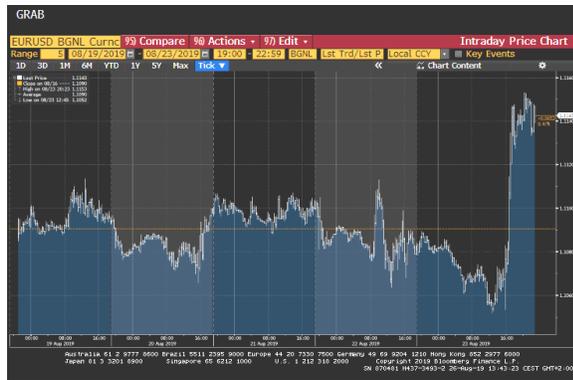


FX NEWS

EUR/USD



Source: Bloomberg LP

The EUR/GBP exchange rate had an upward trend during the most of this reporting week. The weakening of the euro was affected by the uncertain political situation in Italy, news of weaker than expected demand for German 30-year bonds, while the dollar strengthened following the release of the minutes of the July Fed meeting. However, the EUR/USD exchange rate recovered on the last day of this reporting period, as the Fed president announced at the annual symposium in Jackson Hole that he was preparing a "pitch" for interest rate cuts, which was completely contrary to earlier comments by the Fed officials that further loosening is unnecessary for the moment.

EUR/GBP



Source: Bloomberg LP

The EUR/GBP exchange rate was stable over the first three days of this week. On Thursday, this exchange rate saw a major decline, as the meeting of leaders from Germany, France and the UK raised optimism that a solution to Brexit would be found by end-October. The German Chancellor said it would be possible to find a solution to Brexit in the next month if the UK Prime Minister offered realistic ideas. The exchange rate increased slightly on the last day of the week.

EUR/JPY



Source: Bloomberg LP

The EUR/JPY exchange rate averaged around 118.02 during the reporting week. Major change in exchange rate fluctuations occurred on Friday, when the yen strengthened against the euro, as the US-China relations worsened, turning investors towards safe funds.

Table 1 - Exchange rates of the most important currencies

	19 Aug 2019 ¹	23 Aug 2019 ²	% Change
EUR/USD	1.1090	1.1144	0.49
EUR/GBP	0.91289	0.90929	-0.39
EUR/JPY	117.96	117.49	-0.40
EUR/AUD	1.63573	1.64915	0.82
EUR/CHF	1.08530	1.08653	0.11
USD/JPY	106.38	105.39	-0.93
GBP/USD	1.2149	1.2266	0.96

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%	12 Sep 2019
Federal Reserves	Federal Funds Target Rate	2.25%	18 Sep 2019
Bank of Japan	Overnight Call Rate	-0.10%	19 Sep 2019
Bank of England	Official Bank Rate	0.75%	19 Sep 2019
Swiss National Bank	Libor Target Rate	-0.75%	19 Sep 2019
Bank of Canada	Target Overnight Rate	1.75%	4 Oct 2019
Reserve Bank of Australia	Cash Rate Target	1.00%	3 Sep 2019

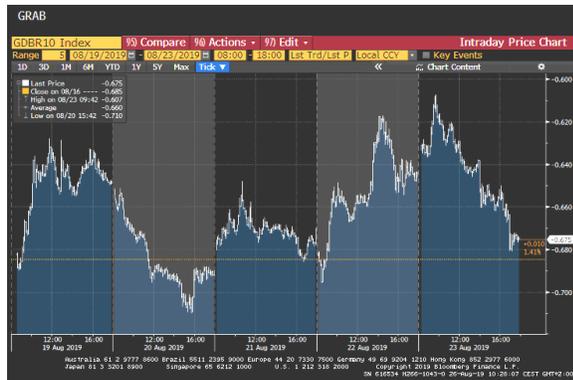
Table 3 - Eonia and Euribor

	19 Aug 2019 ¹	23 Aug 2019 ²	Change in basis points
Eonia	-0.364	-0.361	0.30
Euribor 1W	-0.403	-0.403	0.00
Euribor 1M	-0.423	-0.413	1.00
Euribor 3M	-0.420	-0.412	0.80
Euribor 6M	-0.427	-0.408	1.90
Euribor 12M	-0.385	-0.388	-0.30

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 rose on Monday after the media announced that Germany was considering introducing stimulus into the economy in the event of a recession. The following day, yields on the aforementioned bonds were at their lowest level this week, being -0.71% as a result of the crisis in the Italian political scene (uncertainty over whether Giuseppe Conte would resign, which later happened). Demand for safe German funds was reduced on Thursday due to optimistic data coming from the euro area (data on the manufacturing sector in Germany and France were better than expected), while yields on 10-year German government bonds fell again on the last day of the week as the new tightening in the US-China relationship took place. The yields on 10-year German bonds ranged around -0.675% at the end of the week.

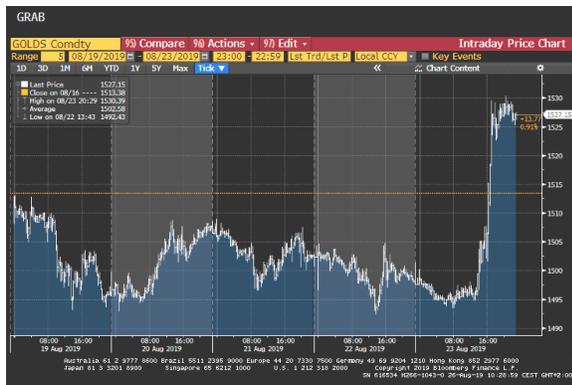
US GOVERNMENT BONDS MARKET



Source: [Bloomberg LP](#)

The yields on US 10-year government bonds fluctuated for most of the week amid rising stock prices on the US stock markets, as there were indications that fresh stimulus would be released globally to help deteriorated economies, as well as the release of the minutes from the latest Fed meeting, after which it was not clear to investors whether the central bank's officials would continue to lower the reference interest rate or whether this was just a temporary measure. The yields on 10-year US bonds fell sharply at the end of the week (from 1.66% to 1.54%), as China announced the introduction of new import taxes on US commodities, which will take effect, on 1 September and 15 December this year, respectively. The yields on 10-year US bonds stood at 1.53% at the very end of the week.

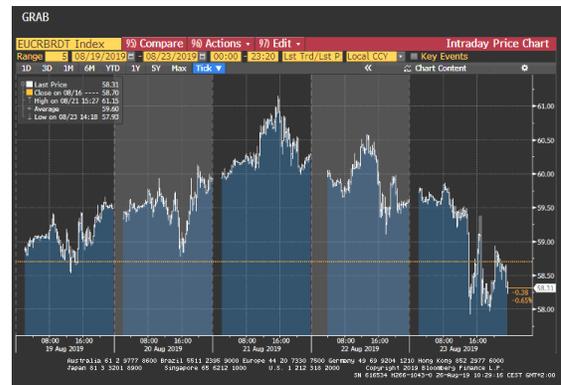
GOLD



Source: Bloomberg LP

The price of gold did not change significantly during most of the reporting week, averaging around 1501.92 during the first four days of the week. The last day of the week saw a rise in the price of gold to 1530.39, due to renewed tensions between the US and China.

OIL



Source: Bloomberg LP

The oil price had an upward trend by the mid-week, as a more moderate US-China relations supported the increase in the price of this energy generating product. The release of a report by the American Petroleum Institute on the decline in crude oil stocks in the US had a positive impact on the rise in oil prices, alleviating concerns of some traders that slowing economic growth will affect the reduced demand. Oil prices weakened by the end of the week amid renewed tensions between the US and China.

Table 4 - Economic indicators (19 - 23 August 2019)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro Area	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 an average household in Germany.	July MoM%	-0.4%	-0.5%	0.2%
Germany	Production price index (PPI) Assesses the average change in prices of certain manufacturers at all stages of production, but does not include imported goods, services and taxes. The index is considered an indicator of future inflation.	July MoM%	0.0%	0.1%	-0.4%
USA	Initial Jobless Claims Measures the number of people receiving unemployment allowances.	August K=1,000	216K	209K	220K
France	Manufacturing PMI Measure for all activities in the manufacturing sector. By examining sales and outlook in terms of employment, the survey provides useful information on the business climate that can lead to an increase in employment, output and consumption. PMI research is the result of interviews with business executives.	August MoM% (YoY%)	49.5	51.0	49.7

Source: Bloomberg