

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	1.1878
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	1.1884
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**  
 (7 - 11 June 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's Walker: Fiscal Policy and Deficit
- Commerzbank's Thurlfall: 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

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) AIG 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 7930 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

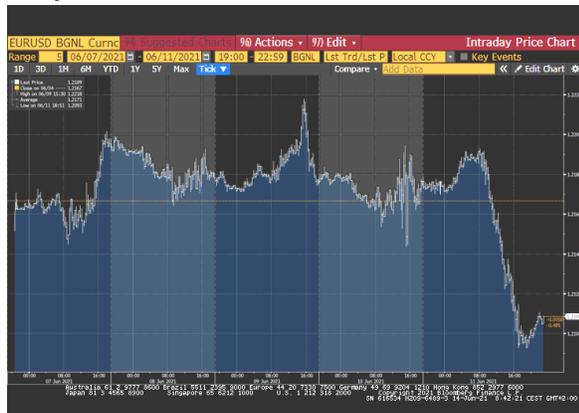
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	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, 16 June 2021

## FX NEWS

### EUR/USD



Source: Bloomberg LP

During most of the week, the **EUR/USD exchange rate** ranged from 1.2140 to 1.2220. On Monday, the USD showed depreciation against the euro. Russia's finance minister said Russia would encourage the exit from the USD and the changeover to the euro to reduce its exposure to US sanctions without considering restrictions on companies that use the USD. After that, this exchange rate depreciated slightly, as the USD appreciated expecting US inflation data, a key indicator for the further direction of the Fed's monetary policy. Previously, lower than expected data from the labour market decreased but did not completely ease concerns about the earlier withdrawal of incentive measures. Later this week, the exchange rate fluctuated, awaiting an ECB meeting in addition to the US inflation rate data. The fluctuation continued after the meeting, and the ECB announced it was sticking to its funds' purchase plan. Concerning the US inflation, it was announced that the growth was higher than expected. Nevertheless, traders continued to opine that the US inflationary pressures were exclusively temporary. The first major exchange rate change was on Friday when it dropped from 1.2190 to 1.2100. This decline was caused by the euro's weakening following a statement by the ECB's board member Holzmann that if inflation rose above 3%, the ECB would promptly revise its monetary policy approach.

### EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** fluctuated this week. In the first part of the week, it was not so volatile due to concerns about whether the UK economy would open on time. There were growing tensions between the EU and Britain. Sterling appreciated against the euro in the short term due to encouraging data from the real estate market. (Real estate prices have risen at the highest rate in almost seven years). On Wednesday, the exchange rate rose sharply as EU-UK negotiations on Northern Ireland were on the verge of collapse. There were disagreements over stock movements from the UK to the region. (The EU warned the UK it could introduce additional tariffs if it fails to implement the Brexit agreement relating to Northern Ireland entirely). The next day, the EUR/GBP exchange rate depreciated, as sterling appreciated after the British Prime Minister said that all options were open to solve the problem with the EU. They soon reached an agreement concerning the fishing quotas, increasing them for Britain by 26 thousand tons compared to 2020. On Friday, the EUR/GBP depreciated after releasing that the UK economy grew during April after the lockdown measures eased (GDP grew by 2.3% in April compared to March).

### EUR/JPY



Source: Bloomberg LP

In the first part of the week, the **EUR/JPY exchange rate** generally had a growing trend. The Japanese currency was under pressure due to falling return on Japanese government bonds. All "activities" in the market focused on waiting for US inflation data. Markets are generally in the process of confirming the Fed's position (that inflation growth is temporary), with the focus being on the publication of data on prices and jobs in the USA. The Japanese prime minister plans to accelerate investment in green projects and digital transformation, pointing to them as new sources of economic growth in the post-COVID era. Over the last two days, the exchange rate depreciated significantly, primarily due to awaiting the ECB meeting, followed by the conference, and awaiting the Bank of Japan meeting next week.

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

	07.06.2021 <sup>1</sup>	11.06.2021 <sup>2</sup>	% Change
EUR/USD	1.2167	1.2109	-0.48
EUR/GBP	0.85933	0.85838	-0.11
EUR/JPY	133.21	132.80	-0.31
EUR/AUD	1.57198	1.57105	-0.06
EUR/CHF	1.09400	1.08736	-0.61
USD/JPY	109.52	109.66	0.13
GBP/USD	1.4157	1.4107	-0.35

**Table 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%	22 July 2021
Federal Reserves	Federal Funds Target Rate	0.25%	16 June 2021
Bank of Japan	Overnight Call Rate	-0.10%	18 June 2021
Bank of England	Official Bank Rate	0.10%	24 June 2021
Swiss National Bank	Libor Target Rate	-0.75%	17 June 2021
Bank of Canada	Target Overnight Rate	0.25%	14 July 2021
Reserve Bank of Australia	Cash Rate Target	0.10%	6 July 2021

The Bank of Canada held a regular meeting on Wednesday, 9 June and did not change the interest rate. It said the employment was well below the level before the pandemic. At the same time, the inflation rate during the summer was expected to remain close to 3%. The next day, the ECB held a meeting. It also left the interest rate at the current level and confirmed to continue its expansionary monetary policy. The PEPP program remained at 1.85 billion euros. However, its implementation would continue in a much higher amount than those for making purchases in the first months of this year. (At the beginning of the year, weekly purchases amounted to some 14 billion euros). At the same time, it improved its forecasts for inflation and economic growth for this and the following year. This year, the economic growth will amount to 4.6% and to 4.7% the next year (previous projections were 4% and 4.1%, respectively). In comparison, inflation will amount to 1.9% this year versus 1.2% as previously forecast.

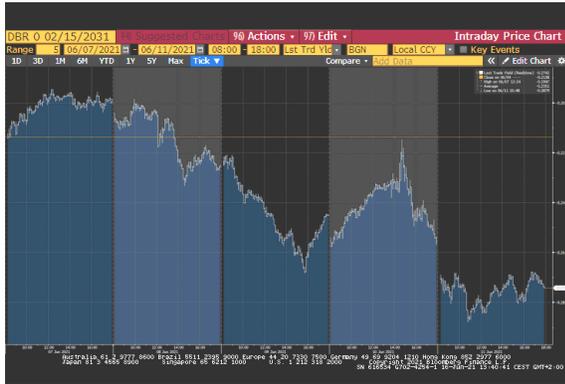
**Table 3 – Eonia and Euribor**

	07.06.2021 <sup>3</sup>	11.06.2021 <sup>4</sup>	Change in basis points
Eonia	-0.478	-0.481	-0.30
Euribor 1W	-0.571	-0.559	1.20
Euribor 1M	-0.558	-0.551	0.70
Euribor 3M	-0.546	-0.548	-0.20
Euribor 6M	-0.513	-0.521	-0.80
Euribor 12M	-0.486	-0.489	-0.30

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

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

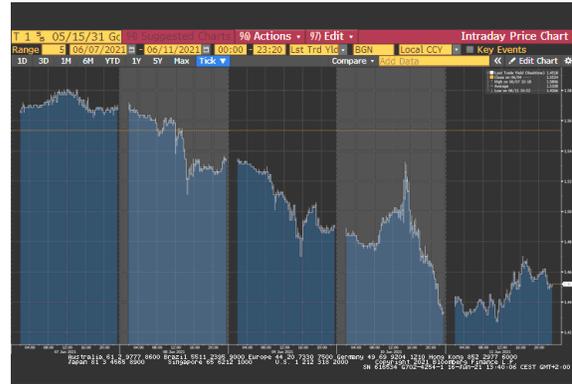
## EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

At the very beginning of the week, the return on German 10-year bonds was stable, to trend down during the next two days, until the middle of the week awaiting the regular ECB meeting. On Thursday, the ECB meeting day, the return rose slightly. It continued to decline after the meeting. After the meeting, the ECB President said that bonds would be bought in much more significant amounts. The premature monetary policy tightening poses a risk to economic growth and inflation. On Friday, the return on 10-year German bonds was stable and stood at -0.27% at the end of the period.

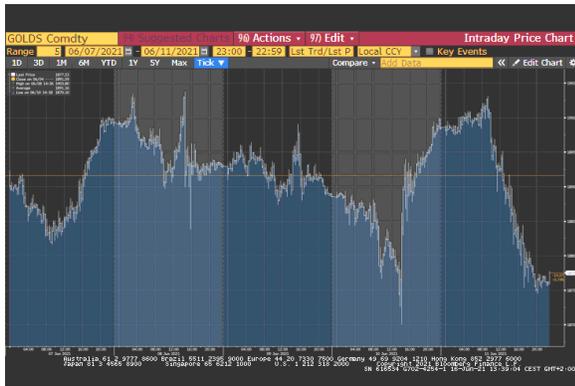
## US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on US 10-year bonds was stable at the very beginning of this period, with a steady downward trend for the rest of the week. The return dropped as the Fed announced that the inflation increase was temporary. It further dropped on Thursday following a return decline on German government bonds after the ECB meeting. At the very end of the week, it was stable and stood at 1.45% at the end of the week.

## GOLD



Source: Bloomberg LP

The gold price fell on Monday morning after the comments of the US Secretary of Finance, Janet Yellen. She said that, in light of Biden's plan of spending 4 billion USD, an environment with slightly higher interest rates would be favourable for the US and Fed, and higher interest rates reduce the demand for precious metals. In the afternoon, the price rose to keep trend until the end of the day as the USD depreciated against the euro. After that, it dropped as investors expected key data from the US inflation report. It might provide better insight into the direction of the Fed's policy of possible bond redemption programmes reduction and awaiting the ECB meeting. On Thursday, the gold price began to rise after the ECB conference and the publication of better-than-expected data on the US inflation rate. This trend continued not only until the end of the day but also on Friday morning. At the very end of Friday, the gold price fell due to the USD exchange rate appreciation.

## OIL



Source: Bloomberg LP

The oil price fell on Monday due to concerns about the coronavirus spread and awaiting the negotiations between Iran and the world's leading powers regarding the nuclear programme. However, on Tuesday, the oil price increased due to optimism that the acceleration of vaccination programmes and the easing of travel restrictions would affect the growing demand for this energy source. In the middle of the week, the oil price fell as the data showed that the fuel stocks increased in the USA during the Memorial Day holiday week. Over the last two days, the oil price was rising both as the USD depreciated and the International Energy Agency announced the oil demand was on track to return to pre-pandemic levels next year.

**Table 4 - Economic indicators (7 – 11 June 2021)**

Country	Indicator	Period	Expected value	Current value	Previous value
USA	<p><b>Consumer price index (CPI)</b> It estimates changes in the cost of living by measuring changes in the prices of certain items for which the consumers allocates their money.</p>	May MoM% (YoY%)	0.5% (4.7%)	0.6% (5.0%)	0.8% (4.2%)
Euro area	<p><b>Gross domestic product seasonal adjustments (GDP s.a.)</b> It measures the value of products and services produced within the country. GDP is the most comprehensive measure of economic output and provides a key insight into the main drivers of an economy.</p>	I Quarter QoQ% YoY%	-0.6% (-1.8%)	-0.3% (-1.3%)	-0.6% (-1.8%)
Germany	<p><b>ZEW Survey Current Situation</b> This indicator focuses on the results of the research on the current soundness of the German economy. It is obtained by collecting estimates of experts on whether the current situation is improving, worsening or remaining unchanged, so the indicator value is obtained as the difference between the number of positive and the number of negative responses. The higher value of the indicators indicates to strengthening of the economy and a better business climate.</p>	June	-28.0	-9.1	-40.1
	<p><b>ZEW Survey Expectations</b> This survey measures expectations regarding the economic growth for the next 6 months. Experts are surveyed on whether they expect an improvement or deterioration, thus the difference between the number of positive and negative responses represents the indicator value.</p>	June	86.0	79.8	84.4
	<p><b>Industrial output</b> It measures the change in the output volume in the manufacturing and energy sectors. Industrial output represents around a quarter of the euro area's GDP.</p>	April MoM%	0.4%	-1.0%	2.5%

Source: Bloomberg