

EURUSD ↓ 1.2179  
 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



## 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	1.2181	F 2/17	1.1878
T 3/16	1.2050	T 2/22	1.1911
W 3/15	1.2050	T 2/21	1.1914
T 3/14	1.2016	M 2/20	1.1946
M 3/13	1.1934	F 2/17	1.1909
F 3/10	1.1894	T 2/16	1.1909
T 3/ 9	1.1909	W 2/15	1.1904
W 3/ 8	1.1928	T 2/14	1.1897
T 3/ 7	1.1889	M 2/13	1.1902
M 3/ 6	1.1996	F 2/10	1.1919
F 3/ 3	1.2025	T 2/ 9	1.1974
T 3/ 2	1.2012	W 2/ 8	1.1944
W 3/ 1	1.1913	T 2/ 7	1.1974
T 2/28	1.1923	M 2/ 6	1.1962
M 2/27	1.1853		

# International Financial Market Report

(27 - 31 July 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

F.Mat'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

Daniel Broby, chief investment officer at Bankinvest, discusses the company's investment strategy in emerging markets, including its recent 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	🔊
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	🔊

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.  
 6615-311-3 17-Mar-06 19:27:28

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, 5 August 2020

## FX NEWS

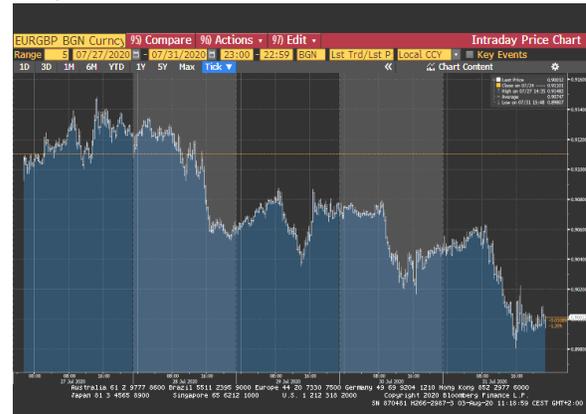
### EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** appreciated during the whole Monday and reached its highest level since September 2018 (1.1781). The euro appreciated due to the release of the better-than-expected IFO business climate index in Germany, while the USD depreciated towards the Fed meeting. The next day, this exchange rate depreciated slightly amid fear that the Coronavirus would have significant adverse effects on global economic growth. Yet, it recovered before the end of the day as the Fed indicated the continuation of incentive measures after the meeting (interest rate remained unchanged). On Thursday morning, unfavourable data on Germany's GDP in the second quarter resulted in the exchange rate fell. On the last day, the euro was under pressure due to unfavourable data on euro area GDP (GDP fell 12.1% in the second quarter). The exchange rate stood at 1.1655 at the beginning of the week, to reach 1.1777 at the end of the week.

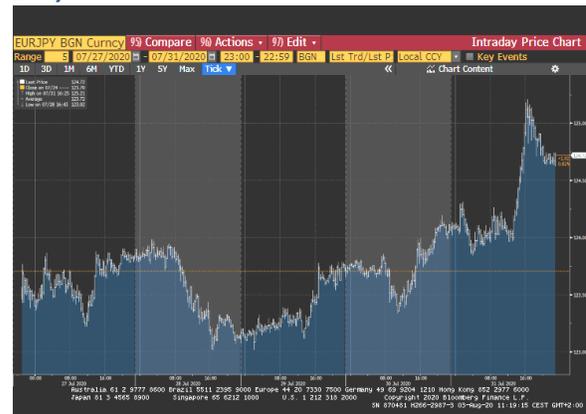
### EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** appreciated on Monday, as the euro was supported by reaching an agreement on the EU Recovery Fund, and due to data on the German IFO business climate index. As of Tuesday, it depreciated after releasing encouraging economic indicators about the UK, and this country's government has increased the Covid-19 aid package to include small businesses on the brink of survival.

### EUR/JPY



Source: Bloomberg LP

At the beginning of the week, the **EUR/JPY exchange rate** fluctuated slightly to fall on Tuesday due to increased demand for safe funds. As of Wednesday, it appreciated continuing until the end of the reporting period. Japanese officials said they would closely monitor the accelerated strengthening of the yen, which could further worsen the situation of export-oriented countries already affected by the recession.

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

	27.07.2020 <sup>1</sup>	31.07.2020 <sup>2</sup>	% Change
EUR/USD	1.1656	1.1778	1.05
EUR/GBP	0.91101	0.90019	-1.19
EUR/JPY	123.70	124.750	0.85
EUR/AUD	1.64030	1.64906	0.53
EUR/CHF	1.07313	1.07584	0.25
USD/JPY	106.14	105.830	-0.29
GBP/USD	1.2794	1.30850	2.27

**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%	6 August 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%	4 August 2020

After the Fed's two-day meeting, interest rates were left at the existing levels, and it was told that they would use all possible means to enable economic recovery. President Powell said the economy's state is very uncertain, and that future development will largely depend on success in keeping the virus under control.

**Table 3 - Eonia and Euribor**

	27.07.2020 <sup>3</sup>	31.07.2020 <sup>4</sup>	Change in basis points
Eonia	-0.466	-0.4650	0.10
Euribor 1W	-0.521	-0.523	-0.20
Euribor 1M	-0.513	-0.510	0.30
Euribor 3M	-0.448	-0.463	-1.50
Euribor 6M	-0.373	-0.407	-3.40
Euribor 12M	-0.292	-0.333	-4.10

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

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

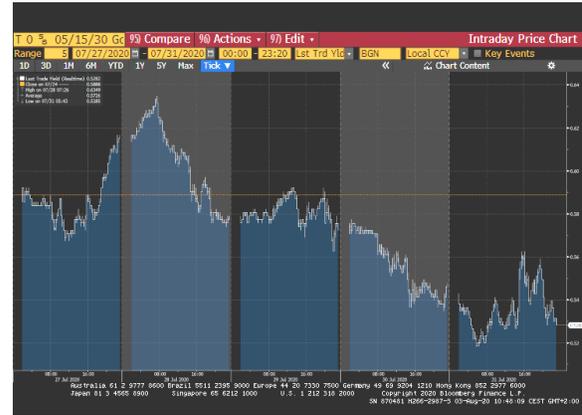
## EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year German government bonds fell this reporting week and hit a 2-month low at the end of the week (around -0.56%). The return fell amid rising demand for safe funds resulting from an adverse impact of the Coronavirus on global economic growth and due to tensions between the USA and China. The drop in the return resulted from the by concerns about the US economic recovery, and unfavourable data on Germany's GDP. At the end of the week, the return was -0.52% compared to -0.44% at the very beginning of the week.

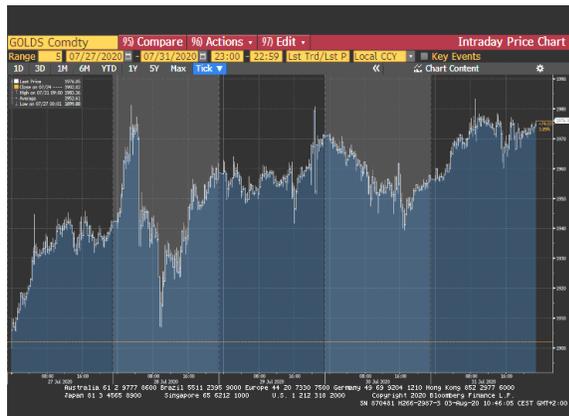
## US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

At the very beginning of this reporting period, the return on 10-year US government bonds was growing due to rising stock prices, but it soon began to fall, and this trend continued almost until the end of the week. The return decreased as concerns about the negative impact of the Coronavirus caused an increase in demand for safe funds. Yields were declining in the eve of the Fed meeting, and also after it. The Fed left interest rates remained, pointing out to the challenges from the pandemic that the American economy is facing. At the end of the week, it was released that the US GDP recorded a record decline in Q2, which additionally encouraged pessimism regarding the growth of this economy. The return on 10-year bonds stood at 0.53% at the end of the week compared to 0.59% at the beginning.

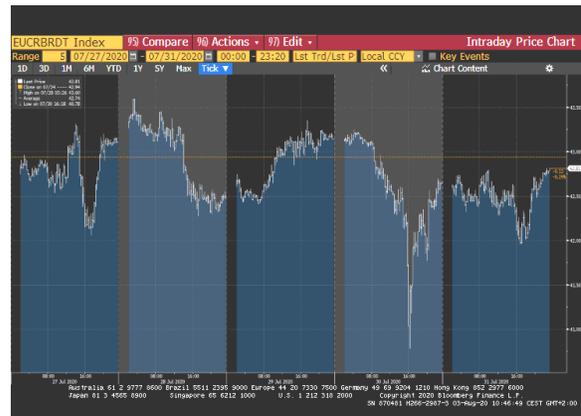
## GOLD



Source: Bloomberg LP

The gold price continued to rise in this reporting period. It reached a record high on Tuesday, as rising geopolitical tensions and concerns about global economic growth spurred demand for safe funds. However, this price level (around 1,980 USD/oz) encouraged investors to make a profit, and the price declined by almost 70 USD/oz on the same day. It recovered during the rest of the week, causing the price of this precious metal to reach a record high level at the end of the week. Until the end of the week, it increased again due to the USD depreciation, the Fed meeting expectations and the Fed's decision to keep interest rates unchanged noting that anything will be used to support the economy. Another reasons included the announcement of a record US GDP fall in Q2 and still current high demand for safe funds.

## OIL



Source: Bloomberg LP

The oil price fluctuated this reporting week. Factors that caused the weakening of the price were predictions that stocks of this energy source in the US will increase, but also reduced expectations concerning oil demand (mostly due to the growing number of people suffering from Coronavirus around the world). On the other hand, the price rose due to tensions between the USA and China, the USD depreciation, US oil inventories fall in the week preceding this reporting period (the most significant drop since the beginning of the year, by 10.6 million barrels - Energy Information Administration weekly report). A US crude oil production fell by a record 2 million barrels per day in May (also EIA monthly report). However, observed weekly, the price of this energy source remained unchanged.

**Table 4 - Economic indicators (27 - 31 July 2020)**

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<b>GDP Seasonal Adjustments (GDP SA)</b> 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.	Q2 QoQ% (YoY%)	-12.2% (-14.2%)	-12.1% (-15.0%)	-3.6% (-3.1%)
	<b>IFO Business climate</b> It refers to a survey of German companies on the current conditions (state) of business in Germany, and their expectations for the next six months.	July	89.3	90.5	86.2
Germany	<b>GDP Seasonal Adjustments (GDP SA)</b> 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.	Q2 QoQ%	-9.0%	-10.1%	-2.2%
	<b>Retail Sales</b> This indicator measures changes in retail sales in Germany.	June MoM%	-3.0%	-1.6%	13.9%
France	<b>GDP Seasonal Adjustments (GDP SA)</b> 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.	Q2 QoQ% (YoY%)	-15.2% (-20.0%)	-13.8% (-19.0%)	-5.3% (-5.0%)
Great Britain	<b>Net Consumer Credit</b> The high value of the indicator points to the “overheating” of the economy when consumers take more credit than necessary for a normal living standard.	June B=mlrd	-2.0 B	-0.1 B	-4.6 B
	<b>Mortgage Approvals</b> This indicator measures the number and/or value of mortgage loans approved by lenders.	June K=1,000	35.0 K	40.0 K	9.3 K
USA	<b>Gross domestic product (GDP)</b> It measures the value of products and services produced inside the country. GDP is the most comprehensive measure of economic output, and it provides key insights into triggers of an economy.	Q2 QoQ%	-34.5%	-32.9%	-32.9%
	<b>Durable Goods Orders</b> An indicator of consumer safety that reflects their expectations and ability to spend money. Its positive growth marks the state of the economy, helping to strengthen the currency. Its decline leads to the opposite result. Many manufacturers plan production based on available orders, the decline in DGO precedes the decline in production and vice versa.	June	6.9%	7.3%	15.7%
Japan	<b>Jobless rate</b> A percentage of jobless persons at the labour market actively looking for job. In general, higher unemployment rate weakens the economy and results in lower personal spending.	June	3.1%	2.8%	2.9%

Source: Bloomberg