



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	1.1904
W 3/15	1.2050	W 2/15	1.1884
T 3/14	1.2016	T 2/14	1.1897
M 3/13	1.1934	M 2/13	1.1902
F 3/10	1.1894	F 2/10	1.1919
T 3/ 9	1.1909	T 2/ 9	1.1974
W 3/ 8	1.1928	W 2/ 8	1.1944
T 3/ 7	1.1889	T 2/ 7	1.1974
M 3/ 6	1.1996	M 2/ 6	1.1962
F 3/ 3	1.2025	F 2/ 3	1.1974
T 3/ 2	1.2012	T 2/ 2	1.1974
W 3/ 1	1.1913	W 2/ 1	1.1974
T 2/28	1.1923	T 1/28	1.1974
M 2/27	1.1853	M 2/27	1.1962

International Financial Market Report
(30 November – 4 December 2020)

BLOOMBERG NEWS AUDIO/VIDEO

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- Bankinvest's Broby: Softbank, Vodafone, L'Oreal, Body Shop
- ICAP's Smith: U.S. Dollar, Fed
- F.M.A.'s Bennett: U.S. Dollar, Fed Policy, Euro
- U.S. Commodity Investor Walker: Fiscal Policy and Deficit
- Commodity Bank's Thurlall: Oil Prices, Iraq
- Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy
- China Airlines' Wei: Fleet Reorganization, Earnings Outlook
- Daniel Broby, chief investment officer at Japanese mobile-phone unit and L'Oreal SAs purchase of Body Shop International Plc.
- U.K. Fiscal
- Microsoft's Ballmer: Stock Performance, Strategy, Produce

LIVE <GO> Events

ID	Event	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	Borders 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.
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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

Change on day
IYC4 I52<GO>
Change on Month
IYC6 I48<GO>

USD SPREADS

Ticker	Bid	Ask	Mid	Chng
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

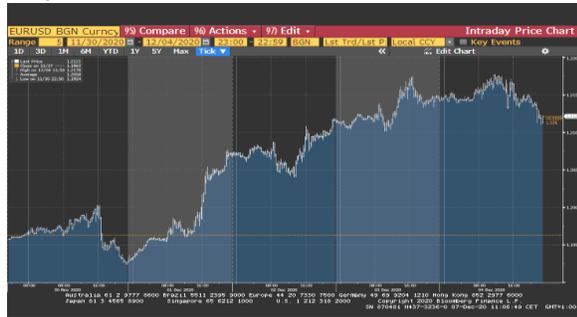
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Change on Month
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For US swap Curve, type fIYC1 I52 <G

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Podgorica, 9 December 2020

FX NEWS

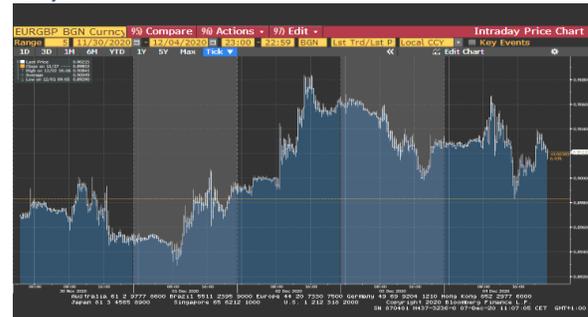
EUR/USD



Source: Bloomberg LP

During this reporting week, the **EUR/USD exchange rate** appreciated. At the very beginning of the week, it appreciated due to optimism concerning the vaccine development. Still, it recorded a sharp decline in the afternoon after releasing information on the annual inflation rate in Germany in November. On Tuesday, it reached its peak since May 2018 (1.2084) resulting from a compromise between the House of Representatives and the Senate legislators. Namely, a stimulus plan worth 908 billion USD was proposed. Many hoped that some aspects of this proposal could be included in the long-awaited spending plan, the adoption of which is necessary to continue the US Government work. Favourable data on annual German retail sales for October further strengthened the euro on that day. In the middle of the week, investors were encouraged by the announcement that vaccination against Coronavirus would begin soon. In a letter to banks, the ECB stated: "The ECB recognises the banks' global and internal interconnectedness and the importance of supervisory coordination. It undertakes to work closely with the Fed and UK regulators to ensure that supervisory approaches are well-coordinated," which strengthened the euro. The ECB's Supervisory Board's Chair said the lack of banks' preparation for the possible non-performing loans was one of the factors consider when deciding whether to allow banks to continue paying dividends and repurchase shares. On Friday, the exchange rate fluctuated. In the morning it appreciated due to the job creation growth slowdown in the USA last month, prompting expectations that Congress might introduce some fiscal stimulus. In the afternoon, it depreciated due to an EU and the UK negotiations break.

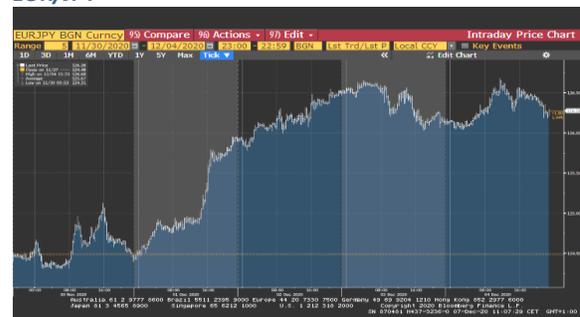
EUR/GBP



Source: Bloomberg LP

Early this week, the **EUR/GBP exchange rate** fluctuated slightly, to appreciate after Michel Barnier, the EU's chief negotiator, told EU ambassadors that a trade agreement with the UK might not be reached as three main issues remained unresolved. The EUR/GBP depreciated in the middle of the week after progress in the Brexit negotiations. Still, Prime Minister Johnson reiterated he would not sign an agreement that was not in Britain's interest. British sources stated that the EU started to put pressure on the UK and was looking for additional and more substantial "guarantees" for the period after Brexit. Besides, France has taken a firmer stance, as President Macron wants to protect the existing rights of French fleets in British waters. On the last day, the exchange rate appreciated as sterling depreciated due to the UK and the EU negotiations break. (For now, no progress can be seen in terms of the agreement regarding fishing waters between the two countries). There are less than four weeks left until 31 December, when Great Britain will finally leave the EU orbit.

EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** also appreciated during this reporting period. Namely, the investors' risk appetite caused an increased demand for safe funds, including the Japanese currency. At the end of the week, the EUR/JPY exchange rate fluctuated due to new tensions between the United States and China. Reuters reported that the United States was preparing to sanction at least a dozen more Chinese officials for disqualifying Hong Kong lawmakers.

Table 1 - Exchange rates of the most important currencies

	30.11.2020 ¹	04.12.2020 ²	% Change
EUR/USD	1.1963	1.2121	1.32
EUR/GBP	0.89832	0.90224	0.44
EUR/JPY	124.48	126.320	1.48
EUR/AUD	1.61964	1.63291	0.82
EUR/CHF	1.08008	1.08106	0.09
USD/JPY	104.090	104.170	0.08
GBP/USD	1.33110	1.34410	0.98

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 December 2020
Federal Reserves	Federal Funds Target Rate	0.25%	16 December 2020
Bank of Japan	Overnight Call Rate	-0.10%	18 December 2020
Bank of England	Official Bank Rate	0.10%	17 December 2020
Swiss National Bank	Libor Target Rate	-0.75%	17 December 2020
Bank of Canada	Target Overnight Rate	0.25%	9 December 2020
Reserve Bank of Australia	Cash Rate Target	0.10%	1 December 2020

Table 3 - Eonia and Euribor

	30.11.2020 ¹	04.12.2020 ²	Change in basis points
Eonia	-0.472	-0.470	0.20
Euribor 1W	-0.548	-0.552	-0.40
Euribor 1M	-0.546	-0.545	0.10
Euribor 3M	-0.528	-0.532	-0.40
Euribor 6M	-0.507	-0.512	-0.50
Euribor 12M	-0.487	-0.490	-0.30

¹ Opening market value on Monday

² Closing market value on Friday

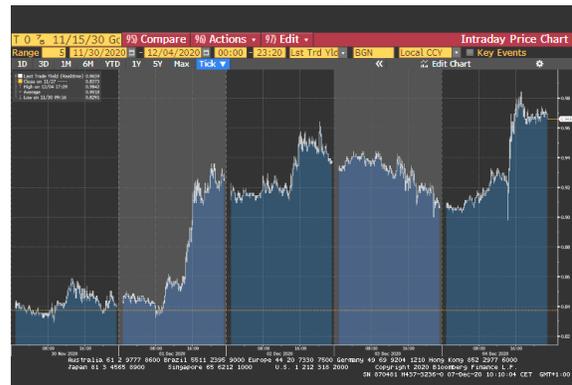
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year German government bonds trended up during this reporting week. A weekly high of -0.51% was recorded on Wednesday. The main reason for the return increase and the bond prices fall were rising stock prices and the decreased demand for safe assets. Moderna, which makes the Coronavirus vaccine, plans to seek approval for the vaccine in the United States and Europe. On Thursday, the return on these bonds dropped, due to the EUR/USD exchange rate appreciation to the highest level since April 2018, as the USD depreciated. This stimulated speculation that the ECB would relax monetary policy at its December meeting. On Friday, the return on 10-year German government bonds recovered slightly and stood at -0.54%.

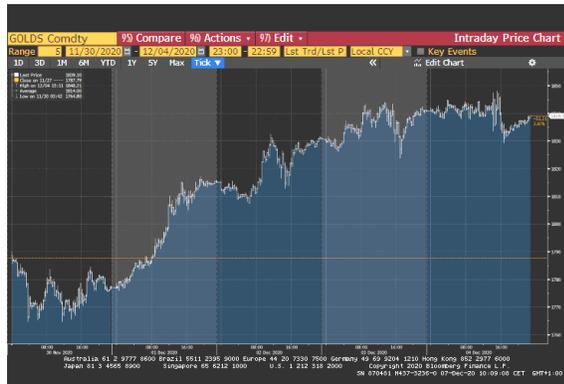
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

On the first day of this reporting week, the return on 10-year US government bonds did not change significantly due to simultaneous acting of optimism about the Coronavirus vaccine development progress, the economic damage still caused by the virus and the lack of fiscal stimulus in the USA. Over the next two days, the return on these bonds trended up, due to signs of progress in reaching an agreement on fiscal incentive measures in the USA. The return on US bonds weakened slightly on Thursday, as stock price growth slowed. This happened after Dow Jones reported that Pfizer expected only half of the planned vaccine volume to be delivered in 2020 due to supply chain disruptions. On Friday, the return of these bonds grew again, following the growth of stock prices on stock exchanges. The return on 10-year US bonds ranged from 0.82% to 0.95% this week.

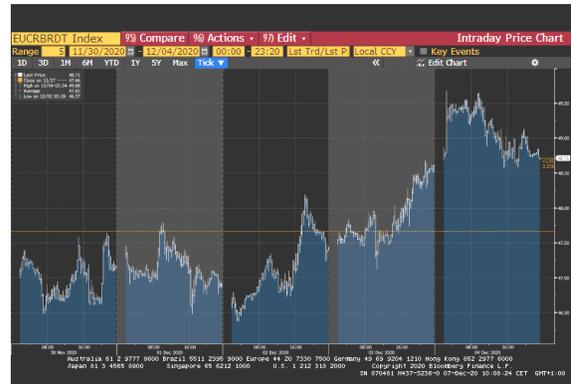
GOLD



Source: Bloomberg LP

The gold price trended up during this reporting week. Its growing trend mostly resulted from the US dollar depreciation, which led to an increased demand for this precious metal as an investment.

OIL



Source: Bloomberg LP Bloomberg LP

During the first two days of this reporting week, the oil price did not change significantly as OPEC+ members agreed to take a two-day break in negotiations on output volume limits. Since the middle of the week, the price of this fuel trend up. Market participants eagerly awaited the outcome of the meeting and the oil producers' agreement regarding the output cuts. At the end of the week, it was announced that OPEC and Russia have reached an agreement to increase oil supply from January. This happened as the countries producing this fuel demanded releasing more barrels on the market, despite the new Coronavirus waves hitting demand. Explicitly, they agreed to increase production by half a million barrels per day in January, after which the ministers will meet again to see how the market "copes" with the additional oil amount.

Table 4 - Economic indicators (30 November - 4 December 2020)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	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.	October MoM% (YoY%)	0.2% (-2.3%)	0.4% (-2.0%)	0.3% (-2.4%)
	Germany	Retail Sales This indicator measures changes in retail sales in Germany.	October MoM%	1.2%	2.6%
Factory Orders This index points to a change in the number of orders from domestic manufacturers. The data shows the demand for German industrial products. Factory orders are an early indicator of the overall consumption in an economy, which affects economic growth.		October MoM%	1.5%	2.9%	0.5%
Consumer price index (CPI) It estimates the cost of living changes by measuring changes in the price level of market basket of consumer goods and services purchased by an average household. Therefore, it is the key inflation measure in the euro area.		November MoM% (YoY%)	-0.7% (-0.2%)	-0.8% (-0.3%)	0.1% (-0.2%)
Italy	Retail Sales This indicator measures changes in retail sales in Italy.	October MoM%	0.3%	0.6%	-0.8%
Great Britain	Mortgage Approvals This indicator measures the number and/or value of mortgage loans approved by lenders.	October K=1,000	84.0 K	97.5 K	91.5 K
USA	Factory Orders Factory orders provide a rather comprehensive overview of the manufacturing sector.	October	0.8%	1.0%	1.1%
	Change in non-farm payrolls This report shows the total number of newly employed workers at the monthly level by branches of economy (health care, finance, mining, construction, production, wholesale, retail, transport and storage, IT sector). The report does not include civil servants, non-governmental organisations and the agriculture. Serves as the basis for tailoring economic policy and forecasting future economic trends. The most important data in this report is the monthly change in the total number of employees. It represents a strong signal of total economic trends in the country, and covers 80% of total number of employees whose income is included in GDP calculation.	November K=1,000	460 K	245 K	638 K

Source: Bloomberg