

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



CENTRALNA BANKA
CRNE GORE



Financial and Banking Operations Department
-International Reserves Management Division-

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 2/24	1.1877
T 3/16	1.2050	W 2/22	1.1911
W 3/15	1.2050	T 2/21	1.1951
T 3/14	1.2016	M 2/20	1.1951
M 3/13	1.1934	F 2/17	1.1909
F 3/10	1.1894	T 2/16	1.1951
T 3/ 9	1.1909	W 2/15	1.1884
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

(30 March – 3 April 2020)

BLOOMBERG NEWS AUDIO/VIDEO

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

Bankinvest's Broby: Softbank, Vodafone, L'Oreal, Body S...
ICAP's Smith: U.S. Bonds, Fed...
F.M.'s Bennett: U.S. Fiscal, Fed Policy, Euro...
Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy...
China Airlines' Wei: Fleet Reorganization, Earnings Outlook...
Microsoft's Ballmer: Stock Performance, Strategy, Produce...
Daniel Broby, chief investment officer at Bankinvest, is shown in a video thumbnail.

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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. 6615-301-3 1P-MR-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 {IYC1 I2
For US swap Curve, type {IYC1 I52 <G

Podgorica, 8 April 2020

FX NEWS

EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** depreciated during this reporting week. At the week-start, the USD rose amid increased demand for safe funds after President Trump abandoned his ambition to return life to normal in this country by Easter, due to a sudden surge in coronavirus patients, while the euro depreciated as the yield on European government bonds rose. The next day, the euro depreciated against the USD after the release of unfavourable data on inflation and economic confidence in the euro area. The German Economic Advisers' Council predicted that the coronavirus outbreak would result in the country's recession in the first half of the year, and could lead to a 5.4% output decline this year. European leaders do not yet have a common strategy in place to calm the shaken economy (co-issuing of corona bonds with maturity of 1-3 years is still ongoing). On Wednesday, the exchange rate continued to drop as the Federal Reserve "opened" a temporary "repurchase agreement" for foreign central banks, allowing participants to exchange government bonds for dollars temporarily, to be available from 6 April. This facility "reduces the need for central banks to sell their Treasury securities outright and into illiquid markets." The downward trend in the exchange rate continued on Thursday after the release of unfavourable output figures in Italy. In the USA, President Trump approved deferring specific company tariffs for three months. At the very end of the week, this exchange rate stood at some 1.0821. The ECB has delayed a strategic review for six months as policymakers focus on curbing the coronavirus crisis. Producer prices in the euro area dropped significantly more than expected in February, driven largely by the sharp decline in energy prices resulting from the Russia-Saudi oil price war.

EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** fluctuated during the week tending to decline. Sterling responded well to the Chancellor Sunak's aid package offered to UK self-employed workers at the start of the week (a 9 billion pounds aid package). At the end of the week, sterling appreciated due to euro being under pressure as representatives of the euro area governments were split over an assistance package to be provided to countries severely affected by the coronavirus. At the week-end, this exchange rate recovered slightly after the release of unfavourable March data on the UK manufacturing and service sector, while households reduced their activities to limit the virus spread, leading to a sterling's depreciation. This week, Prime Minister Johnson was confirmed tested positive for coronavirus and immediately put into self-isolation at the Downing Street residence. Last week, Fitch also downgraded the UK's credit rating from AA to AA-, stating that the coronavirus pandemic was a new attack on this country's budget increasing uncertainty over Brexit.

EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** depreciated this week. In the first half of the week, yen stepped up as Chinese authorities provided strong support to their economy to recover from the virus pandemic as soon as possible. The People's Bank of China (PBOC) announced on its website that it had reduced its 7-day reverse repo rate from 2.40% to 2.20%, and Ma Jun, an adviser to the PBOC, told the state media that China still had plenty of room to adjust its monetary policy. The decision to change the rate took into account that Chinese companies are returning to operations, the global virus situation, and the deteriorating external economic environment. On the other hand, the Bank of Japan offered affordable access to dollars and encouraged it. During this period, there was also a release of promising data on China's production that rose to a monthly average of 52.0 in March from 35.7 in February. The market has sent relatively good results on this country, far from ordinary. Still, it is crucial that Chinese manufacturers' optimism has increased. The EUR/JPY exchange rate has been relatively stable during the last two days of the reporting week.

Table 1 - Exchange rates of the most important currencies

	30.03.2020 ¹	03.04.2020 ²	% Change
EUR/USD	1.1141	1.08010	3.052
EUR/GBP	0.89379	0.87944	1.606
EUR/JPY	120.29	117.130	2.627
EUR/AUD	1.80726	1.79917	0.448
EUR/CHF	1.05997	1.05620	0.356
USD/JPY	107.94	108.550	-0.565
GBP/USD	1.2460	1.22690	3.052

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%	30 April 2020
Federal Reserves	Federal Funds Target Rate	0.25%	29 April 2020
Bank of Japan	Overnight Call Rate	-0.10%	28 April 2020
Bank of England	Official Bank Rate	0.10%	7 May 2020
Swiss National Bank	Libor Target Rate	-0.75%	18 June 2020
Bank of Canada	Target Overnight Rate	0.25%	15 April 2020
Reserve Bank of Australia	Cash Rate Target	0.50%	7 April 2020

Table 3 - Eonia and Euribor

	30.03.2020 ¹	03.04.2020 ²	Change in basis points
Eonia	-0.445	-0.449	-0.40
Euribor 1W	-0.480	-0.518	-3.80
Euribor 1M	-0.438	-0.438	0.00
Euribor 3M	-0.353	-0.341	1.20
Euribor 6M	-0.281	-0.277	0.40
Euribor 12M	-0.153	-0.149	0.40

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 dropped on Monday as demand for secure funds increased. This drop was the result of the statement of the Italian Prime Minister Conte that negative sentiment toward the EU could rise. (Distrust in European institutions increased, as this Italy found steps helping to combat the pandemic not sufficient). Subsequently, the yield recovered (from -0.54% to -0.46%) as nations sought to issue bonds to finance fiscal spending plans. Italian Finance Minister Gualtieri commended the EU's joint bond plan, which would fund unemployment benefits. During the last two days, the yield fluctuated slightly. The yield on Italian bonds rose early this week due to disappointing data on inflation, production, the Italian output, and the drop in stock prices on the stock exchanges (the yield increased from 1.33% to some 1.58% during this period). The week before, French and Italian leaders asked the EU to be offered robust financial support to combat the virus pandemic spread. They said that "if Europe was unable to meet this challenge, the entire European project was on track to lose its legitimacy in the eyes of its citizens." During the rest of the week, the yield on long-term Italian bonds averaged to some 1.51%.

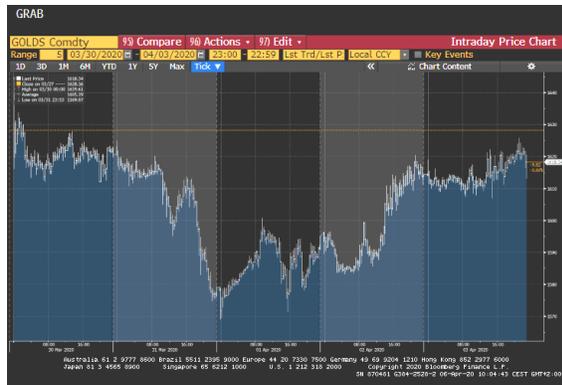
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yield on US 10-year bonds ranged between 0.56% and 0.73% during this period. During the most of Monday, the yield was declining as the US President said on Sunday that social distance measures would continue until late April, contrary to his earlier announcements. Demand for bonds increased netting near to the month-end, resulting in investors taking positions. As the week continued, the yield was declining as stock prices at markets dropped due to expectations of a prolonged economic slowdown. The US labour market and production data did not cause much reaction in this market. During the last two days of this week, the yield on long-term bonds did not fluctuate significantly (the average yield was around 0.596%). At the very week-end, the Fed decided to reduce its daily bond purchase from 60 to some 50 billion USD.

GOLD



Source: Bloomberg LP

The price of gold was rather stable on Monday, averaging to some 1,620.76 USD/oz. On Tuesday, it plummeted to some 1,577.18 USD/oz in the evening, as investors sought refuge in the US dollar after governments stepped up their fight against the coronavirus spread. (The US authorities offered more than 3 trillion USD of loans in the previous weeks to help the country's financial system). The demand for gold also dropped due to the release of positive data on US consumer confidence (the March index was 120.0 compared to expected 110.0), and due to favourable China's output data. The price of gold fluctuated the next day, to pick up on Thursday after a US job market report showed a record rise in unemployment benefits, as the virus pandemic reduced economic activity. The upward trend in the price of this precious metal continued on Friday due to the announcement of the US March unemployment rate rise to 4.4%.

OIL



Source: Bloomberg LP

During the first three days of the reporting period, the oil price fluctuated slightly, averaging around 22.04 USD/bbl. It rose sharply on Thursday, as US President Donald Trump announced on his Twitter account that Russia and Saudi Arabia could soon reduce output. (Oil price rose from 20.73 to 24.97 and even to 30.79 USD/bbl. immediately after Trump's announcement). The US and the Russian Presidents agreed to begin negotiations to stabilise the energy market. A report from the Energy Agency showed that crude oil stocks increased by 13.8 million barrels last Sunday.

Table 4 - Economic indicators (30 March 2020 – 3 April 2020)

Current value	Previous value	Euro area	Expected value	Current value	Previous value
Great Britain	Markit UK Manufacturing PMI PMI surveys tracks opinion among managers at manufacturing, construction and/or services firms. The index is calculated from the survey results on production, orders, inventories, employment, prices, etc.	March	47.0	47.8	48.0
	Markit/CIPS UK Services This index is based on responses of companies from transport and communication, finance, intermediation, business service, personal service, computing and information technology, and hotels and restaurant sectors. The value above 50 points to general expanding of service sector, while the value below 50 points to its general extraction.	March	34.8	34.5	35.7
Italy	Markit UK Manufacturing PMI PMI surveys tracks opinion among managers at manufacturing, construction and/or services firms. The index is calculated from the survey results on production, orders, inventories, employment, prices, etc.	March	41.0	40.3	48.7
Euro area	Economic Confidence Economic Confidence is an economic indicator measuring the degree of optimism consumers feel about the overall economy's state and their financial situation. Economic Confidence is an economic indicator measuring the degree of optimism consumers feel about the overall economy's state and their financial situation.	March	91.6	94.5	103.5
	Consumer price index (CPI) 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.	March	1.1%	1.0%	1.2%
	Producer Price Index (PPI) This index measures changes in sale prices of goods and services used by producers in the euro area. High PPI, together with the high value of other inflation indicators, will force the ECB to strive for an increase in interest rates, while declining PPI may indicate an economic slowdown.	February MoM% (YoY%)	-0.4% (-0.8%)	-0.6% (-1.3%)	0.4% (-0.5%)
Germany	Retail Sales This indicator measures changes in retail sales in Germany.	February MoM%	0.1%	1.2%	0.9%
USA	Initial Jobless Claims Measures the number of people who receive unemployment benefits.	March 28 K=1.000	3763 K	6648 K	3283 K
	Unemployment rate The percentage of unemployed individuals actively looking for a job.	March	3.8%	4.4%	3.5%
China	PMI Manufacturing Measure of all output sector activities in China.	March	44.8	52.0	35.7

Source: Bloomberg