



Financial and Banking Operations Department -International Reserves Management Division-

EUR EURO SPOT PRICE 1.2181

Range 9/19/05 to 3/17/06 Period D Daily Market Y mid/trd

DATE	PRICE	DATE	PRICE
F 3/17	1.2181	F 2/17	1.1909
T 3/16	1.2181	T 2/16	1.1881
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		
T 3/ 2	1.2012		
W 3/ 1	1.1913		
T 2/28	1.1923		
M 2/27	1.1853		

International Financial Market Report

(8 - 12 March 2021)

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.Mat's Bennett: U.S. Dollar, Fed Policy, Euro
- U.S. Longshore Investor Walker: Fiscal Policy and Deficit
- Commerzbank's Thurlall: 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

Daniel Broby, chief investment officer at Bankinvest, discusses the company's investment strategy and recent acquisitions.

LIVE <GO> Events

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

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

Change on day
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Change on Month
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USD INTEREST RATE SWAPS

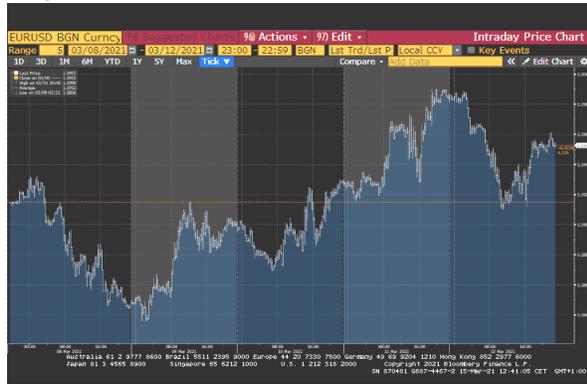
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	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 I48<GO>
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IYC6 I48<GO>
For US Govt Yield Curve, type {IYC1 I2
For US swap Curve, type {IYC1 I52 <G

Podgorica, 17 March 2021

FX NEWS

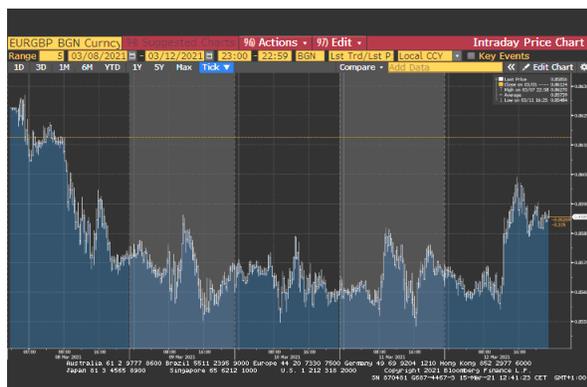
EUR/USD



Source: Bloomberg LP

On Monday, the **EUR/USD exchange rate** depreciated to its weekly lowest value, as a US bonds' high return and expectations regarding the US's economy faster normalization due to the pandemic increased demand for the dollar against euro. The next day, the US bonds' return weakened, and the USD depreciated, so the exchange rate recovered. During Wednesday and Thursday, the euro appreciated against the USD, as unfavourable US inflation data led to an expectation drop that inflation would accelerate rapidly. On Friday, the exchange rate first weakened following the pandemic aid programme adoption in the USA. The EUR/USD exchange rate depreciated sharply from 1.1988 to 1.1910 on Friday morning. The USD appreciated against the euro, following the US government bonds trend. The return on the mentioned bonds jumped by 10 base points in just one day. By the end of the day, the exchange rate had slightly recovered from the previous daily low.

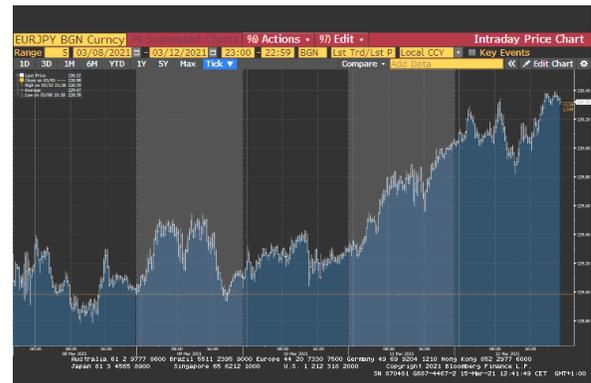
EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** depreciated on Monday, as the Bank of England Governor said people should be optimistic about the British economy's recovery. The economy is recovering from the pandemic, but to be cautious with structural changes, which supported the British currency against the euro. According to a Reuters survey, the British economy should return to pre-pandemic levels in two years, and unemployment will reach 6.5% by the end of this year. The UK's Minister of Finance, Sunak, believes the economy will recover by the middle of next year, a 6-month shorter period compared to previous forecasts. The exchange rate did not change significantly later in the week. On Friday, the EUR/GBP exchange rate recovered due to the release of better-than-expected economic data in the euro area.

EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** did not change significantly until the middle of this reporting week when it started to appreciate. The Japanese currency depreciated against the euro due to rising stock prices and declining investors' demand for safe funds. It is also speculated that the Bank of Japan could introduce a Tier3 deposit system at its next meeting to save most of the reserves from negative interest rates.

Table 1 - Exchange rates of the most important currencies

	08.03.2021 ¹	12.03.2021 ²	% Change
EUR/USD	1.1915	1.1953	0.32
EUR/GBP	0.86124	0.85881	-0.28
EUR/JPY	128.98	130.29	1.02
EUR/AUD	1.55020	1.53969	-0.68
EUR/CHF	1.10870	1.11116	0.22
USD/JPY	108.31	109.03	0.66
GBP/USD	1.3841	1.33924	-3.24

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 April 2021
Federal Reserves	Federal Funds Target Rate	0.25%	17 March 2021
Bank of Japan	Overnight Call Rate	-0.10%	19 March 2021
Bank of England	Official Bank Rate	0.10%	18 March 2021
Swiss National Bank	Libor Target Rate	-0.75%	25 March 2021
Bank of Canada	Target Overnight Rate	0.25%	21 April 2021
Reserve Bank of Australia	Cash Rate Target	0.10%	6 April 2021

The European Central Bank and the Bank of Canada held their respective meetings during this reporting week. Both banks maintained reference interest rates at existing levels. The ECB Governing Council concluded that recent government bond market developments were inconsistent with the inflation target achievement. In the press release, based on a joint assessment of financing conditions and the inflation outlook, “the Governing Council expects purchases under the PEPP over the next quarter to be conducted at a significantly higher pace than during the first months of this year.” Some 11.9 billion euros were bought under PEPP last week. In comparison, the weekly average since the beginning of the year was 12.3 billion euros. Comparing these figures with the crisis peak, when the weekly purchases’ average ranged from 25-30 billion euros, shows more room for their increase. The amount of increase over time will depend on the ECB’s success in stopping return growth. The total amount of this program remained at 1.85 trillion euros.

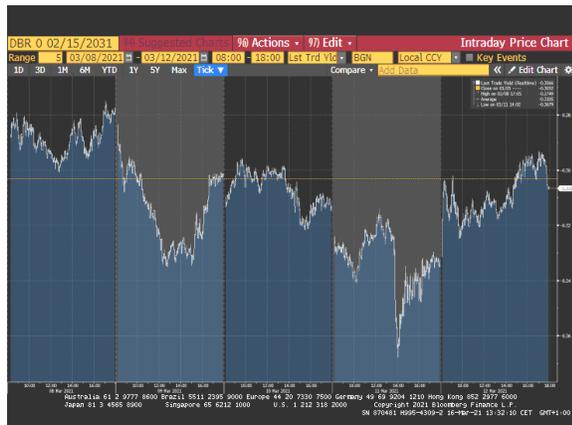
Table 3 - Eonia and Euribor

	08.03.2021 ¹	12.03.2021 ²	Change in basis points
Eonia	-0.477	-0.477	0.00
Euribor 1W	-0.558	-0.556	0.20
Euribor 1M	-0.554	-0.548	0.60
Euribor 3M	-0.537	-0.539	-0.20
Euribor 6M	-0.514	-0.514	0.00
Euribor 12M	-0.487	-0.483	0.40

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 fluctuated slightly during the reporting week but declined weekly. On Monday, it was around -0.27% to reach -0.33% on Friday. The bonds' return weakened, awaiting the ECB meeting, and expecting that it could respond to the rising bond return in European countries in the past few weeks. This threatens to jeopardize the economic recovery from the pandemic. There was a slight recovery in return on Friday, which grew following its overseas equivalent growth, the return on US government bonds. These German bonds rise came just a day after a previous fall, sparked by an ECB official's statement that it would accelerate bonds redemption in the PEPP programme.

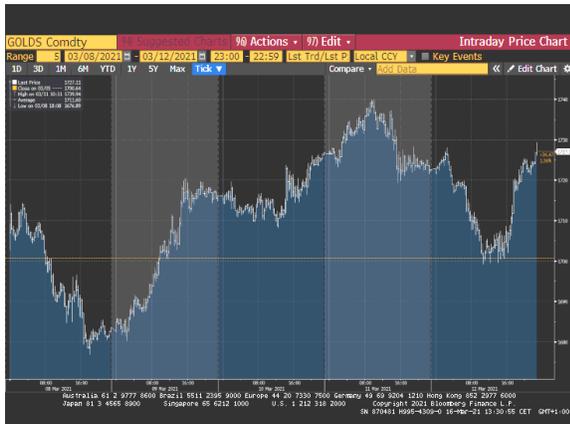
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

On the first day of this reporting period, the return on 10-year US government bonds rose slightly due to positive economic data and loose monetary policy in the USA, with the focus shifting to the next Fed meeting, to be held later this month. As the week continued, the return weakened, hitting this week's minimum of 1.57% on Thursday. On Friday, the return was growing. It recorded the highest growth since the beginning of 2020, hovering around 1.64% due to growing concerns that the US package will help boost strong economic growth, putting pressure on prices.

GOLD



Source: Bloomberg LP

On Monday, the gold price fell after the US Senate approved the aid package. The next day, it recovered and was growing until Thursday, mainly due to the USD depreciation, which caused the growing demand for gold. Due to rising US government bonds' return and stronger USD, the gold price declined on Friday morning. It reduced investors' demand for this precious metal. However, it recovered until the end of Friday due to a slight USD depreciation.

OIL



Source: Bloomberg LP

Early this week, the oil price dropped due to USD appreciation, affecting the demand drop for this fuel. The oil price weakening was also the result of a fall in these raw material stocks in the USA. The American Petroleum Institute data showed a 12.8 million barrels decrease recorded in the week before. More significant oil recovery was achieved on Thursday due to signs of an accelerated fuel consumption recovery. The price also rose due to rising stock prices in the US to record highs as the pandemic aid program was finally adopted. On Friday, the oil price was stable. It hovered just under 70 USD/bbl, as inconsistent demand for this fuel globally, along with the appreciating USD, hampered further oil price strengthening.

Table 4 - Economic indicators (8 - 12 March 2021)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Industrial production It measures the change in the output volume in the manufacturing and energy sectors. Industrial output represents around ¼ of the euro area's GDP.	January MoM% (YoY%)	0.5% (-1.9%)	0.8% (0.1%)	-0.1% (-0.2%)
	Sentix investor confidence Monthly survey showing market opinion about the current economic situation and expectations for the following quarter. Usually, a higher reading of the index is considered positive for the euro area, which is also positively reflected on the euro.	March	1.4	5.0	-0.2
Germany	Exports Products and services produced in Germany, sold or pending for sale outside of Germany	January MoM%	-1.8% -1.9%	1.4% -4.7%	0.4% -0.1%
USA	Initial Jobless Claims Measures the number of people receiving unemployment allowances.	March 6 K=1,000	725K	712K	754K
	Consumer price index (CPI) Estimates changes in the cost of living by measuring changes in the prices of certain items for which the consumers allocates their money.	February MoM% (YoY%)	0.4% (1.7%)	0.4% (1.7%)	0.3% (1.4%)

Source: Bloomberg