

EURUSD ↓ 1.2179  
 At 19:38 Op 1.2174 HI 1.2179 Value 3/21/06  
 Market Currency 1/4



Range 3/17/05 - 3/17/06  
 Upper Chart: 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 2/24	1.1878
T 3/16	1.2174	W 2/22	1.1911
W 3/15	1.2050	T 2/21	1.1974
T 3/14	1.2016	M 2/20	1.1902
M 3/13	1.1934	F 2/17	1.1909
F 3/10	1.1894	T 2/16	1.1804
T 3/ 9	1.1909	W 2/15	1.1834
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

(27 - 31 August 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, 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, Focal First-Quarter Profit.

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) AVG Teleconference About Fourth-Quarter Results	3/17	22:30 - 23:30	English	🔊

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7930 7500 Germany 49 69 920410  
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2006 Bloomberg L.P.  
 8615-351-3 17-Mar-06 19:27:28

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

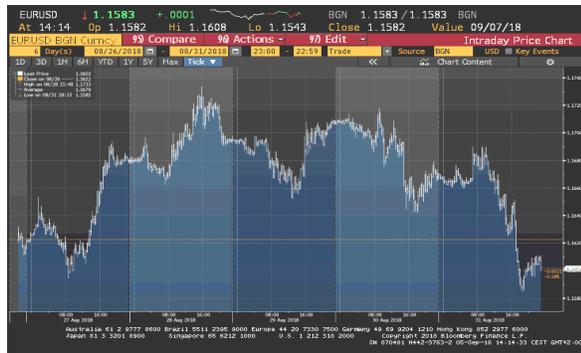
USD INTEREST RATE SWAPS				
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75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

Podgorica, 6 September 2018

## FX NEWS

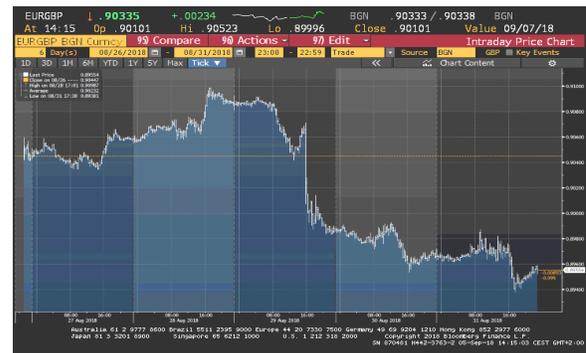
### EUR/USD



Source: Bloomberg LP

The EUR/USD exchange rate went up at the beginning of the week. Namely, the euro strengthened as it was announced that the IFO business climate index in Germany reached a higher value than expected in August, but also because of the statement by the Italian Minister of Finance that the government does not plan to break the EU limit for the budget deficit (3% of GDP). On the other hand, market participants decreased positions in the US currency as the end of the month was approaching, while at the same time tensions over the news of a new trade arrangement between the US and Mexico were lowered. However, at end-Tuesday, but also on Wednesday, the exchange rate weakened as the positive US economic data caused increased optimism concerning the US economic growth. The fall in exchange rate also followed the publication of an article in an Italian newspaper quoting that the state officials from this country would ask the ECB for a new bonds purchase program with the aim of protecting debt from financial speculation and avoiding credit rating downgrade. Although the exchange rate showed signs of recovery later this week due to favourable data on GDP in France, the downward trend was present until the very end of the reporting period due to the increase in demand for safe assets. Specifically, the demand for dollars grew, as negotiations between the US and Canada were concluded, but without the signing of a new trade agreement, because the Canadian Prime Minister declared that he will only sign a "good" contract. The EUR/USD exchange rate recorded a slight decline on a weekly level.

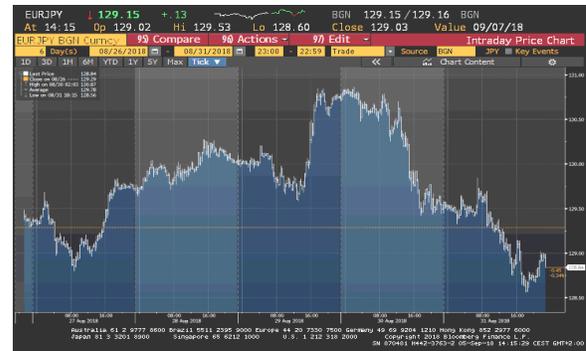
### EUR/GBP



Source: Bloomberg LP

At the very beginning of the reporting week, the EUR/GBP exchange rate was up, as positive business climate indicators in Germany gave an incentive to the European currency. The British currency weakened against the euro, due to the British Prime Minister's statement that the UK could achieve progress on the Brexit issue even without the agreement on future relations, which raised concerns that it could actually be a failure to reaching an agreement. As of mid-week, the exchange rate began to weaken as the sterling was stronger than the euro, after the concern over "Hard Brexit" was reduced (Michel Barnier, a chief negotiator at the EU, said in Berlin that the EU would offer an unprecedented partnership to the UK).

### EUR/JPY



Source: Bloomberg LP

The EUR/JPY exchange rate was similar to the EUR/USD exchange rate this week. Growth at the beginning of the week was triggered by the weakening of the Japanese currency, as the rise in the price of shares in Asia turned investors into risky assets. Although the exchange rate showed signs of weakening on Wednesday, its growth continued until the end of the day. However, the last two days of this reporting period, the EUR/JPY exchange rate had a downward trend, resulting in a slight decline in its value on a weekly basis. Namely, the US President's threats to withdraw the country from the World Trade Organization and the announcement of new tariffs aimed at China led to a rise in demand for safe assets and, consequently, strengthening of the yen.

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

	27 August 2018 <sup>1</sup>	31 August 2018 <sup>2</sup>	% Change
EUR/USD	1.1622	1.1602	-0.17
EUR/GBP	0.90447	0.89554	-0.99
EUR/JPY	129.29	128.84	-0.35
EUR/AUD	1.58578	1.61367	1.76
EUR/CHF	1.14253	1.12424	-1.60
USD/JPY	111.24	111.03	-0.19
GBP/USD	1.2846	1.2960	0.89

**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%	13.09.2018.
Federal Reserves	„Federal Funds Target Rate“	2.00%	26.09.2018.
Bank of Japan	„Overnight Call Rate“	-0.10%	19.09.2018.
Bank of England	„Official Bank Rate“	0.75%	13.09.2018.
Swiss National Bank	„Libor Target Rate“	-0.75%	20.09.2018.
Bank of Canada	„Target Overnight Rate“	1.50%	05.09.2018.
Reserve Bank of Australia	„Cash Rate Target“	1.50%	04.09.2018.

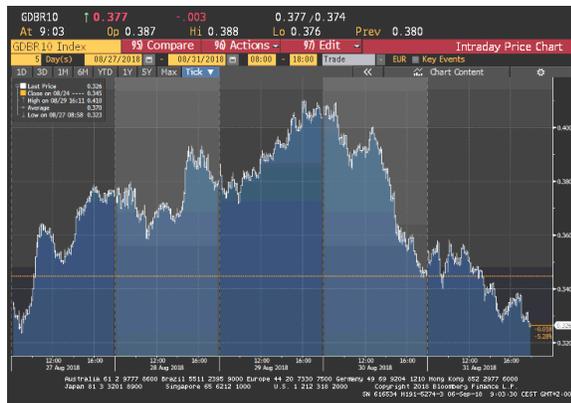
**Table 3 - Eonia and Euribor**

	27.08.2018. <sup>1</sup>	31.08.2018. <sup>2</sup>	Change in basis points
Eonia	-0.363	-0.342	5.79
Euribor 1W	-0.376	-0.377	-0.27
Euribor 1M	-0.369	-0.369	0.00
Euribor 3M	-0.319	-0.319	0.00
Euribor 6M	-0.266	-0.268	-0.75
Euribor 12M	-0.167	-0.166	0.60

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

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

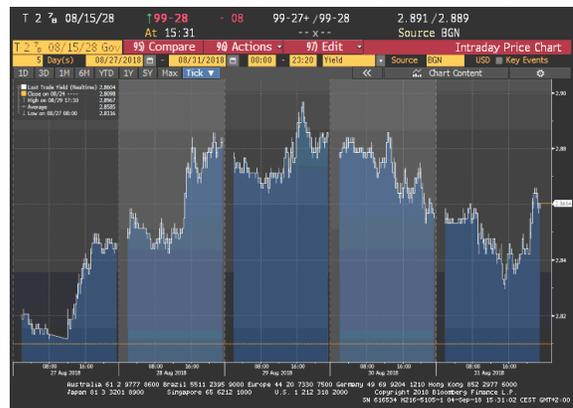
## EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

For most of the week, yields on 10-year German bonds rose as a result of rising share prices and better than expected data on Germany's business climate compared to the previous week. Yields on 10-year German bonds rose on Wednesday, while yields on the Italian bonds fell, as allegedly Italy sought a new quantitative programme from the ECB, which was subsequently rejected. Yields on the aforementioned bonds fell the next day, and the same trend continued on the following day. Credit rating agency Fitch changed Italy's outlook from stable to negative, while BBB rating itself remained unchanged, leading to a slight increase in yields on Italian long-term bonds.

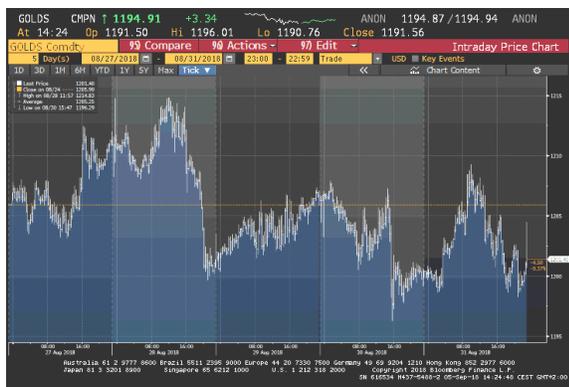
## THE US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

Yields on 10-year US government bonds rose in the first half of the week. The US and Mexico signed a new bilateral trade agreement, representing an amendment to the North American Free Trade Agreement (NAFTA), which reduced the demand for safe assets. Canada, which is also a signatory to the 1994 NAFTA Agreement, was not included in these negotiations. The calming of trade tensions led investors to reduce their positions in long-term bonds. The prices of these bonds recovered in the second half of the week, while yields fell, as the price of shares and commodity in the US fell as well, due to Donald Trump's report that he would introduce additional tariffs to China. The failure to reach an agreement between the US and Canada further declined the yields.

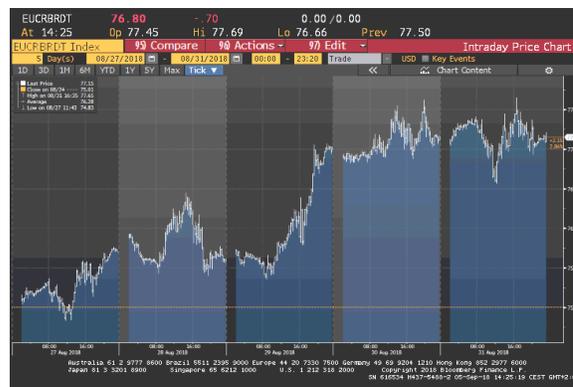
## GOLD



Source: Bloomberg LP

At the very beginning of the week, the price of gold went up, as the dollar declined and the bilateral agreement between the United States and Mexico was reached. The demand for gold was reduced afterwards as the unexpectedly strong consumer confidence in the US caused the dollar to rise. Gold prices fluctuated slightly in the mid-week, falling again at the end of the week, as both dollar and share prices in the US market rose.

## OIL



Source: Bloomberg LP

During the entire reporting period, the price of oil recorded growth. At the start of the week, the price was rising due to weaker dollar and optimism in the financial market as the new trade pact between the US and Mexico was signed, as well as the possibility of reducing the stock of this raw material in the United States. Oil prices continued to rise over the week as it was announced that crude oil stocks fell more than expected in the US (stocks fell 2.57 million barrels last week, being expected to drop 1.49 million barrels instead). The speculations that there might be disturbances in the oil supply from Iran further led to a rise in the price of this fuel. There were no significant changes in the price on the last day, as the US sanctions imposed on Iran caused an assumption that a reduction in stock levels might occur, which cast a shadow on speculation that a US-China trade war will weaken the demand for this energy generating product.

**Table 4 - Economic indicators in the period 27 - 31 August 2018**

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<p><b>Consumer Confidence</b> Measuring consumer confidence in the euro area countries. This figure represents the result of a survey of euro area consumers in terms of their labour market finances, readiness to save, and economic expectations.</p>	August F F=Final Data	-1.9	-1.9	-1.9
	<p><b>Unemployment Rate</b> The percentage of individuals being on the labour market and unemployed, but actively looking for a job. Higher unemployment rate generally weakens the economy and results in lower personal spending.</p>	July	8.2%	8.2%	8.2%
Germany	<p><b>IFO Business Climate</b> Monthly survey of companies in Germany (in the area of manufacturing, construction, wholesale and retail trade), regarding the current business climate and the outlook for the next 6 months. Since Germany accounts for 1/4 of total euro area GDP this index serves as a significant indicator of the euro area economic soundness as a whole.</p>	August	101.8	103.8	101.7
USA	<p><b>Initial Jobless Claims</b> Measures the number of people receiving unemployment allowances. Similar to the applicant, the growing number of jobs is accompanied by an economic expansion that could influence inflationary pressures.</p>	25 August K=1000	212K	213K	210K

Source: Bloomberg