarter. A higher than expected reading should be taken as positive for the euro area and the euro itself.	July	9.0	12.1	9.3
Germany	ZEW Survey Expectations This survey measures expectations regarding the economic growth for the next 6 months. Experts are surveyed on whether they expect an improvement or deterioration, thus the difference between the number of positive and negative responses represents the indicator value.	July	-18.9	-24.7	-16.1
Italy	Industrial production Measures the production output of the sectors for energy, factories and mines. In the short term, this indicator is of high significance because it shows the intensity of industrial activities.	May MoM% YoY%	0.8% 2.8%	0.7% 2.1%	-1.3% 1.9%
Great Britain	Industrial production Measures the production output of the sectors for energy, factories and mines. In the short term, this indicator is of high significance because it shows the intensity of UK's industrial activities. Growing industrial output points to increased production and economic expansion, which is "healthy" for the sterling.	May MoM% YoY%	0.5% 1.9%	-0.4% 0.8%	-1.0% 1.6%

Source: Bloomberg