



## 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	1.1881
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

(11 15 January 2020)

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
- 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

10 Bloomberg TV Live 10 Bloomberg Radio Live 10 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 1P-MR-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

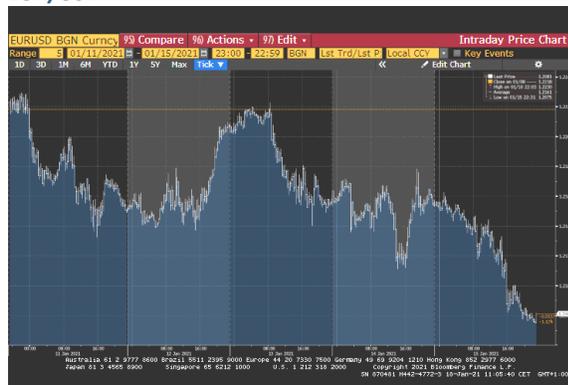
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	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, 20 January 2021

## FX NEWS

### EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** had a volatile trend in the observed period but recorded a weekly decrease. Early this week, the EUR/USD exchange rate depreciated as global stock prices weakened due to rising bond yields, and due to growing concerns about a newly increased number of people suffering from Coronavirus. The USD growth was limited on Tuesday after the German Industry Association BDI said it expected the German economy to grow 3.5% this year after a 5% drop in 2020. It also stressed that pre-pandemic levels could not be reached before next year. Later this week, the exchange rate depreciated again as the US House of Representatives began the US President Donald Trump's impeachment. It also depreciated due to media announcements that the newly elected US President Joe Biden would offer a 2 billion USD aid plan. On Friday, the demand for riskier funds reduced due to concerns that the Biden administration's proposed incentives plan would be opposed. The euro also depreciated due to the report that the EU would not receive Pfizer vaccines on time. (Pfizer will not deliver the planned quantities of vaccine in the next 3-4 weeks as agreed).

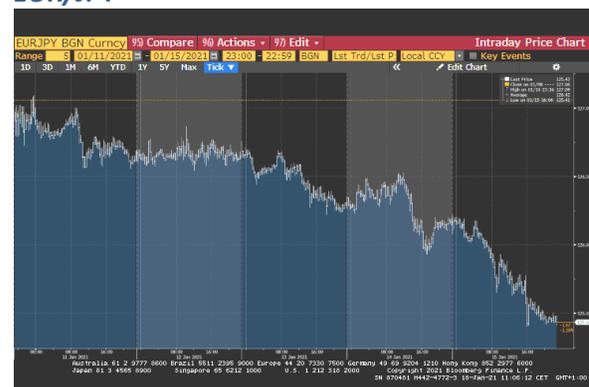
### EUR/GBP



Source: Bloomberg LP

During this reporting week, the **EUR/GBP exchange rate** depreciated. It depreciated on Monday despite the new Coronavirus strain spread, because Great Britain approved vaccines faster than other European countries. The next day, sterling strengthened after the BoE Governor's statement on many "issues" regarding negative interest rates. This reduced speculation that this institution could lower interest rates to 0% in February. The EUR/GBP exchange rate hit a 3-week low on Thursday. On the one hand, this happened as sterling appreciated due to weaker expectations concerning this country's negative interest rates. On the other one, expectations of Britain's faster economic recovery increased due to started vaccinations. On Friday, the euro recovered after announcing that GDP recorded a 2.6% monthly decline in the UK in November, due to the closure of many activities that were not crucial to this economy.

### EUR/JPY



Source: Bloomberg LP

The EUR/JPY exchange rate depreciated slightly during most of the week. This depreciation became more pronounced due to the increased demand for safe funds.

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

	11.01.2021 <sup>1</sup>	15.01.2021 <sup>2</sup>	% Change
EUR/USD	1.2218	1.2082	-1.11
EUR/GBP	0.90096	0.88899	-1.33
EUR/JPY	127.06	125.56	-1.18
EUR/AUD	1.57466	1.56809	-0.42
EUR/CHF	1.08235	1.07608	-0.58
USD/JPY	103.94	103.850	-0.09
GBP/USD	1.3568	1.3590	0.16

**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%	21 January 2021
Federal Reserves	Federal Funds Target Rate	0.25%	27 January 2021
Bank of Japan	Overnight Call Rate	-0.10%	21 January 2021
Bank of England	Official Bank Rate	0.10%	4 February 2021
Swiss National Bank	Libor Target Rate	-0.75%	25 March 2021
Bank of Canada	Target Overnight Rate	0.25%	20 January 2021
Reserve Bank of Australia	Cash Rate Target	0.10%	2 February 2021

**Table 3 - Eonia and Euribor**

	11.01.2021 <sup>1</sup>	15.01.2021 <sup>2</sup>	Change in basis points
Eonia	-0.477	-0.481	-0.40
Euribor 1W	-0.561	-0.567	-0.60
Euribor 1M	-0.555	-0.557	-0.20
Euribor 3M	-0.550	-0.552	-0.20
Euribor 6M	-0.530	-0.532	-0.20
Euribor 12M	-0.510	-0.508	0.20

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

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

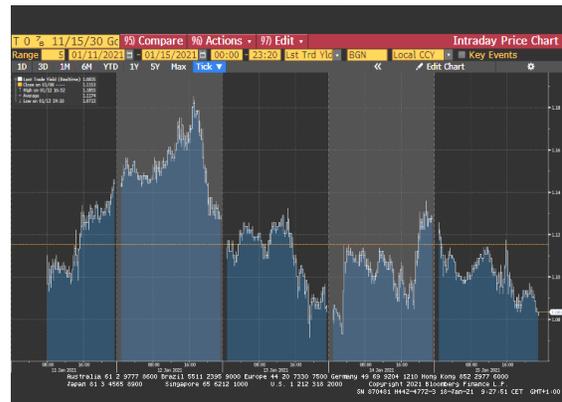
## EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

During the first two days of this reporting week, the return on 10-year German government bonds trended up and hit a weekly maximum of -0.461% on Tuesday. Later this week, the return on these bonds depreciated due to concerns about Italy's political situation and the possible new elections even as this economy copes with the economic slowdown. Prime Minister Conte's cabinet decided on 32 billion euros borrowing, a third more than the amount indicated by the Minister of Finance. At the very end of this reporting week, the return on 10-year German bonds stood at -0.543%.

## US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

At the beginning of this reporting week, the return on 10-year US government bonds trended up and hit a 10-month high of 1.185% on Tuesday. The return grew after expectations that the newly elected US President would offer a multibillion-dollar economic measures package that could boost inflationary expectations. After the recorded maximum, the yield on the mentioned bonds dropped to 1.0713% due to strong demand at the 38 billion USD 10-year bonds auction. The return also weakened as two Fed officials mitigated the likelihood of a bond cut shortly. (Fed presidents from St. Louis and Boston said it was too early to consider it given the current coronavirus pandemic). By the end of the reporting week, the return on 10-year US bonds did not change significantly and stood at 1.0835% on Friday.

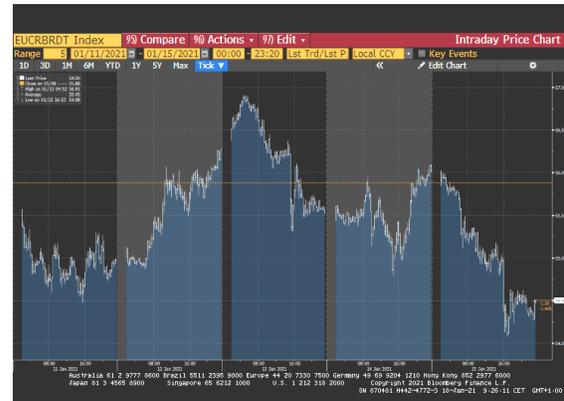
## GOLD



Source: Bloomberg LP

Early this reporting week, the gold price rose as investors' focus shifted to a new US economy support package, leading to rising inflation expectations. The newly elected US President is expected to announce a proposal for a multibillion-dollar economic measures package. The gold price rose as falling return on US government bonds, and a weakening dollar boosted demand for metals as an alternative investment. On Wednesday afternoon on Thursday morning, the gold price weakened as the USD appreciated against a basket of currencies. On Friday, the gold price first trended up after President Biden's statement that he was planning a nearly 2 billion USD aid package. Moreover, the Fed Chair indicated that he would continue with stable monetary support and that at present, it was not the time to consider reducing the bond purchase programme. However, the gold price dropped by Friday evening due to the USD appreciation.

## OIL



Source: Bloomberg LP Bloomberg LP

On the first day of this reporting week, the oil price did not change significantly. Still, during the next day, it rose to around 10 months maximum due to the USD depreciation and the industrial report showing that US oil stocks fell more than expected. (The American Petroleum Institute announced that stocks reduced by 5.82 million barrels last week, compared to the expected 3 million barrels drop). In the middle of the week, the price of oil weakened, due to the US dollar value recovery and the growing number of Coronavirus patients worldwide. By the end of Thursday, this fuel's price recovered slightly, due to Biden's plan to support the economy. On the last day of this reporting week, the oil price fell again due to a stronger USD and unfavourable US economic data, which raised concerns about the US economic recovery.

**Table 4 – Economic indicators (11 – 15 January 2021)**

Country	Indicator	Period	Expected value	Current value	Previous value
Great Britain	<b>Industrial output</b> It measures the changes in output of production, service and mining sectors.	November MoM% YoY%	0.5% -4.2%	-0.1% -4.7%	1.3% -5.5%
	<b>GDP</b> One of the basic macroeconomic indicators, which represents the calculated value in the market prices of goods and services produced within the country, but excludes the income of citizens and corporations working abroad. The following four components are used to calculate GDP: consumption, investments, government expenditure, and net exports.	November MoM%	-4.6%	-2.6%	0.4%
USA	<b>Initial Jobless Claims</b> Measures the number of people receiving unemployment allowances. It is similar to the applicant. The growing number of jobs accompanies the economic expansion, which could influence inflationary pressures.	January 9 K=1,000	789K	965K	787K
	<b>Industrial output</b> It measures the changes in output of production, service and mining sectors.	December MoM%	0.5%	1.6%	0.4%
Japan	<b>Producer Price Index (PPI)</b> Assesses the average change in prices of certain manufacturers at all stages of production, but does not include imported goods, services and taxes. The index is seen as an indicator of future inflation.	December MoM% YoY%	-2.2% 0.2%	-2.0% 0.5%	-2.2% 0.0%

Source: Bloomberg