

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



Financial and Banking Operations Department
-International Reserves Management Division-

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	1.2179	F 2/24	1.1878
T 3/16	1.2174	F 2/23	1.1878
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	1.1909
W 3/ 8	1.1928	W 2/15	1.1904
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

(24 - 28 February 2020)

BLOOMBERG NEWS AUDIO/VIDEO

Search Audio/Video 3/17/06 19:27:27

Bankinvest's Broby, Softbank, L'Oreal, Body Shop
 Daniel Broby, chief investment officer at Japanese mobile-phone unit and L'Oreal SAs purchase of Body Shop International Plc.

ICAP's Smith, U.S. and Fed Policy, Eur
 ICAP's Smith, U.S. and Fed Policy, Eur

FIMark's Bennett, U.S. Fed Policy, Eur
 FIMark's Bennett, U.S. Fed Policy, Eur

China Airlines' Wei, Fleet Reorganization, Earnings Outlook
 China Airlines' Wei, Fleet Reorganization, Earnings Outlook

Mitsubishi's Ballmer, Stock Performance, Strategy, Produce
 Mitsubishi's Ballmer, Stock Performance, Strategy, Produce

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	🔊
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 Mohamed: Sale of State-Owned Businesses	3/17	21:05 - 21:20	English	🔊
18) Bonders Group Teleconference: 4th-Qtr Results	3/17	22:00 - 23:00	English	🔊
19) AIG Teleconference About Fourth-Quarter Results	3/17	22:30 - 23:30	English	🔊

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, 4 March 2020

FX NEWS

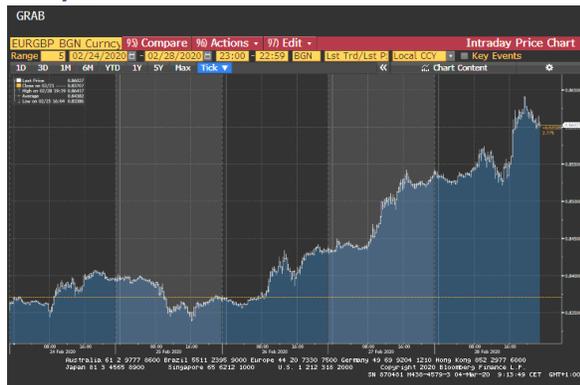
EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** trended up during this reporting week as the coronavirus began spreading significantly to countries outside China. The White House has asked Congress for an additional 2.5 billion USD for combating against the virus (more than 1 billion USD would be used for creating, manufacturing and distributing the vaccine). The dollar reached its nadir this week amid mounting speculation that the Fed could cut interest rates at the March meeting to boost growth amid a slowdown in the economy due to the virus spread. The euro rose to its peak since May 2018 after German officials announced they would consider new fiscal measures to boost the economy.

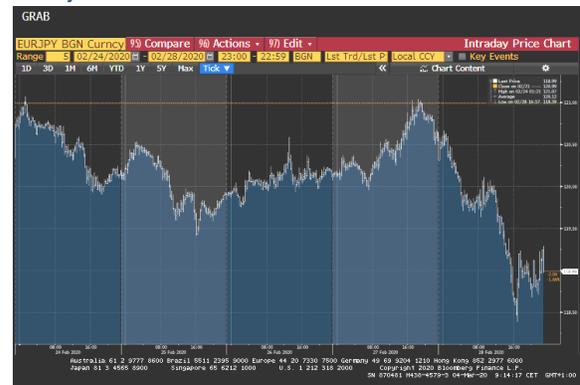
EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** was stable until the middle of this reporting week when it started to appreciate. The euro's strengthening against the pound resulted from the EU and the UK preparing to begin negotiations from trade to security. Still, the process could be challenging amid expectations that the UK could leave the negotiations without reaching an agreement. Also, a statement by the Bank of England Governor that Britain should prepare for lower economic growth as the impact of the virus corona on the economy increases adversely has harmed the sterling.

EUR/JPY



Source: Bloomberg LP

During most of this reporting week, the **EUR/JPY exchange rate** did not change significantly and averaged around 120.25. On Friday, this exchange rate declined sharply amid rising demand for financial markets as the financial markets increase the risk of coronavirus, amid fears of deflation and growing speculation that G-20 officials will need a coordinated response to support global growth.

Table 1 - Exchange rates of the most important currencies

	24.02.2020 ¹	28.02.2020 ²	% Change
EUR/USD	1.0847	1.1026	1.65
EUR/GBP	0.83707	0.86027	2.77
EUR/JPY	120.990	118.99	-1.65
EUR/AUD	1.63691	1.69164	3.34
EUR/CHF	1.06158	1.06458	0.28
USD/JPY	111.610	107.89	-3.33
GBP/USD	1.29640	1.2823	-1.09

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 March 2020
Federal Reserves	Federal Funds Target Rate	1.75%	18 March 2020
Bank of Japan	Overnight Call Rate	-0.10%	19 March 2020
Bank of England	Official Bank Rate	0.75%	26 March 2020
Swiss National Bank	Libor Target Rate	-0.75%	19 March 2020
Bank of Canada	Target Overnight Rate	1.75%	4 March 2020
Reserve Bank of Australia	Cash Rate Target	0.750%	3 March 2020

Table 3 - Eonia and Euribor

	24.02.2020. ¹	28.02.2020. ²	Change in basis points
Eonia	-0.454	-0.455	-0.10
Euribor 1W	-0.514	-0.518	-0.40
Euribor 1M	-0.478	-0.488	-1.00
Euribor 3M	-0.415	-0.424	-0.90
Euribor 6M	-0.356	-0.386	-3.00
Euribor 12M	-0.287	-0.311	-2.40

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yield on German 10-year government bonds has been declining throughout the week. As in the previous weeks, the main reason was coronavirus, and the fear of slowing global economic growth as the virus has spread beyond China epicentre to over 50 other countries. This week, the yield dropped from -0.45% to -0.60% (around 15 base points).

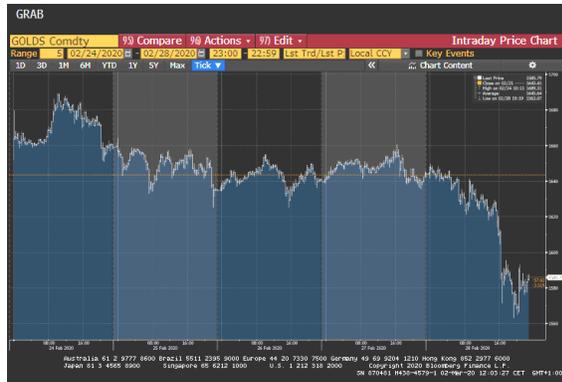
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The same as the yield on 10-year German bonds, the yield on 10-year US government bonds decreased this week amid global coronavirus spread and the anticipation of consequences to global economic growth. The demand for safe assets has also increased due to the Centre for Infectious Diseases warning and prevention to Americans to prepare for coronavirus. On behalf of the National Centre for Immunization and Respiratory Diseases, Nancy Messonnier informed that the coronavirus epidemic would hit the US and that it was only a matter of time before it would happen. On Friday, Fed's President Jerome Powell surprised the market by saying that coronavirus poses a growing risk to the US economy, triggering the increased chance in interest rate cuts at the March Fed meeting (the likelihood rose from 33% to 50% over the weekend). At the weekly level, the yield on US 10-year bonds dropped by some 28 base points.

GOLD



Source: Bloomberg LP

On Monday, the price of gold stood at 1679.70 USD/oz., reaching its peak over the last seven years. The price of gold remained stable over the week, with a significant change occurring on Friday after the drop in the price of this precious metal. Investors were selling gold to cover losses in some portfolios, such as stock positions. Gold bullion has had a long-standing reputation as a safe haven, offering an easy way to hedge when markets “run away” from risk. Friday saw the sale of a portion of the “gold” investments, as coronavirus caused markets to record significant losses.

OIL



Source: Bloomberg LP

Oil prices trended down during this reporting week, heading towards their most significant weekly decline since 2014, as the coronavirus spread outside China borders had been adversely affecting financial markets and slowing demand for this energy-generating product. This fostered investors’ expectations that OPEC members and their partners would reach an agreement at an upcoming meeting in early March, supporting the price stability of this energy product.

Table 4 - Economic indicators (24 - 28 February 2020)

Country	Indicator	Period	Expected value	Current value	Previous value
Germany	Gross domestic product (GDP) 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 GDP calculation uses the following four components: consumption, investments, government expenditure, and net exports.	Q4 QoQ%	0.0%	0.0%	0.0%
	Unemployment Rate The percentage of individuals 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.	February	(5.0%)	(5.0%)	(5.0%)
France	Consumer price index (CPI) It 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.	February MoM% (YoY%)	0.0% (1.5%)	0.0% (1.4%)	-0.4% (1.5%)
	Gross domestic product (GDP) 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 GDP calculation uses the following four components: consumption, investments, government expenditure, and net exports.	Q4 QoQ%	-0.1%	-0.1%	-0.1%
USA	Gross domestic product (GDP) 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 GDP calculation uses the following four components: consumption, investments, government expenditure, and net exports.	Q4 QoQ%	2.1%	2.1%	2.1%
	(Initial Jobless Claim) Measures the number of people receiving unemployment allowances. It is similar to the applicant. The growing number of jobs accompanies the economic expansion, which could influence inflationary pressures.	22 February K=1.000	212 K	219 K	210 K

Source: Bloomberg