

EURUSD 1.2179
 At 19:38 Dp 1.2174 Hi 1.2174 Value 3/21/06
 Market Price
 Range 3/17/05 - 3/17/06
 Upper Chart: Market Price
 Currency 1/4
 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	1.1909
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	1.1909
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

(12 - 16 July 2021)

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 Bankinvest, discusses the company's investment strategy in the technology sector.

ICAP's Smith: U.S. Dollar, Fed Policy, Euro
 ICAP's Smith discusses the impact of the Fed's policy on the U.S. Dollar and the Euro.

China Airlines' Wei: Fleet Reorganization, Earnings Outlook
 China Airlines' Wei discusses the company's fleet reorganization and earnings outlook.

Bear Stearns Teleconference: Fiscal First Quarter Profit
 Bear Stearns Teleconference: Fiscal First Quarter Profit

Microsoft's Ballmer: Stock Performance, Strategy, Produce
 Microsoft's Ballmer discusses the company's stock performance, strategy, and product line.

LIVE <GO> Events

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) Bonders 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 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 fIYC1 I2
 For US swap Curve, type fIYC1 I52 <G

Podgorica, 21 July 2021

FX NEWS

EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** depreciated from 1.1880 to 1.1800 in this reporting week. The exchange rate fluctuated on Monday, and the USD received support during the day from the recovery of return on US government bonds and the Fed's Consumer Confidence Index, which showed that the 1-year inflation expectations rose from 4.0% to 4.8% in June. On Tuesday, the exchange rate depreciated to a 3-month low of 1.1772. On that day, it was announced that the US monthly inflation rate in June was 0.9%, and the annual one was 5.4% versus the respective expected 0.5% and 4.9%), which was a 13-year maximum. This fuelled speculation on a Fed monetary policy's faster tightening than the officials have previously signalled. Although the exchange rate recovered to 1.1840 on Wednesday, it trended down during the last two days as the previously announced inflation growth related to the economy's opening. It happened due to the Fed Chair's statement that the Fed was not hurrying to start measures supporting the economy. The coronavirus and the rapid spread of its delta variant returned to the market focus boosting expectations that the global economic recovery would jeopardise and turned investors to safe funds. Together with data on unexpected US retail growth in June, it supported the USD's value.

EUR/GBP



Source: Bloomberg LP

During the first three days of this reporting period, the **EUR/GBP exchange rate** depreciated slightly as the UK inflation data exceeded expectations. It led to increased speculation that the Bank of England could revise its existing asset purchase programme in the next period. However, towards the end of Wednesday, it was announced that the UK's unemployment rate rose from 4.7% to 4.8%, which was reflected in the EUR/GBP exchange rate appreciation. By the very end of the week, this exchange rate trended up due to increased demand for safe funds as concerns about the coronavirus virus spread led to an increased demand for secure funds.

EUR/JPY



Source: Bloomberg LP

This week, the **EUR/JPY exchange rate** depreciated from 130.80 to 130.00. Although it showed growth signs early this week, as the increased investors' risk appetite caused the yen's sale, it soon began to depreciate, continuing this trend until Friday. Namely, the rapid spread of the delta variant of the coronavirus and the introduction of the readiness state in Tokyo, valid until 22 August since the Olympic Games start a day later, caused an increased demand for safe funds. Thus, the yen appreciated against the euro. On Friday, this exchange rate recovered slightly. The Bank of Japan held its regular meeting this week. It cut its projected economic growth for this year as introducing new measures to combat the pandemic threatened consumption. This fuelled expectations that Japan's monetary authorities would lag behind the leading central banks in withdrawing incentive measures. Regarding this meeting's decisions, it is interesting to note that the BoJ will allocate a small portion of foreign exchange reserves for purchasing green bonds. In addition to the scheme announced at the previous meeting to finance activities aimed at climate change stopping, this is another way to combat them.

Table 1 - Exchange rates of the most important currencies

	12 July 2021¹	16 July 2021²	% Change
EUR/USD	1.1865	1.1806	-0.59
EUR/GBP	0.85831	0.85766	0.37
EUR/JPY	131.75	129.95	-0.76
EUR/AUD	1.57645	1.59553	0.60
EUR/CHF	1.09255	1.08562	-0.004
USD/JPY	111.05	110.07	-0.06
GBP/USD	1.3824	1.3767	-0.96

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%	22 July 2021
Federal Reserves	Federal Funds Target Rate	0.25%	28 July 2021
Bank of Japan	Overnight Call Rate	-0.10%	22 September 2021
Bank of England	Official Bank Rate	0.10%	5 August 2021
Swiss National Bank	Libor Target Rate	-0.75%	23 September 2021
Bank of Canada	Target Overnight Rate	0.25%	8 September 2021
Reserve Bank of Australia	Cash Rate Target	0.10%	3 August 2021

The Bank of Japan held a regular meeting in this reporting week and kept the interest rate unchanged.

Table 3 – Eonia and Euribor

	12.07.2021¹	16.07.2021²	Change in basis points
Eonia	-0.479	-0.482	-0.1
Euribor 1W	-0.567	-0.562	0.2
Euribor 1M	-0.561	-0.557	-0.5
Euribor 3M	-0.549	-0.548	-0.5
Euribor 6M	-0.513	-0.515	-0.1
Euribor 12M	-0.478	-0.488	0.6

¹ Opening market value on Monday

² 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 did not change significantly. On Wednesday, the return on these bonds briefly increased when it reached a weekly maximum of -0.27%. It was a sign of decreasing demand for safer funds that was current in the previous week when the return on these bonds weakened and fluctuated towards the highest 2-week decline since June 2020. The economic analysts estimated a longer path to recovery from the crisis caused by the COVID-19 pandemic. However, after this short-term growth, the return on 10-year German bonds trended down by the end of the week and stood at -0.35% at the market's closing on Friday. It fell due to concerns about the coronavirus spread, which reduced investors' risk appetite.

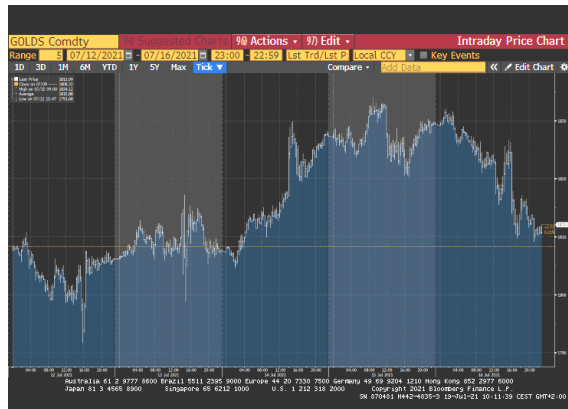
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

On the first day of this reporting week, the return on 10-year US government bonds did not change significantly. It grew the next day, recording the weekly maximum in the night between Tuesday and Wednesday and hovering around the level of 1.42%. The return growth resulted from the publication of the US consumer price index, which was significantly above the expected value. However, since Wednesday, the return on 10-year bonds was trending down, as investors spent two days processing the congressional testimony of the Fed Chair and the market data. The Fed Chair said the recent inflation rise was due to temporary supply problems as the economy recovered from the pandemic. In addition, the return decline was also influenced by growing concerns about the global economic recovery after the coronavirus delta strain spread accelerated. At the end of the week, the return on 10-year US government bonds stood at 1.29%.

GOLD



Source: Bloomberg LP

On Monday, the gold price dropped due to the USD appreciation and the increased investors' risk appetite, which reduced the demand for this precious metal. In the following period, the gold price grew as concerns about inflation stimulated the demand for gold. Jerome Powell reiterated in Congress that the recovery had not progressed enough to begin the bond-buying programme withdrawal. He also said that the Fed was ready to act further if inflation expectations increase significantly, which calmed the investors. On Thursday, the price fluctuated slightly, to fall on Friday, as return on US bonds offset previous losses caused by comments from the Fed Chair. He defended the central bank's position supporting the US economy, even though the inflation levels were high.

OIL



Source: Bloomberg LP

Early this week, the oil price was slightly lower due to concerns about the coronavirus spread threatening to jeopardise the global economic recovery. The fuel price recovered on Tuesday. The International Energy Agency said the market should restrict oil supplies resulting from a failed attempt by major producers to agree on extra oil needed to distribute worldwide. Over the next two days, the oil price trended down as the leading producers reached a compromise and due to data showing that the oil demand had slightly decreased last week. Reuters reported that Saudi Arabia and the United Arab Emirates had agreed to unblock the OPEC agreement to increase stocks globally as the world recovered from the pandemic. On Friday, the price of oil fluctuated slightly. The price of gold was volatile on the last day. The resurgence of the coronavirus poses a threat to the global economic recovery, which worsens the outlook for global fuel demand, which is the leading cause of this fuel's price fall.

Table 4 - Economic indicators (12 - 16 July 2021)

Country	Indicator	Period	Expected value	Current value	Previous value
France	Consumer price index (CPI) It estimates the changes in the cost of living, by measuring changes in the price level of market basket of consumer goods and services purchased by households.	June			
		MoM%	0.2%	0.1%	0.2%
		YoY%	1.5%	1.5%	1.5%
Great Britain	Consumer price index (CPI) It estimates the changes in the cost of living, by measuring changes in the price level of market basket of consumer goods and services purchased by households.	June			
		MoM%	0.2%	0.5%	0.6%
		YoY%	2.2%	2.3%	2.5%
Germany	Consumer price index (CPI) It estimates the changes in the cost of living, by measuring changes in the price level of market basket of consumer goods and services purchased by households.	June			
		MoM%	0.4%	0.4%	0.4%
		YoY%	2.3%	2.3%	2.3%
USA	Industrial output It measures the change in the output volume in the manufacturing and energy sectors.	June			
		MoM%	0.6%	0.7%	0.8%
	Initial Jobless Claims It measures the number of people who receive unemployment benefits.	10 July			
		K=1,000	350 K	360 K	373 K

Source: Bloomberg