

EURUSD ↓ 1.2179 / 1.2180 TTOL  
 At 19:38 Dp 1.2174 HI 1.2174 Value 3/21/06  
 Market Currency 1/4  
 Range 3/17/05 - 3/17/06  
 Upper Chart: Market Price  
 1) News



EUR EURO SPOT PRICE 1.2181

Range 9/19/05 to 3/17/06 Period D Daily Market mid/trd

| DATE   | PRICE  | DATE   | PRICE  |
|--------|--------|--------|--------|
| F 3/17 | 1.2181 | F 2/17 | 1.1878 |
| T 3/16 | 1.2050 | T 2/16 | 1.1911 |
| W 3/15 | 1.2050 | W 2/15 | 1.1914 |
| T 3/14 | 1.2016 | T 2/14 | 1.1946 |
| M 3/13 | 1.1934 | M 2/13 | 1.1909 |
| F 3/10 | 1.1894 | F 2/10 | 1.1974 |
| T 3/ 9 | 1.1909 | T 2/ 9 | 1.1944 |
| W 3/ 8 | 1.1928 | W 2/ 8 | 1.1974 |
| T 3/ 7 | 1.1889 | T 2/ 7 | 1.1962 |
| M 3/ 6 | 1.1996 | M 2/ 6 | 1.1919 |
| F 3/ 3 | 1.2025 | F 2/ 3 | 1.1974 |
| T 3/ 2 | 1.2012 | T 2/ 2 | 1.1944 |
| W 3/ 1 | 1.1913 | W 2/ 1 | 1.1974 |
| T 2/28 | 1.1923 | T 1/28 | 1.1962 |
| M 2/27 | 1.1853 | M 1/27 | 1.1919 |

# International Financial Market Report

(17 - 21 August 2020)

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. Dollar, Fed Policy, Euro
- F.Mart's Bennett: U.S. Dollar, Fed Policy, Euro
- U.S. Congressional Quarterly Walker: Fiscal Policy and Deficit
- Commerzbank's Thurlall: 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

13) LIVE <GO> Events

| Event  | 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 |

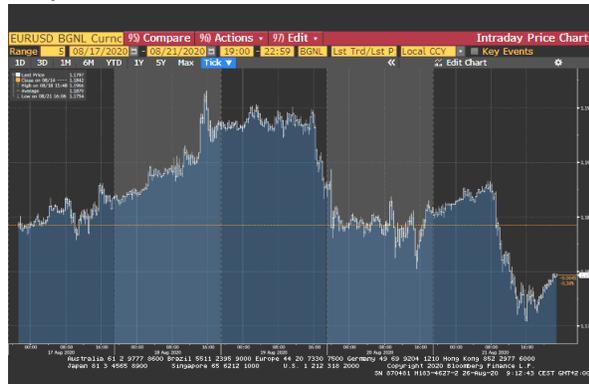
| RATE SWAPS |       |       |       |      |
|------------|-------|-------|-------|------|
| Ticker     | Bid   | Ask   | Mid   | Chng |
| US SPREADS |       |       |       |      |
| 22) 2 YR   | 42.88 | 44.13 | 43.50 | --   |
| 23) 3 YR   | 41.50 | 42.75 | 42.13 | -.17 |
| 24) 4 YR   | 44.38 | 45.63 | 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, 27 August 2020

## FX NEWS

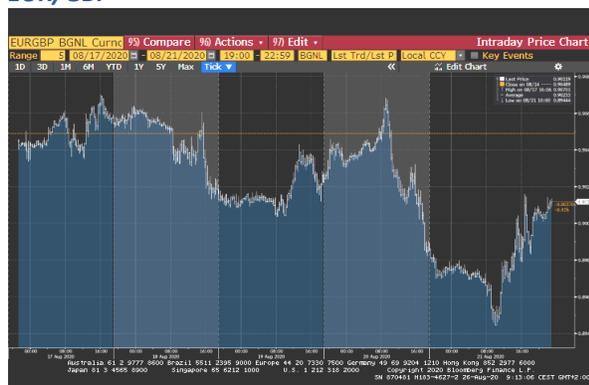
### EUR/USD



Source: Bloomberg LP

During the first three days of this reporting week, the **EUR/USD exchange rate** appreciated due to investors' concerns about the recovery of the world's largest economy and to growing USA-China geopolitical tensions. This appreciation trend was interrupted in the middle of the week when the euro began to depreciate as the euro area economy slowed after the re-growth in the number of Coronavirus patients. The release of the declining data of euro area index measuring production and service activities at the end of the week resulted in a stronger EUR/USD exchange rate depreciation.

### EUR/GBP

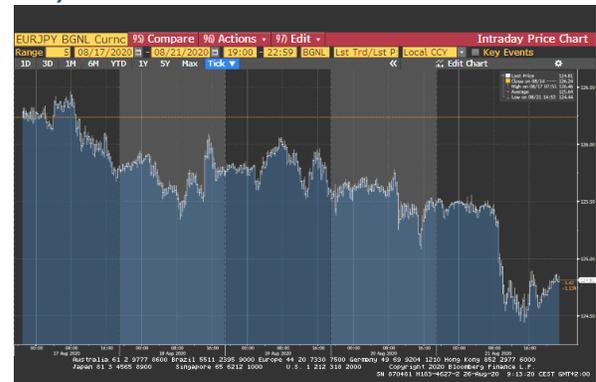


Source: Bloomberg LP

Generally, the **EUR/GBP exchange rate** has been declining this week as the British currency has been supported by optimism about the

continuation of UK-EU negotiations. Besides, the British currency was backed by positive retail data, which reduced the investors' concern that the Bank of England would lower interest rates. This exchange rate only appreciated on Friday after EU-UK Brexit negotiations stalled. These chapters concern the most challenging chapters - the access to British fishing waters, and the state aid rules that the UK will follow.

### EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** has been continuously depreciating this week. The depreciation of the euro against the yen came as investors turned to safe funds after relations between China and the US tightened further as the US government imposed additional restrictions on Huawei. Moreover, unfavourable economic data from the euro area further contributed to the euro's depreciation.

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

|         | 17.08.2020 <sup>1</sup> | 21.08.2020 <sup>2</sup> | % Change |
|---------|-------------------------|-------------------------|----------|
| EUR/USD | 1.1842                  | 1.1797                  | -0.38    |
| EUR/GBP | 0.90489                 | 0.90119                 | -0.41    |
| EUR/JPY | 126.24                  | 124.81                  | -1.13    |
| EUR/AUD | 1.65140                 | 1.61723                 | -2.07    |
| EUR/CHF | 1.07651                 | 1.07532                 | -0.11    |
| USD/JPY | 106.60                  | 105.80                  | -0.75    |
| GBP/USD | 1.3086                  | 1.3090                  | 0.03     |

**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%                         | 10 September 2020 |
| Federal Reserves          | Federal Funds Target Rate | 0.25%                         | 16 September 2020 |
| Bank of Japan             | Overnight Call Rate       | -0.10%                        | 17 September 2020 |
| Bank of England           | Official Bank Rate        | 0.10%                         | 17 September 2020 |
| Swiss National Bank       | Libor Target Rate         | -0.75%                        | 24 September 2020 |
| Bank of Canada            | Target Overnight Rate     | 0.25%                         | 9 September 2020  |
| Reserve Bank of Australia | Cash Rate Target          | 0.25%                         | 1 September 2020  |

**Table 3 – Eonia and Euribor**

|             | 17.08.2020 <sup>1</sup> | 21.08.2020 <sup>2</sup> | Change in basis points |
|-------------|-------------------------|-------------------------|------------------------|
| Eonia       | -0.464                  | -0.469                  | -0.5                   |
| Euribor 1W  | -0.526                  | -0.533                  | -0.7                   |
| Euribor 1M  | -0.519                  | -0.517                  | 0.2                    |
| Euribor 3M  | -0.482                  | -0.487                  | -0.5                   |
| Euribor 6M  | -0.432                  | -0.441                  | -0.9                   |
| Euribor 12M | -0.353                  | -0.376                  | -2.3                   |

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

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

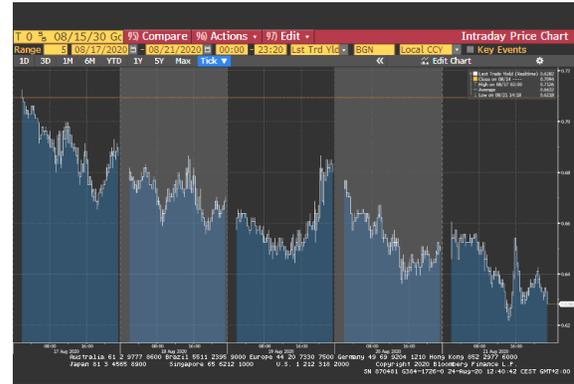
## EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year German government bonds trended down during this reporting week. It dropped awaiting a 30-year government bond auction. The auction raised 1.249 billion euros from the sale of bonds at an average return of 0.05%. The weakening of the return also resulted from unfavourable data on the euro area index measuring production and service activities. At the end of the week, the return on 10-year German government bonds stood at -0.5087%.

## US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year US government bonds trended down for most of this reporting week, following a USD depreciation and rising stock prices. In the middle of the week, it rose slightly due to the last Fed meeting conclusions showing that its board members did not see “yield limitation” or “yield targeting” justified at that moment. They also said that this policy could be accessed only in significantly different conditions. The declining return trend continued until the end of the week, after the release of worse-than-expected data on unemployed in the USA, and investors increased the demand for safe funds. At the end of the week, the return on 10-year US government bonds stood at 0.6282%.

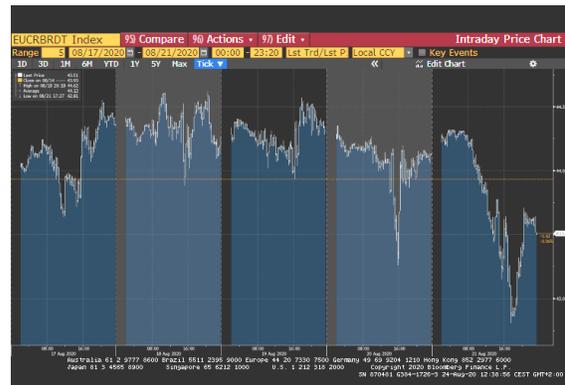
## GOLD



Source: Bloomberg LP

The gold price rose at the beginning of the week due to a significant increase in the number of Coronavirus patients globally. On Tuesday, the price rose above 2,000 USD/oz. due to the USD depreciation, as renewed tensions between the USA and China over Huawei technology boosted investors' demand for safe funds. In the middle of the week, the gold price fell from the previous maximum amid the USD recovery and the release of the previous Fed meeting minutes. By the end of the week, the price did not change much.

## OIL



Source: Bloomberg LP

The oil price has been stable for most of this reporting week, averaging around 44.12 USD/bbl. American Petroleum Institute's report released during this reporting period showed that US gasoline inventories rose about 5 million bbl./week. At the same time, crude oil inventories fell by 4.26 million barrels, the fourth week in a row. The Fed and OPEC have expressed concern about the demand recovery for this fuel as many countries around the world failed to limit the Coronavirus spread.

**Table 4 - Economic indicators (17 – 21 August 2020)**

| Country       | Indicator  | Period           | Expected value | Current value | Previous value |
|---------------|--|------------------|----------------|---------------|----------------|
| Great Britain | <p><b>Consumer price index (CPI)</b><br/>This indicator estimates the changes in the cost of living, measuring changes in the price level of the basket of consumer goods and services purchased by an average household.</p>  | July MoM%        | -0.1%          | 1.1%          | 0.8%           |
| Japan         | <p><b>GDP s.a.</b><br/>One of the basic macroeconomic indicators, which represents the calculated value in the market prices of goods and services produced within the country, but excludes the income of citizens and corporations working abroad. The following four components are used to calculate GDP: consumption, investments, government expenditure, and net exports.</p> | Q2 QoQ%          | -26.9%         | -27.8%        | -2.2%          |
|               | <p><b>Industrial output</b><br/>It measures the output of the energy sector, factories and mines. Growing industrial production points to increased production and economic expansion.</p>   | June MoM%        | 1.9%           | 1.9%          | 2.7%           |
| USA           | <p><b>Initial Jobless Claims</b><br/>Measures the number of people who receive unemployment benefits.</p>  | 15 August K=1000 | 920K           | 1106K         | 963K           |

Source: Bloomberg