

EURUSD ↓ 1.2179  
At 19:38 Op 1.2174 HI 1.2179 Value 3/21/06  
1.2179/1.2180 TTOL  
L.2174 Value 3/21/06  
Currency 1/4



CENTRALNA BANKA  
CRNE GORE

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 | 1.2181 | F 3/14 | 1.2016 |
| T 3/16 | 1.2174 | T 3/13 | 1.1934 |
| W 3/15 | 1.2050 | F 3/10 | 1.1894 |
| T 3/14 | 1.2016 | T 3/9  | 1.1909 |
| M 3/13 | 1.1934 | W 3/8  | 1.1928 |
| F 3/10 | 1.1894 | T 3/7  | 1.1889 |
| T 3/9  | 1.1909 | M 3/6  | 1.1996 |
| W 3/8  | 1.1928 | F 3/3  | 1.2025 |
| T 3/7  | 1.1889 | T 3/2  | 1.2012 |
| M 3/6  | 1.1996 | W 3/1  | 1.1913 |
| F 3/3  | 1.2025 | T 2/28 | 1.1923 |
| T 3/2  | 1.2012 | M 2/27 | 1.1853 |
| W 3/1  | 1.1913 | F 2/10 | 1.1919 |
| T 2/28 | 1.1923 | T 2/9  | 1.1974 |
| M 2/27 | 1.1853 | W 2/8  | 1.1944 |
| F 2/10 | 1.1919 | T 2/7  | 1.1974 |
| T 2/9  | 1.1974 | M 2/6  | 1.1962 |
| W 2/8  | 1.1944 |        |        |
| T 2/7  | 1.1974 |        |        |
| M 2/6  | 1.1962 |        |        |

**International Financial  
Market Report**

12 - 16 November 2018

BLOOMBERG NEWS AUDIO/VIDEO

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

Bankinvest's Broby: Softbank, Vodafone, L'Oreal, Body Shop  
ICAP's Smith: U.S. European Bonds, Fed  
F.Marks Bennett: U.S. Dollar, Fed Policy, Euro, Yen  
Commonwealth Bank's Thurlbell: Oil Prices, Iraq  
China Airlines' Wei: Fleet Reorganization, Earnings Outlook  
Microsoft's Ballmer: Stock Performance, Strategy, Products  
Bear Stearns Teleconference: Fiscal First Quarter Profit  
AIG Teleconference About Fourth-Quarter Results

| LIVE <GO> Events                                       | 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-Qt 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 |

| 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 I52<GO>  
Change on Month  
IYC6 I52<GO>

Change on day  
IYC4 I48<GO>  
Change on Month  
IYC6 I48<GO>  
For US Govt Yield Curve, type {IYC1 I2  
For US swap Curve, type {IYC1 I52 <G

Podgorica, 22 November 2018

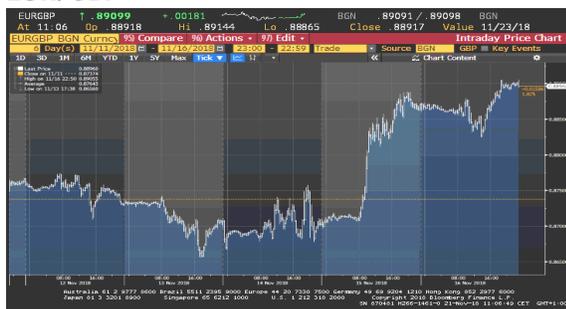
## EUR/USD



Source: Bloomberg LP

At the very beginning of the week, the **EUR/USD exchange rate** was declining due to concern over political uncertainty in the EU (Brexit, the upcoming debate on projection of the fiscal deficit of Italy), as well as the expectation that the Fed will continue to increase the interest rate. The EUR/USD exchange rate had a rising trend as of Tuesday. The euro was stronger against the dollar as the negotiators of the UK and the EU agreed on a part of the EU-UK draft agreement (the draft concerned the text that avoids the hard border between Ireland, the EU member state and the British province of Northern Ireland, which is part of the negotiations on Brexit). This issue was the main obstacle in reaching an agreement on future relations between London and Brussels. The Italian government sent a response to the European Commission on Tuesday, still advocating the fiscal deficit of 2.4%, as well as the 2019 economic growth forecast of 1.5%, which caused the euro, shortly and in the second half of the day, to weaken against the dollar. The EU now has to decide on disciplinary proceedings that could cost Italy billions of euros, and this would also be the first punishment for violating the budget rules. On Wednesday, the British Prime Minister received support from her Cabinet to draft an agreement on Brexit, therefore the exchange rate continued to grow. The euro was supported on the last day of week by FED officials' statement that they are worried about the global economic outlook, which to a certain extent led the investors to reduce expectations in terms of the pace of an increase in interest rates in the US.

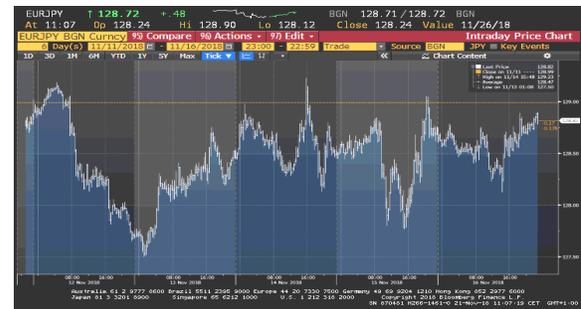
## EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** weakened in the first half of the week. The EU's chief negotiator for Brexit said "the parameters of a possible agreement are very largely defined". The EUR/GBP exchange rate weakened, amid growing hopes that the UK-EU split-up issue would be resolved successfully (the Irish state television RTE reported that the EU and the UK agreed on the wording concerning borders with Ireland). The exchange rate slightly fluctuated in the mid-week. Specifically, on the one hand, the news that the British Prime Minister received support from her Cabinet to draft the agreement on Brexit was positive for sterling, but on the other hand, there is uncertainty about whether the Prime Minister's plan would be supported by the parliament. The exchange rate was growing at the end of the week, as the instability on the British political scene weakened the sterling (investors were worried the country would not be able to reach the split-up agreement with the EU due to the political crisis). The British Prime Minister faces the resignations of her ministers, as well as threats that the parliament would vote on supporting her.

## EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** fluctuated this week. The EUR/JPY exchange rate was down on Monday due to a decline in share prices in both Europe and the US. The demand for yen weakened the next day, as it was announced that the Chinese Prime Minister would soon visit the United States to discuss the trade arrangements, which briefly eased tensions in the market. There were no major changes in the EUR/JPY exchange rate for the next two days (the exchange rate ranged from 127.77 to 129.00). The US President said on the last day of the week that China would like to reach a trade deal and that he may not need to introduce additional tariffs to put the country in a bad position, which strengthened the euro against the yen by the end of the day.

**Table 1 - Exchange rates of the most important currencies**

|         | 12 November 2018 <sup>1</sup> | 16 November 2018 <sup>2</sup> | % Change |
|---------|-------------------------------|-------------------------------|----------|
| EUR/USD | 1.13360                       | 1.1415                        | 0.70     |
| EUR/GBP | 0.87374                       | 0.88960                       | 1.82     |
| EUR/JPY | 128.990                       | 128.82                        | -0.13    |
| EUR/AUD | 1.56878                       | 1.55724                       | -0.74    |
| EUR/CHF | 1.13956                       | 1.14160                       | 0.18     |
| USD/JPY | 113.830                       | 112.83                        | -0.88    |
| GBP/USD | 1.29720                       | 1.2834                        | -1.06    |

**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  |

**Table 3 - Eonia and Euribor**

|             | 12.11.2018. <sup>1</sup> | 16.11.2018. <sup>2</sup> | Change in basis points |
|-------------|--------------------------|--------------------------|------------------------|
| Eonia       | -0.361                   | -0.362                   | -0.10                  |
| Euribor 1W  | -0.376                   | -0.376                   | 0.00                   |
| Euribor 1M  | -0.369                   | -0.369                   | 0.00                   |
| Euribor 3M  | -0.316                   | -0.316                   | 0.00                   |
| Euribor 6M  | -0.257                   | -0.257                   | 0.00                   |
| Euribor 12M | -0.148                   | -0.147                   | 0.10                   |

<sup>1</sup>Opening market value on Monday

<sup>2</sup>Closing market value on Friday

## EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on German government bonds were stable during the first three days of this reporting week, while the yields on 10-year bonds were around 0.395%. There was a somewhat larger decline in yields on German bonds on Thursday, while yields on 10-year bonds fell by around 4 basis points, as uncertainty over Brexit increased. Namely, during this period, Britain's chief official for Brexit resigned, which was reflected in the growth in demand for safe assets. The yields on German bonds were stable on the last day of the week, while yields on 10-year bonds stood at 0.367% at the end of the week.

## US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The bonds market in the United States was closed for holidays on the first day of the reporting week. The yields on US bonds had almost constant downward trend in the rest of the week. The decline in yields came as demand for safe assets rose following the fall in US company shares. At the same time, the comments of the two leading FED officials had impact on a slight change in expectations concerning the pace at which this central bank will increase interest rates. Namely, the FED vice president warned that there are indications that global economic growth is slowing down, and also added that the Fed is approaching to achieve a neutral interest rate level. The yields on 10-year US bonds stood at 3.06% at the end of the week.

## GOLD



Source: Bloomberg LP

At the beginning of the week, the price of gold declined as a result of the strengthening of the dollar exchange rate, but it fell end-Wednesday (the price rose from \$ 1,198.29 to \$ 1,216.16 per ounce). Demand for gold was rising on Thursday and Friday as a result of the re-weakening of the US dollar, as well as the political instability in the UK (some British political leaders resigned), turning investors to safe funds. At the end of the week, the gold price stood at \$ 1,221.50 per ounce.

## OIL



Source: Bloomberg LP

Oil prices weakened on Monday and Tuesday (from \$ 69.82 per barrel, oil prices fell to \$ 63.62 a barrel), as the US President criticized Saudi Arabia's plan to cut oil production. The US President said that the price of oil should be much lower considering the stocks and production of this fuel. Another news was that the OPEC reduced the forecasts of global demand for this energy generating product for the next year, which was the additional reason for oil prices to fall. The OPEC projects that demand will decrease 1.29 million barrels per day in 2019, which is about 70,000 barrels per day less than the latest forecasts. At the end of the week, there has been a growing trend in the price of this energy generating product as it was announced that the stocks of this fuel have been declining, as well as the expectation that OPEC members will agree to reduce production next month. The OPEC ministers will meet on 6 December in Vienna to reach a decision on the scope of production that will be valid for the next six months. The price of oil was at \$ 66.32 per barrel at the end of the week.

**Table 4 - Economic indicators (12 - 16 November 2018)**

| Country              | Indicator   | Period                                     | Expected value | Current value  | Previous value |
|----------------------|---|--|----------------|----------------|----------------|
| <b>Euro area</b>     | <b>Consumer price index (CPI)</b><br>Estimates the changes in the cost of living, by measuring changes in the price level of market basket of consumer goods and services purchased by an average household, therefore representing the key inflation measure in the Euro area.                                 | October<br>MoM%<br>(YoY%)F<br>F=Final Data | 0.2%<br>(2.2%) | 0.2%<br>(2.2%) | 0.5%<br>2.1%   |
| <b>Great Britain</b> | <b>Consumer price index (CPI)</b><br>Estimates the changes in the cost of living, by measuring changes in the price level of market basket of consumer goods and services purchased by an average household.  | October<br>MoM%<br>(YoY%)                  | 0.2%<br>(2.5%) | 0.1%<br>(2.4%) | 0.1%<br>(2.4%) |
| <b>Germany</b>       | <b>ZEW Survey Expectations</b><br>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. | November                                   | -26.0          | -24.1          | -24.7          |
| <b>USA</b>           | <b>Empire Manufacturing</b><br>The survey deals with the business conditions and expectations of production executives in New York and is a useful early indicator of production in the United States. This survey is conducted once a month by the Fed New York.   | November                                   | 20.0           | 23.3           | 21.1           |

Source: Bloomberg