

EURUSD ↓ 1.2179
 At 19:38 Op 1.2174 HI 1.2179 Value 3/21/06
 Market Price
 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	1.1978
T 3/16	1.2174	W 2/22	1.1911
W 3/15	1.2050	T 2/21	1.1910
T 3/14	1.2016	M 2/20	1.1909
M 3/13	1.1934	F 2/17	1.1909
F 3/10	1.1894	T 2/16	1.1881
T 3/ 9	1.1909	W 2/15	1.1884
W 3/ 8	1.1928	T 2/14	1.1897
T 3/ 7	1.1889	M 2/13	1.1902
M 3/ 6	1.1996	F 2/10	1.1919
F 3/ 3	1.2025	T 2/ 9	1.1974
T 3/ 2	1.2012	W 2/ 8	1.1944
W 3/ 1	1.1913	T 2/ 7	1.1974
T 2/28	1.1923	M 2/ 6	1.1962
M 2/27	1.1853		

International Financial Market Report

(21 - 25 May 2018)

BLOOMBERG NEWS AUDIO/VIDEO

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

Bankinvest's Broby, Softbank, Vodafone, L'Oreal, Body Shop, Japanese mobile-phone unit and L'Oreal SAs purchase of Body Shop International Plc.

ICAP's Smith, U.S. European Bonds, Euro, Yen

China Airlines' Wei, Fleet Reorganization, Earnings Outlook

Mitsubishi BDI Policy, Japan Rate, Economy

Bear Stearns Teleconference: Fiscal First-Quarter Profit

Microsoft's Ballmer, Stock Performance, Strategy, Products

Commonwealth Bank's Thornell: Oil Prices, Iraq

Legal & General Teleconference: Full-Year Earnings

UBS Warburg's Hickson, Outlook for Steel Industry

European Commission: Daily News Conference

Egypt's Mubarak, Sale of State-Owned Businesses

Borders Group Teleconference: 4th-Qtr Results

AIG Teleconference About Fourth-Quarter Results

Bloomberg TV Live Bloomberg Radio Live All Audio/Video Reports

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

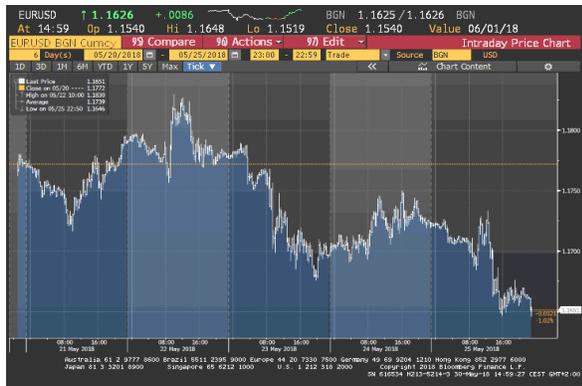
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	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
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 Change on Month
 IYC6 I48<GO>
 For US Govt Yield Curve, type f IYC1 I2
 For US swap Curve, type f IYC1 I52 <G

Podgorica, 31 May 2018

FX NEWS

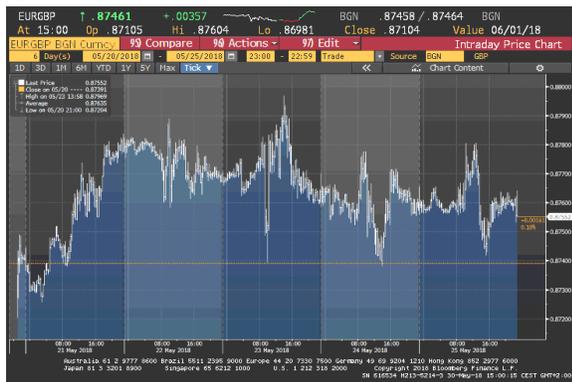
EUR/USD



Source: Bloomberg LP

At the beginning of the last week the **EUR/USD exchange rate** recorded a slight growth, having afterwards a downward trend. Euro weakened as a result of weaker than expected data from the euro area (the composite index of euro area production fell to an 18-month low) and because of the low probability that the ECB would amend anything at the next session in June due to developments in Italy. Concerns over slowdown in economic growth in Europe and political risks in Italy affected the negative closing of the euro against the dollar this week, the sixth week in a row, being the longest continuous fall since January 2015.

EUR/GBP

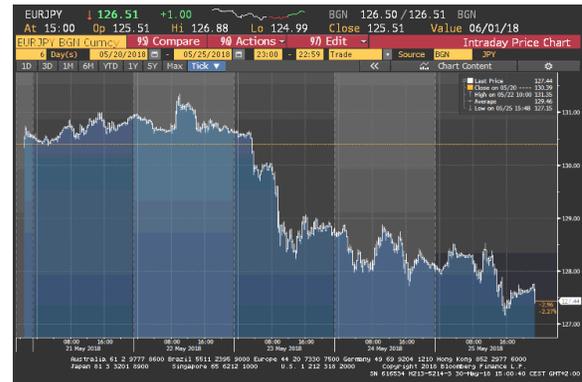


Source: Bloomberg LP

The **British currency** weakened **against the euro** during the reporting week. The uncertainty regarding the Brexit negotiations continues to

have an impact on the pound. The increase in the exchange rate was further influenced by the publication of inflation data. Inflation slowed from 2.5% to 2.4% in April, with core inflation (excluding oil price development) falling to a 13-month low of 2.1%, which diminishes the possibility that the Bank of England will increase the interest rate.

EUR/JPY



Source: Bloomberg LP

Similar to the US dollar, the **euro** weakened **against the yen** in the second half of last week in particular, as investors, looking for safe assets, turned to the Japanese currency. There is a number of reasons for the EUR/JPY exchange rate decrease, among which are: the US-North Korea relations, trade tensions between the US and China, political situation in Italy and the concerns over the economic growth of the euro area. The demand for yen increased at the end of the week as the US president cancelled a meeting with North Korea scheduled for June.

Table 1 - Exchange rates of the most important currencies

	14 May 2018¹	18 May 2018²	% Change
EUR/USD	1.1943	1.1772	-1.43
EUR/GBP	0.88184	0.87391	-0.90
EUR/JPY	130.63	130.39	-0.18
EUR/AUD	1.58318	1.56725	-1.01
EUR/CHF	1.19482	1.17404	-1.74
USD/JPY	109.39	110.78	1.27
GBP/USD	1.3542	1.3469	-0.54

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%	14 June 2018
Federal Reserves	"Federal Funds Target Rate"	1.75%	13 June 2018
Bank of Japan	"Overnight Call Rate"	-0.10%	15 June 2018
Bank of England	"Official Bank Rate"	0.50%	21 June 2018
Swiss National Bank	"Libor Target Rate"	-0.75%	21 June 2018
Bank of Canada	"Target Overnight Rate"	1.25%	30 May 2018
Reserve Bank of Australia	"Cash Rate Target"	1.50%	5 June 2018

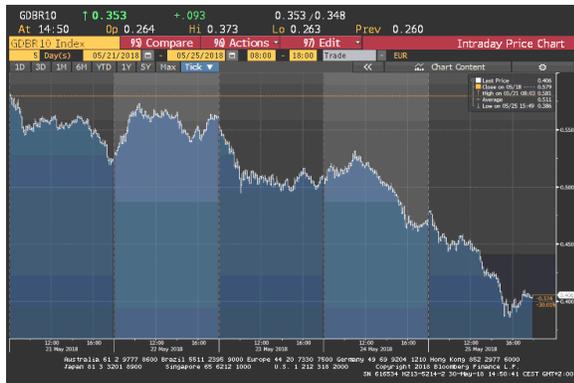
Table 3 - Eonia and Euribor

	14.04.2018.¹	18.05.2018.³	Change in basis points
Eonia	-0.361	-0.371	-1.00
Euribor 1W	-0.381	-0.381	0.00
Euribor 1M	-0.371	-0.371	0.00
Euribor 3M	-0.327	-0.326	0.10
Euribor 6M	-0.272	-0.271	0.10
Euribor 12M	-0.189	-0.189	0.00

¹Opening market value on Monday

²Closing market value on Friday

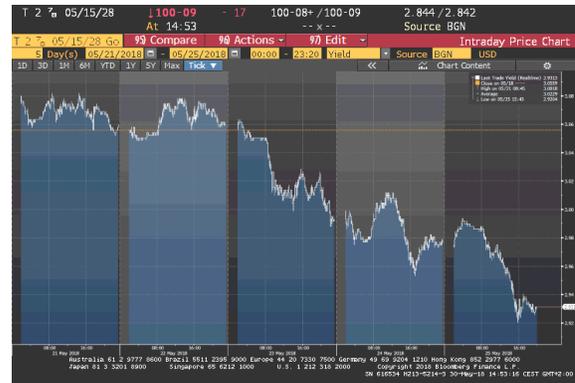
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on German 10-year government bonds were relatively balanced in the first two days, ranging around 0.562%. Over the week, these yields had a declining trend that continued until the end of the week. The decline in yields was a result of the release of weaker than expected May data on PMI indices from the euro area (the value of the composite PMI index of the euro area fell from 55.1 to 54.1; the PMI production index dropped from 56.2 to 55.5; the PMI index concerning the service sector fell from 54.7 to 53.9). Subsequently, the data on the production sector of France, which was not in line with the forecasts, was published (the production index was 53.7 while expected to be 55.1). On the last day, the unstable political situation in Italy was the reason for the increase in demand for German funds (yields on 10-year German bonds fell from 0.478% to 0.406%). Yields on Italian bonds increased for the same reason (yields on 10-year Italian bonds rose from 2.39% to 2.45% while yields on 2-year Italian bonds rose from 0.27% to 0.46%).

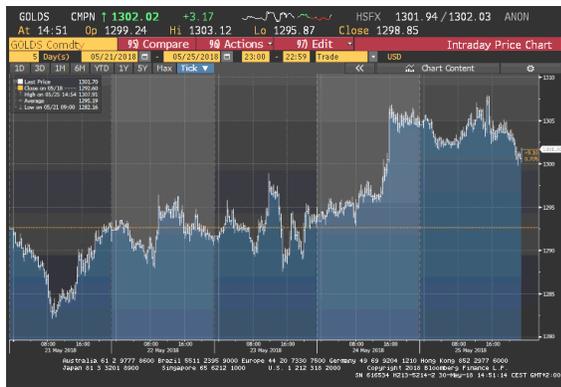
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on 10-year US bonds did not record major changes for the first two days of the reporting week, ranging around 3.06%. The yields recorded a decline afterwards. Namely, the minutes from the latest Fed meeting were released during this period, which showed that the central bank leaders will increase the interest rate at the June session, but they did not send a clear message whether it will be done once or twice this year. Most members of the Fed think that inflation will go a bit over 2%, but only in the short term, and will not significantly increase beyond this level. The US President's message, sent to North Korea, that he will not attend the summit in June, further reduced the yields on US long-term bonds (the North Korea nuclear programme is on the summit agenda). At the very end of the week, demand for safe bonds was boosted by market turmoil that was caused by an unstable political situation in Spain and Italy. The yields on 10-year US bonds stood at 2.9313% on Friday.

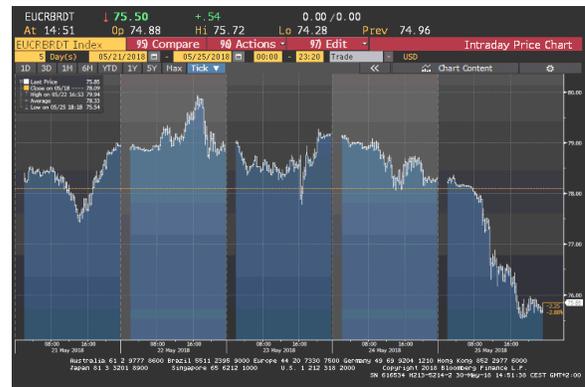
GOLD



Source: Bloomberg LP

Throughout the reporting period, gold prices had a growth trend that was more significant on Thursday and Friday. Namely, the minutes from the latest Fed meeting showed that the officials of this central bank will not increase interest rates at a faster pace, which immediately affected the increased demand for this precious metal. Also, the rise in gold prices was affected by Donald Trump's decision to cancel a meeting with North Korea's president next month, prompting the demand for safe funds.

OIL



Source: Bloomberg LP

In the first days of the reporting period, oil prices rose as new sanctions imposed by the United States on Venezuela increased concern that global supplies could be reduced while analysts predict US stocks would fall for the third week in a row. The price of this energy generating product slightly weakened during the week as a result of the news that OPEC and its allies could ease restrictions on production output. The price of oil is currently at the highest level since 2014, as geopolitical tensions - US sanctions against Iran and the decline in production in Venezuela - increased concerns over global supply.

Table 4 - Economic indicators (21 - 25 May 2018)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Markit Eurozone Composite PMI PMI survey tracks opinion among purchasing managers at manufacturing, construction and/or services firms. The index is calculated from the survey results on production, orders, inventories, employment, prices, etc.	May (preliminary data)	55.1	54.1	55.1
Great Britain	Consumer price index (CPI) 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 households.	April MoM% YoY%	0.5% 2.5%	0.4% 2.4%	0.1% 2.5%
Germany	Gross domestic product seasonal adjustments (GDP s.a.) One of the basic macroeconomic indicators, representing the market value of products and services produced within the country. Four components are used to calculate GDP: consumption, investments, government expenditure and net exports.	Quarter I QoQ% YoY%	0.3% 2.3%	0.3% 2.3%	0.3% 2.3%
USA	Durable Goods Orders This is an indicator of consumer safety that reflects their expectations and the ability to spend money. Its positive growth reflects the condition of the economy, it also helps to strengthen the currency. Its fall leads to the opposite result. The DGO index is a very good indicator for the future. Many manufacturers plan their production on the basis of available orders, the decline in the DGO precedes the decline in production and vice versa.	April (preliminary data)	-1.3%	-1.7%	2.7%

Source: Bloomberg