

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	1.1878
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	1.1878
W 3/ 8	1.1928	W 2/15	1.1884
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

6 - 10 September 2021

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. Longshore Senator Walker: Fiscal Policy and Deficit
 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

13) LIVE <GO> Events

Event	Date	Time	Language	Type
14) Legal & General Teleconference: Full-Year Earnings	3/17	Now Playing	English	CL
15) UBS Warburg's Hickson: Outlook for Steel Industry	3/17	Now Playing	English	CL
16) European Commission: Daily News Conference	3/17	20:00 - 20:30	English	CL
17) Egypt's Mohamed: Sale of State-Owned Businesses	3/17	21:05 - 21:20	English	CL
18) Bonders Group Teleconference: 4th-Qtr Results	3/17	22:00 - 23:00	English	CL
19) AVG Teleconference About Fourth-Quarter Results	3/17	22:30 - 23:30	English	CL

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7300 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

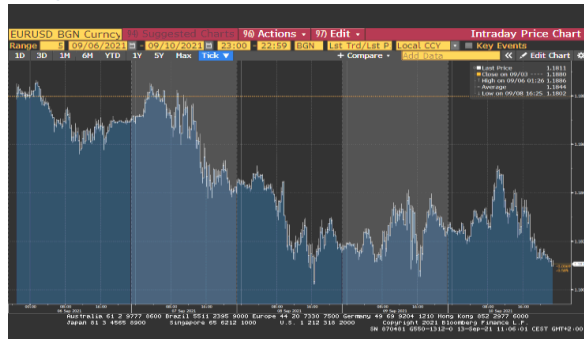
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	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 {IYC1 I2
 For US swap Curve, type {IYC1 I52 <G

Podgorica, 15 September 2021

FX NEWS

EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** depreciated in the first half of the week. The USD appreciated due to the rising return on US government bonds. On the other hand, investors eagerly awaited the ECB decision. Encouraging July data on factory orders, along with data on orders for goods produced in Germany, gave short-term support to the euro on Monday. Investors have also turned to invest in the USD due to concerns about the withdrawal of monetary stimulus and the virus re-spread, further slowing economic growth. After the Thursday meeting, the exchange rate fluctuated as the ECB decisions did not significantly impact the trend of this currency pair. On Friday, the EUR/USD exchange rate fluctuated between 1.1809 and 1.1851, still recording a daily decrease. The ECB President Lagarde said the euro area economy was doing better than feared a few quarters ago. Still, it had not fully overcome the burden of the coronavirus crisis, so continued support was still needed. EU finance ministers said changes to EU budget rules, being considered now, should support investment in a post-pandemic economy and provide a more realistic path to substantial public debt reduction.

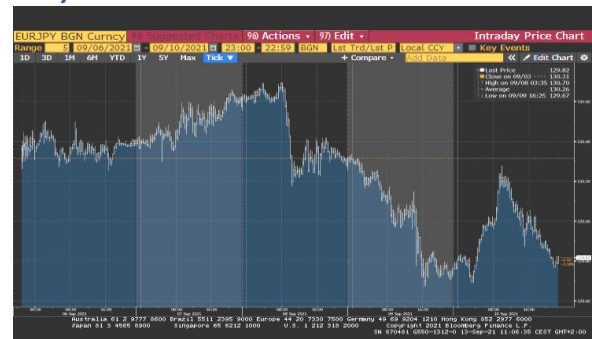
EUR/GBP



Izvor: Bloomberg LP

At the beginning of the week, the **EUR/GBP exchange rate** appreciated as the sterling depreciated due to signs that economic growth was slowing in the country (new car registrations fell in August, while construction, commercial and civil engineering recorded weak growth). On Wednesday, the sterling appreciated against the euro amid expectations that the Bank of England would raise interest rates in the first half of 2022. Sterling was also supported by the comments of the BoE President, who stated that half of the members of the Monetary Policy Committee of the Bank of England believe that the minimum conditions necessary for raising the interest rate have been met. The EUR/GBP exchange rate fluctuated on Friday due to the stock prices weakening, as well as signs of economic slowdown, which some analysts interpret as the Bank of England could refrain from interest rates increase for now.

EUR/JPY



Izvor: Bloomberg LP

The **EUR/JPY exchange rate** appreciated on Monday as the yen depreciated due to the investors' risk appetite growth. On Wednesday, the yen appreciated against the euro and a basket of leading 2021 currencies as falling stock prices reduced investor demand for riskier assets. On Friday, the exchange rate fluctuated.

Table 1 - Exchange rates of the most important currencies

	06.09.2021 ¹	10.09.2021 ²	% Change
EUR/USD	1.1880	1.1814	0.556
EUR/GBP	0.85722	0.85381	0.398
EUR/JPY	130.31	129.89	0.322
EUR/AUD	1.59330	1.60614	-0.806
EUR/CHF	1.08565	1.08440	0.115
USD/JPY	109.71	109.940	-0.210
GBP/USD	1.3871	1.38390	0.556

Table 2 - Overview of the reference interest 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%	28 October 2021
Federal Reserves	Federal Funds Target Rate	0.25%	22 September 2021
Bank of Japan	Overnight Call Rate	-0.10%	22 September 2021
Bank of England	Official Bank Rate	0.10%	23 September 2021
Swiss National Bank	Libor Target Rate	-0.75%	23 September 2021
Bank of Canada	Target Overnight Rate	0.25%	27 October 2021
Reserve Bank of Australia	Cash Rate Target	0.10%	4 October 2021

At its regular meeting, the ECB kept interest rates at existing levels. It maintained the purchases under the APP (asset purchase programme) at 20 billion euros per month. The main topic was PEPP (Pandemic Emergency Purchase Programme). The ECB decided to slow the pace of purchases under this programme in Q4 compared to the previous two quarters, with its total amount remaining at 1,850 billion euros. The ECB will bring the next decision on PEPP at the December meeting. According to the ECB's new projections, GDP growth will be 5% this year (revised from 4.6%), 4.6% in 2022 (revised from 4.7%) and 2.1% in 2023 (unchanged). Regarding inflation, it is expected to reach 2.2% in 2021, 1.7% in 2022, and 1.5% in 2023 (according to previous projections, inflation was 1.9%, 1.5% and 1.4%, respectively).

Table 3 – Eonia and Euribor

	06.09.2021 ³	10.09.2021 ⁴	Change in basis points
Eonia	-0.483	-0.485	-0.20
Euribor 1W	-0.567	-0.568	-0.10
Euribor 1M	-0.553	-0.558	-0.50
Euribor 3M	-0.548	-0.544	0.40
Euribor 6M	-0.519	-0.519	0.00
Euribor 12M	-0.500	-0.495	0.50

¹ Opening market value on Monday

² Closing market value on Friday

³ Opening market value on Monday

⁴ Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on German 10-year government bonds rose about 3 basis points in the reporting week, from -0.36% to -0.33%. The first significant change in this yield was on Tuesday. It grew by five basis points due to strong demand at auctions held in Spain and Austria. On that day, there was the first auction of green bonds of Spain amounting to 5 billion euros and maturing in 2042, and auctions of 10- and 15-year bonds of Austria. On Wednesday, this return fluctuated awaiting the ECB meeting, to fall by 4 basis points the next day, mainly due to the meeting and the announcement that PEPP purchases would be at a “slightly slower rate”. On Friday, the return on German 10-year government bonds rose by 3 basis points, as investor focus shifted to bond auctions in Europe totalling 30 billion euros, scheduled for next week.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

On Monday, the US government bond market was closed due to Labour Day. The next day, the return on 10-year bonds increased by 4 basis points to 1.38% (hitting almost a 2-month maximum). Over the next two days, this return mostly trended down and fell to some 1.285%. The return fell due to strong demand at auctions for 38 billion USD in 10-year US bonds (Wednesday) and 24 billion USD in 30-year US bonds (Thursday) and due to falling stock prices. The news released on Friday about a telephone conversation between the US president and the Chinese leader to achieve better cooperation in key fields led to an increased investors’ risk appetite. With previously published data on the unemployment benefits decline in the USA to the lowest level since the beginning of the pandemic caused a bond prices to drop. Thus, the return recovered to 1.34% basis points, the level from the beginning of the reporting week.

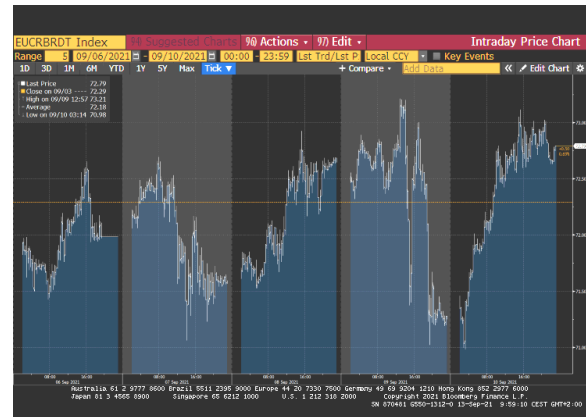
GOLD



Source: Bloomberg LP

The gold price fell this reporting week. The downward trend has been current since Monday, and the next day the price was below 1800 USD/oz. Namely, the USD appreciation and the growing yields on US government bonds caused a decrease in demand for precious metals, which led to a price drop. Growing concerns about the global economic growth outlook turned investors to invest in the USD, continuing to weaken the price of this precious metal. The decline was also caused by statements by Fed officials that they will most likely start reducing the bond purchase programme from October. Thus, the investors' focus was the Fed decision concerning the timeframe for withdrawing the bond purchase. The downward trend was present until the end of the week.

OIL



Source: Bloomberg LP

The oil price fluctuated during the entire reporting week. At the beginning of the week, it rose slightly due to the Hurricane Ida consequences. Soon, it fell due to the USD appreciation and concerns about weaker demand in the USA and Asia. In the middle of the week, the price rose again, as producers in the Gulf of Mexico had difficulty starting production more than a week after Hurricane Ida devastated the area. However, it fell sharply on Thursday to a nearly 2-week low, as China's Food and Strategic Reserves Administration announced plans to "release" state oil reserves to curb high import prices, helping domestic refineries control costs. The price also fell as it was announced that US oil inventories fell, but much less than forecast. However, at the very end of the reporting week, the price recovered due to growing signs that US oil inventories were declining due to Hurricane Ida. Observed weekly, the oil price increased slightly.

Table 4 – Economic indicators (6 – 10 September 2021)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Publishing of ECB main refinancing rate The ECB meets on every first Thursday in month.	Sept 9	0.000%	0.000%	0.000%
France	(Industrial production) It measures the output volume in the mining and industrial sectors of Italy. Industrial output responds significantly to business cycle changes and can often predict trends in employment rates, earnings, and personal income.	July MoM% (YoY%)	0.4% (4.2%)	0.3% (4.0%)	0.5% (7.1%)
Germany	Factory Orders Factory orders provide a fairly comprehensive view of the manufacturing sector.	July MoM%	-0.7%	3.4%	4.1%
Italy	(Industrial production) It measures the output volume in the mining and industrial sectors of Italy. Industrial output responds significantly to business cycle changes and can often predict trends in employment rates, earnings, and personal income.	July MoM%	-0.1%	0.8%	1.0%
	Retail Sales It measures changes in retail trade in Italy.	July MoM%	-0.2%	-0.4%	0.7%
USA	Initial Jobless Claims It measures the number of people who receive unemployment benefits.	4 September K=1,000	335 K	310 K	340 K
Great Britain	(Industrial production) It measures the output volume in the mining and industrial sectors of Italy. Industrial output responds significantly to business cycle changes and can often predict trends in employment rates, earnings, and personal income.	July MoM% (YoY%)	0.4% (3.0%)	1.2% (3.8%)	-0.7% (8.3%)

Source: Bloomberg