

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 Daily  
 Market mid/trd

DATE	PRICE	DATE	PRICE
F 3/17	1.2181	F 2/17	1.1909
T 3/16	1.2174	T 2/16	1.1901
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	1.1901
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**

(31 August – 4 September 2020)

BLOOMBERG NEWS AUDIO/VIDEO

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

Bankinvest's Broby: Softbank, Vodafone, 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. Dollar, Fed Reserve  
 ICAP's Smith: U.S. Dollar, Fed Reserve

F.M.A.'s Bennett: U.S. Dollar, Fed Policy, Euro  
 F.M.A.'s Bennett: U.S. Dollar, Fed Policy, Euro

U.S. Comptroller General Walker: Fiscal Policy and Deficit  
 U.S. Comptroller General Walker: Fiscal Policy and Deficit

Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy  
 Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy

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

Microsoft's Ballmer: Stock Performance, Strategy, Produce  
 Microsoft'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	🔊

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

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

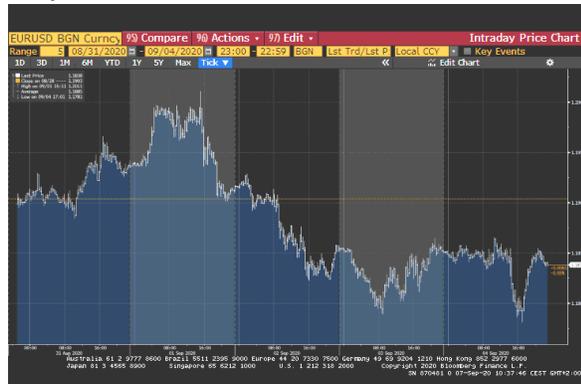
Change on day  
 IYC4 I52<GO>  
 Change on Month  
 IYC6 I48<GO>  
 For US Govt Yield Curve, type fIYC1 I2  
 For US swap Curve, type fIYC1 I52 <G

Podgorica, 9 September 2020

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## FX NEWS

### EUR/USD



Source: Bloomberg LP

Early this week, the **EUR/USD exchange rate** appreciated. On Tuesday, it stood at its weekly maximum and hovered around 1.2011. This exchange rate depreciated later in the week due to the release of better-than-expected US economic data. The euro also depreciated due to increased expectations that the ECB will inject more stimulus into the economy at the upcoming meeting after this central bank expressed concern about the single European currency's sharp strengthening. The euro also depreciated due to unfavourable retail data in Germany.

### EUR/GBP

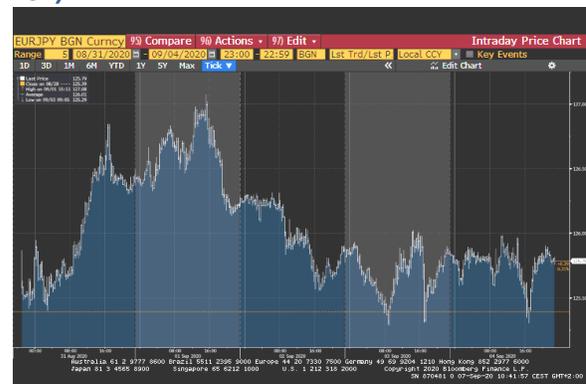


Source: Bloomberg LP

At the beginning of the week, the **EUR/GBP exchange rate** had a volatile trend. Later this week, this exchange rate depreciated. Sterling appreciated due to the publication of more favourable economic data. Namely, the BoE

data showed that consumer loans in the UK were above expectations in July (1.2 billion GBP), while the expected amount was 0.8 billion GBP. Mortgages approved in July were also above expectations, i.e. 66.3 thousand approvals compared to June's 39.9 thousand. BoE Governor Bailey said he had no plans yet to use negative interest rates. The rise in real estate prices in the UK in August was an additional reason for GBP appreciation. At the end of the week, the EUR/GBP exchange rate recovered as the GBP was under pressure due to fears that Brexit could occur in October, however without an agreement.

### EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** appreciated early this week, as did the abovementioned exchange rates. In the middle of the week, this exchange rate depreciated slightly, and it did not change significantly by the end of this reporting period. A Reuters's poll showed that the Japanese economy is expected to shrink more than previously estimated due to capital expenditures incurred resulting from the Coronavirus pandemic.

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

	31.08.2020 <sup>1</sup>	04.09.2020 <sup>2</sup>	% Change
EUR/USD	1.19030	1.1834	-0.58
EUR/GBP	0.89158	0.89146	-0.01
EUR/JPY	125.390	125.65	0.21
EUR/AUD	1.61611	1.62519	0.56
EUR/CHF	1.07635	1.08091	0.42
USD/JPY	105.370	106.20	0.79
GBP/USD	1.33530	1.3183	-1.27

**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%	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

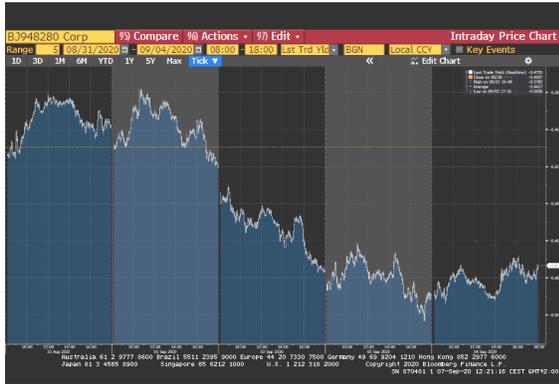
**Table 3 - Eonia and Euribor**

	31.08.2020 <sup>1</sup>	04.09.2020 <sup>2</sup>	Change in basis points
Eonia	-0.467	-0.467	0.00
Euribor 1W	-0.538	-0.530	0.80
Euribor 1M	-0.523	-0.517	0.60
Euribor 3M	-0.477	-0.483	-0.60
Euribor 6M	-0.444	-0.451	-0.70
Euribor 12M	-0.369	-0.401	-3.20

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

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

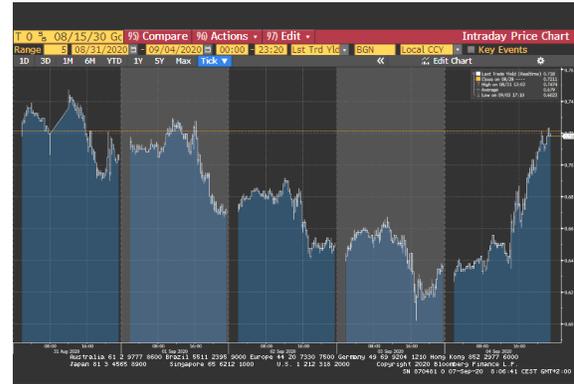
## EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year German government bonds fluctuated slightly around 4 base points for the first two days, as trading volume weakened due to UK holidays and awaiting the release of economic indicators. Later this week, the return continued to weaken as the ECB indicated that further monetary easing could be “on the table”. The ECB will also comment on the euro’s appreciation at its meeting, which could lead the ECB to lower its inflation forecasts. The return on 10-year German government bonds ranged from -0.50% to -0.46% on Friday. The better-than-expected data on the US unemployment rate affected the return growth, which halted briefly due to weakening stock prices, mainly in the technology area. This week, Germany held an auction of its first “green government bonds” maturing on 15 August 2030. By the end of the year, it will sell another set of bonds with the same maturity, so that the total amount of green bonds this year will amount to around 11 billion euros. The proceeds from the sale are expected to be directed to environmental projects. At the end of the week, the return stood at -0.473%.

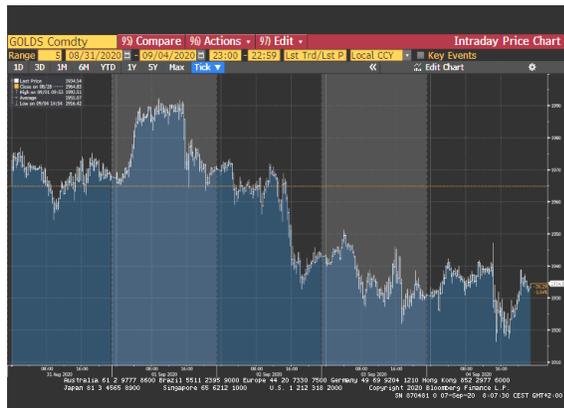
## US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year US government bonds weakened earlier this week, as a Fed representative Lael Brainard said the US economy remained vulnerable to various risks and that the government should continue providing fiscal support, adding that the Fed would stay flexible. Reduced demand for risky assets, such as stocks, led to a decline in the return on these bonds. On Friday, the return on 10-year US government bonds rose sharply (almost 10 base points) due to encouraging data from the US labour market (there was an increase in wages and payrolls outside the agricultural sector, while the unemployment rate dropped more than expected). At the end of the week, the return on US 10-year government bonds stood at 0.71%.

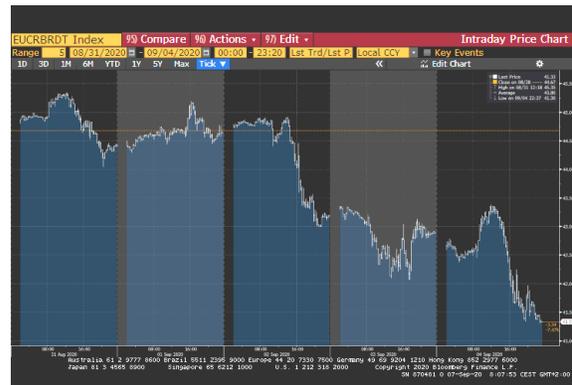
## GOLD



Source: Bloomberg LP

The gold price fluctuated slightly at the very beginning of the week. Later this week, it declined. The demand for gold dropped due to the USD appreciation and encouraging data from the US manufacturing sector, giving investors hope for economic recovery. At the end of the week, investors were more willing to invest in riskier funds due to the release of encouraging data on the US labour market, and as the holiday in this country was approaching, resulting in lower trade volume.

## OIL



Source: Bloomberg LP

Early this week, oil price declined as a new infection wave that hit leading economies prevailed against demand recovery forecasts (in the morning, prices rose briefly after the release of encouraging data on China's industrial sector). The oil price weakened throughout Wednesday as fuel demand weakened in the USA the previous week, and due to the USD exchange rate appreciation. Throughout Friday, the price weakened amid concerns about the demand due to low level of driving during the summer season. The upcoming US Labour Day marked the informal end of the summer months of driving, and declining demand was due to forthcoming refineries closing due to seasonal maintenance.

**Table 4 - Economic indicators (31 August – 4 September 2020)**

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<b>Retail Sales</b> This indicator measures activity related to retail trade volume (not applicable to motor vehicles and motorcycles).	July MoM% (YoY%)	-1.0% (1.9%)	-1.3% (0.4%)	5.3% (1.3%)
	<b>Producer Price Index (PPI)</b> 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.	July MoM% (YoY%)	0.5% (-3.3%)	0.6% (-3.3%)	0.7% (3.7%)
Germany	<b>Consumer Price Index CPI</b> 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 representing the key inflation measure in the euro area.	August MoM% (YoY%)	0.0% (0.1%)	-0.1% (0.0%)	-0.5% (-0.1%)
	<b>Factory Orders</b> This index points to a change in the number of orders from domestic manufacturers. The data gives an overview of the demand for German industrial products. Factory orders are an early indicator of the overall consumption in an economy, which affects economic growth.	July MoM%	5.0%	2.8%	28.8%
Great Britain	<b>Mortgage Approvals</b> This indicator measures the number and/or value of mortgage loans approved by lenders.	July K=1,000	55.0 K	66.3 K	39.9 K
USA	<b>Change in non-farm payrolls</b> 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.	22 August K=1,000	1350 K	1371 K	1734 K

Source: Bloomberg