



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 2/17	1.1909
T 3/16	1.2181	T 2/16	1.1881
W 3/15	1.2050	W 2/22	1.1911
T 3/14	1.2016	T 2/21	1.1914
M 3/13	1.1934	M 2/20	1.1946
F 3/10	1.1894	F 2/17	1.1909
T 3/ 9	1.1909	T 2/16	1.1881
W 3/ 8	1.1928	W 2/15	1.1884
T 3/ 7	1.1889	T 2/14	1.1897
M 3/ 6	1.1996	M 2/13	1.1902
F 3/ 3	1.2025	F 2/10	1.1919
T 3/ 2	1.2012	T 2/ 9	1.1974
W 3/ 1	1.1913	W 2/ 8	1.1944
T 2/28	1.1923	T 2/ 7	1.1974
M 2/27	1.1853	M 2/ 6	1.1962

# International Financial Market Report

5-9 October 2020

BLOOMBERG NEWS AUDIO/VIDEO

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Bankinvest's Broby: Softbank, Vodafone, LOreal, Body Shop  
ICAP's Smith: U.S. Dollar, Fed Policy, Euro  
F.Mat's Bennett: U.S. Dollar, Fed Policy, Euro  
U.S. Congressional Quarterly Walker: Fiscal Policy and Deficit  
Commerzbank's Thurlfall: Oil Prices, Iraq  
Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy  
China Airlines' Wei: Fleet Reorganization, Earnings Outlook  
Bear Stearns Teleconference: Fiscal First Quarter Profit  
Microsoft's Ballmer: Stock Performance, Strategy, Produce

Daniel Broby, chief investment officer at Bankinvest, Japanese mobile-phone unit and LOreal SAs purchase of Body Shop International Plc.

Bloomberg TV Live | Bloomberg Radio Live | All Audio/Video Reports

LIVE <GO> Events	Date	Time	Language	Type
14) Legal & General Teleconference: Full-Year Earnings	3/17	Now Playing	English	CF
15) UBS Warburg's Hickson: Outlook for Steel Industry	3/17	Now Playing	English	CF
16) European Commission: Daily News Conference	3/17	20:00-20:30	English	CF
17) Egypt's Mohamed: Sale of State-Owned Businesses	3/17	21:05-21:20	English	CF
18) Bonders Group Teleconference: 4th-Qtr Results	3/17	22:00-23:00	English	CF
19) AIG Teleconference About Fourth-Quarter Results	3/17	22:30-23:30	English	CF

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410  
Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 218 2000 Copyright 2006 Bloomberg L.P.  
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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

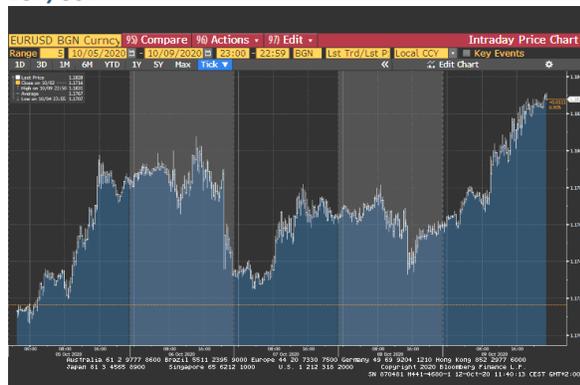
Change on day  
IYC4 I52<GO>  
Change on Month  
IYC6 I48<GO>  
For US Govt Yield Curve, type fIYC1 I2  
For US swap Curve, type fIYC1 I52 <G

Podgorica, 14 October 2020

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## FX NEWS

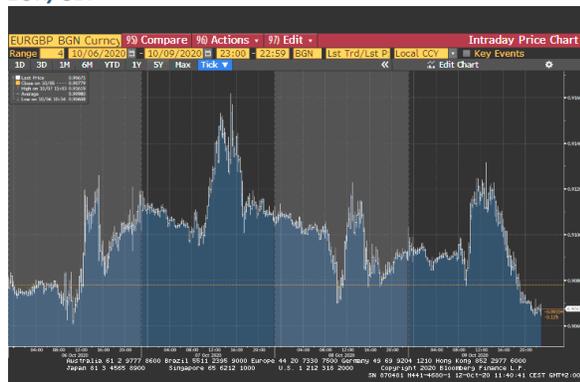
### EUR/USD



Source: Bloomberg LP

At the very beginning of the week, the EUR/USD exchange rate appreciated. It resulted from the USD depreciation due to the increased risk appetite among investors and due to the expectations that the Democrats would win the upcoming elections. Encouraging data on orders for durable goods in Germany also appreciated the euro. On Tuesday, the exchange rate depreciated as the Fed President said that the economy would record “tragic” results without the state support. This was followed by comments after Trump interrupted the talks on incentive measures. Later this week, the exchange rate recovered. It happened as Trump said he would support a limited support package to the aviation industry, after the previous interruption of negotiations with the Democrats. Therefore, the White House and the Democrats continued the negotiations. The EUR/USD exchange rate trended up on Friday due to encouraging news that Democrats and Republicans would agree on a new incentive package necessary for the US economy’s recovery. The result was the reduced value of the USD against a basket of leading currencies.

### EUR/GBP

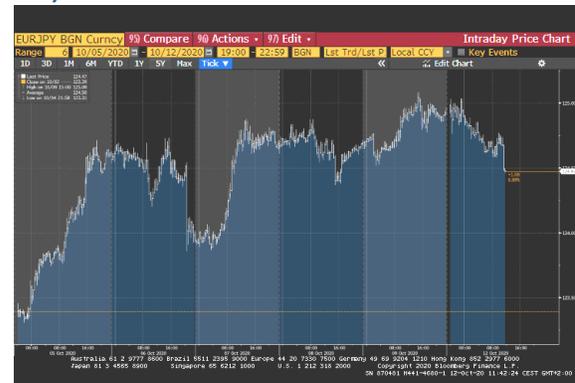


Source: Bloomberg LP

The EUR/GBP exchange rate fluctuated during this reporting period on the eve of the negotiations

between the British authorities and EU officials on Brexit. Earlier this week, the exchange rate appreciated. It resulted from the speculation that the EU would let the UK exit Brexit negotiations to meet the deadline ending on 15 October. The EU was also ready to resume negotiations in November and even December. At the end of the week, sterling appreciated against a basket of major currencies. This was the result of BoE Governor Andrew Bailey statement that the second wave of COVID infections would not have the same impact as the first one. Bailey added that the BoE was ready to take more action if necessary. The increased number of Coronavirus infections in this country announced new lockdowns in some segments of the economy, which would put additional pressure on the British economy. On the other hand, during the mentioned period, analysts thought that the markets became more optimistic regarding the Brexit, which should take place in the middle of this week. Johnson has set the EU summit, which will meet on 15 October, as the deadline for agreeing on trade agreement. An EU diplomat said on Friday that the EU’s chief Brexit negotiator, Michel Barnier, wanted several more compromises from Britain before entering the final, intensive, negotiation phase. The Financial Times reported that EU leaders would insist on strict rules for implementing any trade agreement with Britain.

### EUR/JPY



Source: Bloomberg LP

The EUR/JPY exchange rate appreciated on Monday due to a jump in stock prices. The next day, the exchange rate fell sharply as the US President announced he was suspending negotiations on incentive measures that would continue only after the presidential election. On Wednesday, the yen depreciated due to Trump’s statement he would support a limited support package, which encouraged a risk appetite. This exchange rate did not fluctuate significantly during the rest of the week.

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

	05.10.2020 <sup>1</sup>	09.10.2020 <sup>2</sup>	% Change
EUR/USD	1.1716	1.18260	0.94
EUR/GBP	0.90556	0.90678	0.13
EUR/JPY	123.39	124.930	1.25
EUR/AUD	1.63622	1.63339	-0.17
EUR/CHF	1.07848	1.07624	-0.21
USD/JPY	105.29	105.620	0.31
GBP/USD	1.2935	1.30360	0.78

**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 October 2020
Federal Reserves	Federal Funds Target Rate	0.25%	5 November 2020
Bank of Japan	Overnight Call Rate	-0.10%	29 October 2020
Bank of England	Official Bank Rate	0.10%	5 November 2020
Swiss National Bank	Libor Target Rate	-0.75%	17 December 2020
Bank of Canada	Target Overnight Rate	0.25%	28 October 2020
Reserve Bank of Australia	Cash Rate Target	0.25%	6 October 2020

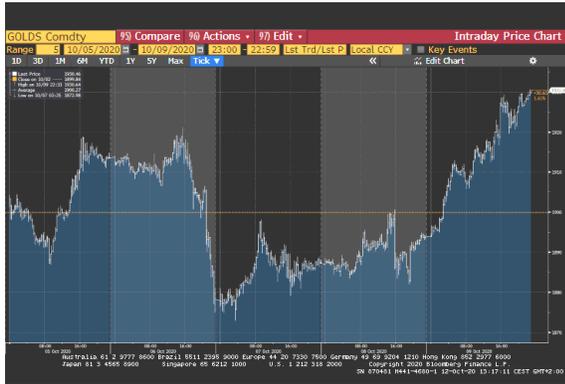
**Table 3 - Eonia and Euribor**

	05.10.2020 <sup>1</sup>	09.10.2020 <sup>2</sup>	Change in basis points
Eonia	-0.470	-0.4680	0.20
Euribor 1W	-0.537	-0.5380	-0.10
Euribor 1M	-0.528	-0.5260	0.20
Euribor 3M	-0.505	-0.5090	-0.40
Euribor 6M	-0.473	-0.4860	-1.30
Euribor 12M	-0.449	-0.4630	-1.40

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

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

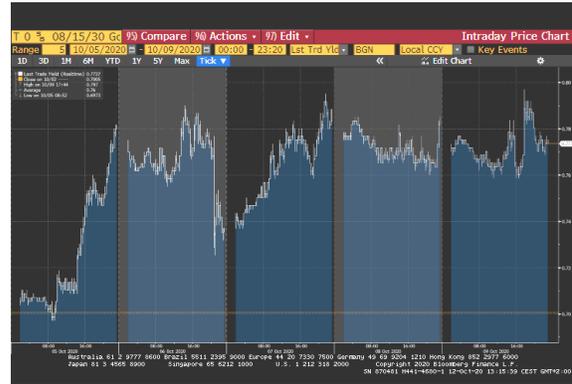
## EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

Earlier this week, the return on German 10-year government bonds increased slightly due to reduced demand for safer funds and investors' risk appetite, after growing investors' expectations that the Democrats would win the upcoming US election. In the middle of the week, the return of these bonds recorded a weekly maximum of -0.486%, after President Trump's statement that he would support the incentive package. The return of German bond dropped on Thursday on suspicion doubting that the US support package could be adopted before the presidential election. On Friday, the return on 10-year German bonds was stable and stood at -0.528%.

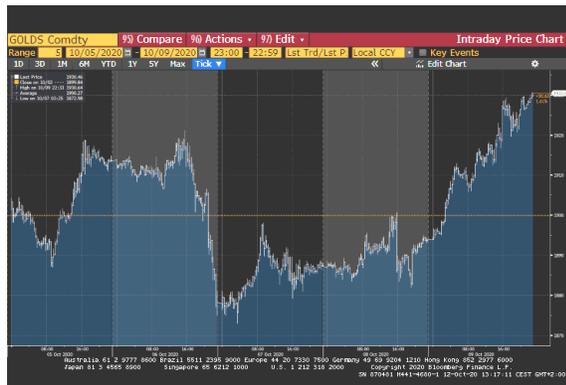
## US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

On Monday, the return on 10-year US government bonds rose as investors' risk appetite grew, causing demand for safe funds to decline. Namely, President Trump's health condition has strengthened the prospects related to reaching a fiscal stimulus measures agreement, but also a more comfortable Democrats' victory in the upcoming elections. As the week continued, the return fluctuated slightly and averaged around 0.76%. Such volatile trend resulted from the support package negotiations in the USA and the disagreements between President Trump and the Democrats on this topic.

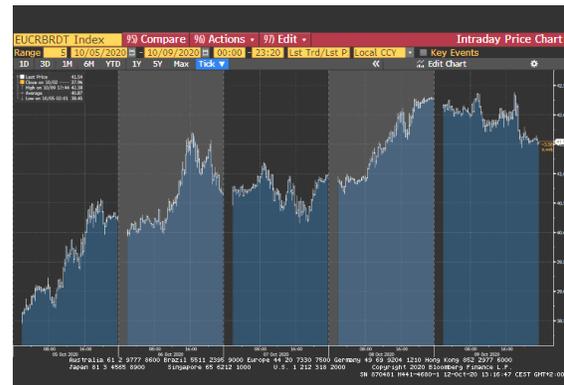
## GOLD



Source: Bloomberg LP

Earlier this week, the gold price rose due to the USD depreciation. Investors were assessing President Trump's health (due to the US President's positive test on Covid-19) and the prospectus of a new US incentives package. On the night between Tuesday and Wednesday, the price of gold fell significantly due to the USD appreciation, after Trump interrupted talks on stimulus measures. By the end of the week, the price recovered after announcing that the US legislators were getting near to reaching a support package agreement.

## OIL



Source: Bloomberg LP

The oil price trended up during most of this reporting week. The price increase of this energy source was the result of hurricane Delta, which was moving towards the Gulf of Mexico and resulted in stopping most of the oil production in this area. Oil production in Norway also reduced by about 8% due to the strike. On Friday, the oil price decreased slightly due to the hurricane's weakening and the strike's end.

**Table 4 - Economic indicators (5 – 9 October 2020)**

Country	Indicator	Period	Expected value	Current value	Previous value
USA	<b>Initial Jobless Claims</b> This indicator measures the number of people receiving unemployment allowances. The growing number of jobs accompanies an economic expansion that could influence inflationary pressures.	3 October K=1,000	820 K	840 K	837 K
	<b>Wholesale inventories</b> The index marks the relationship between wholesalers and retailers. It has a limited impact on the market, but gives an idea of trends in these economic sectors that could be projected onto the whole economy.	August MoM%	0.5%	0.4%	0.5%
Euro area	<b>Retail Sales</b> This indicator measures changes in retail sales in euro area.	August MoM% (YoY%)	2.5% (2.2%)	4.4% (3.7%)	-1.3% (0.4%)
Germany	<b>Factory Orders</b> Factory orders provide a rather comprehensive overview of the manufacturing sector.	August MoM%	2.8%	4.5%	2.8%
	<b>Exports</b> Products and services produced in Germany, sold or pending for sale outside of Germany.	August MoM%	1.5%	2.4%	4.7%
	<b>Imports</b> Germany's demand for foreign products.	August MoM%	1.5%	5.8%	1.1%
Great Britain	<b>Industrial output</b> It measures the output of the energy sector, factories and mines. In the short term, this indicator is significant as it shows the strength of the UK's industrial activity. Rising industrial production points to output increase and economic expansion, which is "healthy" for sterling.	August MoM% (YoY%)	2.5% (-4.7%)	0.3% (-6.4%)	5.2% (-7.8%)

Source: Bloomberg