

Financial and Banking Operations Department -International Reserves Management Division-

CLOSE/VALUE
 EUR EUR SPOT PRICE 1.2181
 Range 9/19/05 to 3/17/06 Period Daily
 Market bid/trd

DATE	PRICE	DATE	PRICE
T 3/17	1.2181	T 2/24	1.1878
T 3/16	1.2174	T 2/23	1.1923
U 3/15	1.2050	U 2/22	1.1911
T 3/14	1.2016	T 2/21	1.1914
H 3/13	1.1934	H 2/20	1.1946
F 3/10	1.1894	F 2/15	1.1894
T 3/ 9	1.1909	T 2/14	1.1897
U 3/ 8	1.1928	U 2/13	1.1902
T 3/ 7	1.1889	T 2/10	1.1919
H 3/ 6	1.1996	H 2/ 9	1.1974
F 3/ 3	1.2025	F 2/ 8	1.1944
T 3/ 2	1.2012	T 2/ 7	1.1974
U 3/ 1	1.1913	U 2/ 6	1.1952
T 2/28	1.1923		
H 2/27	1.1853		

BLOOMBERG NEWS AUDIO/VIDEO
 Search Audio/Video
 Bankwest Body, Softbank, Vodafone (L'Oréal, Body Shop)
 U.S. Bank's U.S. European Bank, Fed Rate and Swap
 U.S. Complete Vehicle Sales: Year-to-Date
 Bankwest U.S. Data, Fed Policy, Etc.
 Commonwealth Bank, Trade of Phone
 U.S. Bank's U.S. European Bank, Fed Rate and Swap
 U.S. Complete Vehicle Sales: Year-to-Date
 Bankwest U.S. Data, Fed Policy, Etc.
 Commonwealth Bank, Trade of Phone

International Financial Market Report

(9 - 13 December 2019)

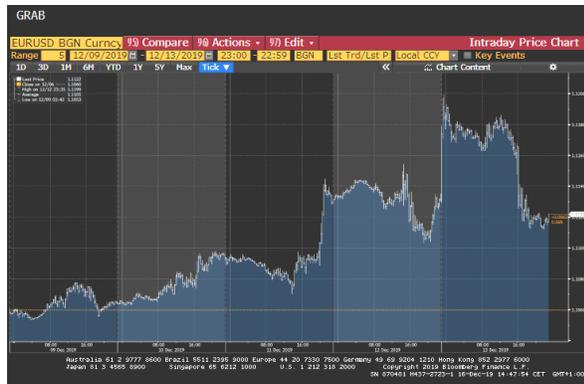
USD INTEREST RATE SWAPS					US SPREADS				
Ticker	Bid	Ask	Mid	Chng	Ticker	Bid	Ask	Mid	Chng
US Semi 30/360					22) 2 YR	42.88	44.13	43.50	--
2) 2 YR	5.0670	5.0800	5.0755	+0305	23) 3 YR	41.50	42.75	42.13	-17
3) 3 YR	5.0500	5.0720	5.0610	+0330	24) 4 YR	44.38	45.63	45.00	-10
4) 4 YR	5.0620	5.0740	5.0680	-0260	25) 5 YR	48.25	49.25	48.75	+25
5) 5 YR	5.0860	5.0920	5.0890	-0235	26) 6 YR	49.50	50.50	50.00	+30
6) 6 YR	5.1100	5.1130	5.1105	+0170	27) 7 YR	50.50	51.50	51.00	+40
7) 7 YR	5.1300	5.1350	5.1325	+0170	28) 8 YR	51.13	52.13	51.63	+33
8) 8 YR	5.1470	5.1530	5.1500	+0160	29) 9 YR	51.75	52.75	52.25	+45
9) 9 YR	5.1620	5.1680	5.1640	-0135	30) 10 YR	52.25	53.25	52.75	+50
10) 10 YR	5.1780	5.1830	5.1805	-0175	31) 15 YR	57.00	58.00	57.50	+50
11) 15 YR	5.2370	5.2430	5.2400	+0145	32) 20 YR	58.63	59.88	59.25	+15
12) 20 YR	5.2670	5.2720	5.2690	+0130	33) 30 YR	57.38	58.63	58.00	+20
13) 30 YR	5.2750	5.2840	5.2795	+0190					

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, 18 December 2019

FX NEWS

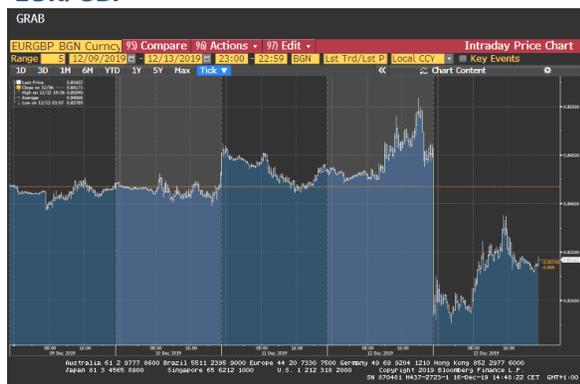
EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** recorded a slight appreciation earlier this reporting week. This was the result of publishing better-than-expected economic data from Germany on exports and on an index measuring economic confidence. The higher exchange rate growth was recorded in the middle of the week, as the FED decided to keep the interest rate at its current level. On Thursday, it continued to rise and it was at its weekly high before the market was closed, after the UK voting results arrived. The EUR/GBP exchange rate depreciated on the last day of this reporting week. Investors remained sceptical of the first phase of the US-China trade agreement, even though the US President said negotiations for the second phase would begin immediately.

EUR/GBP

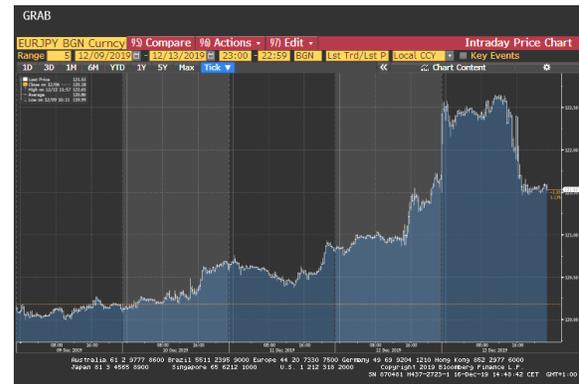


Source: Bloomberg LP

The **EUR/GBP exchange rate** was fairly stable this week to see a sharp drop at the end of the week following the news that

Boris Johnson's party won the UK election. Preliminary data showed that the Conservative Party won 368 seats in the Parliament. Such election results suggested that the UK would leave the EU by 31 January, as the UK Prime Minister Boris Johnson pointed out in his speech. On Friday, the UK government announced that the legislation concerning Brexit would be in Parliament before Christmas, to ensure that the country leaves the EU before January, as planned. The exchange rate depreciated from 0.84623 to 0.82851 on Friday.

EUR/JPY



Source: Bloomberg LP

This week, the **EUR/JPY exchange rate** had the similar trend as the EUR/USD exchange rate. By the middle of the week, it recorded only a slight appreciation. Yield on 10-year Japanese government bonds stood at 0% for the first time after nine months, after the Bank of Japan decreased the volume of purchasing bonds with maturity of 5 to 10 years and sustained from adding new stimuli. This exchange rate recorded sharper decline during the night between Thursday and Friday after the news that Boris Johnson recorded majority of votes at the parliamentary elections in the UK. By the end of Friday, this exchange rate depreciated due to increased demand for safe funds as investors expected more details about the first phase of the agreement reached between the USA and China that day.

Table 1 - Exchange rates of the most important currencies

	09.12.2019 ¹	13.12.2019 ²	% Change
EUR/USD	1.1060	1.1121	-0.55
EUR/GBP	0.84171	0.83440	0.86
EUR/JPY	120.18	121.56	-1.14
EUR/AUD	1.61706	1.61578	0.07
EUR/CHF	1.09537	1.09424	0.10
USD/JPY	108.58	109.380	-0.73
GBP/USD	1.3140	1.3331	-0.55

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%	29 January 2020
Federal Reserves	Federal Funds Target Rate	1.75%	23 January 2020
Bank of Japan	Overnight Call Rate	-0.10%	19 December 2019
Bank of England	Official Bank Rate	0.75%	19 December 2019
Swiss National Bank	Libor Target Rate	-0.75%	19 March 2020
Bank of Canada	Target Overnight Rate	1.75%	22 January 2020
Reserve Bank of Australia	Cash Rate Target	0.750%	4 February 2020

During this reporting week, the Fed and the ECB held their regular meetings at which they decided not to change reference interest rates, which was according to the market's expectations.

Table 3 – Eonia and Euribor

	09.12.2019 ¹	13.12.2019 ²	Change in basis points
Eonia	-0.456	-0.458	-0.20
Euribor 1W	-0.489	-0.491	-0.20
Euribor 1M	-0.456	-0.467	-1.10
Euribor 3M	-0.393	-0.400	-0.70
Euribor 6M	-0.333	-0.340	-0.70
Euribor 12M	-0.269	-0.263	0.60

¹ Opening market value on Monday

² Closing market value on Friday

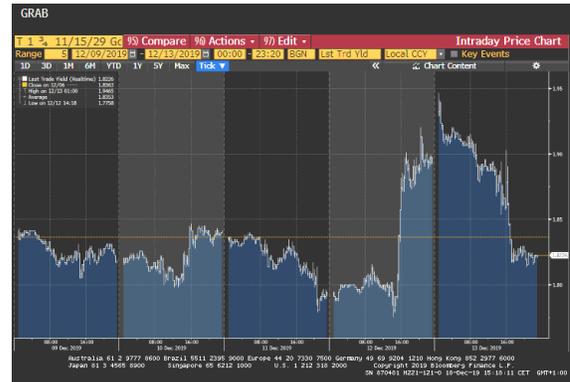
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yield on 10-year German government bonds remained stable until Thursday when they recorded a bit higher jump in yield on these bonds. Yield recovery during that period came as Trump signed the first partial phase of a trade agreement with China, thus avoiding new tariffs foreseen for 15 December, and after the Conservatives won the UK elections. However, during the last day, they began to drop again as details of the agreement between China and the US were missing. The yield on 10-year German bonds ranged around -0.29% at the end of the reporting week.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yield on 10-year German government bonds remained stable until Thursday when a slightly higher jump in yields on these bonds was achieved. Namely, during this period, Trump signed the first phase of the partial agreement with China, thus avoiding the introduction of new tariffs. During the last day, however, the yield dropped again as no details of the trade agreement of the two countries were released. At the end of the week, yields on 10-year US bonds stood at 1.82%.

GOLD



Source: Bloomberg LP

The price of gold was stable at the beginning of the reporting week. Regular monthly meetings of the ECB and the Fed were held this week, at which both banks decided not to change the reference interest rates. The Federal Reserve signalled that there would likely be no interest rate hikes in the USA in 2020, after which the gold price registered a slight increase in the middle of the week. The price of gold dropped on Thursday, following the announcement that Trump would not impose new tariffs on China on 15 December. On the last day of this reporting week, the price of gold increased as investors were questioning the pace of negotiations between China and the USA in order to overcome the problems that have been “shaking” the market over the past year.

OIL



Source: Bloomberg LP

During the first three days of this reporting week, the price of oil was stable. This energy-generating product recorded a significant price increase on Thursday, after the OPEC meeting held that day, where the member states agreed to deepen cuts in oil production. Oil prices continued to rise on Friday, as agreement was reached on the first phase of a China-US trade deal. Chinese officials said the countries would refrain for now from new tariffs that were to come into force.

Table 4 - Economic indicators (9 - 13 December 2019)

Country	Indicator	Period	Expected value	Current value	Previous value
Great Britain	<p>Industrial output Measures the production output of the energy sectors, 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.</p>	October MoM% (YoY%)	0.2% (-1.2%)	0.1% (-1.3%)	-0.3% (-1.4%)
Germany	<p>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, thus representing the key inflation measure in Germany.</p>	October MoM% (YoY%)	-0.8% (1.1%)	-0.8% (1.1%)	-0.8% (1.1%)
France	<p>PMI Manufacturing Monthly research on production activity and its outlook. The higher index that measures this activity points to a more optimistic economic outlook.</p>	October MoM% (YoY%)	0.4% -0.2%	0.5% (0.1%)	0.6% (0.4%)
Italy	<p>Industrial output Measures the changes in the output volume of the production, service and mining sectors.</p>	October	-0.2%	-0.3%	-0.4%
USA	<p>(Initial Jobless Claims) 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> <p>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.</p>	7 December K=1.000	214 K	252 K	203 K
		F November MoM% (YoY%)	0.2% (2.0%)	0.2% (2.1%)	0.2% (1.8%)

Source: Bloomberg