

EURUSD 1.2179 At 19:38 Dp 1.2174 Hi 1.2174 Value 3/21/06



CENTRALNA BANKA CRNE GORE

Range 3/17/05 - 3/17/06
Upper Chart: Market Price



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 2/16	1.1878
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

(15 - 19 March 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. Long-Term Growth: 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 Brody, chief investment officer at...
Japanese mobile-phone unit and L'Oreal SAS purchase of Body Shop International Plc.

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. 6615-301-3 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

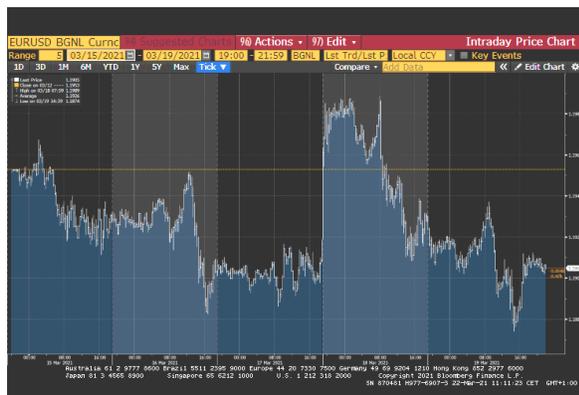
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR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

Change on day
IYC4 I48<GO>
Change on Month
IYC6 I48<GO>
For US Govt Yield Curve, type {IYC1 I2
For US swap Curve, type {IYC1 I52 <G

Podgorica, 25 March 2021

FX NEWS



Source: Bloomberg LP

During this reporting week, the **EUR/USD exchange rate** depreciated from 1.1953 to 1.905. Earlier this week, the USD appreciated against the euro as Biden's aid package was finally approved, sparking expectations of the US economy's significant recovery. The USD was also supported by the rising return on US government bonds, which was current for almost the entire reporting week. Investors almost ignored the ECB's decision to buy more bonds under the PEPP programme, so there was no room for the euro's recovery. The USD also appreciated awaiting the Fed meeting, after which the EUR/USD exchange rate appreciated sharply to a 2-week high (1.1989). The reason for the short-term exchange rate appreciation was Fed President Jerome Powell's statement that a possible US inflation rise did not mean interest rates rise. The exchange rate continued to depreciate on Thursday and Friday, mostly due to the growing return on US government bonds causing the growing demand for USD. The exchange rate depreciated due to the euro's depreciation caused by the worsening pandemic in Europe. At the very end of the week, France announced introducing a new lockdown in Paris and several regions for a month.

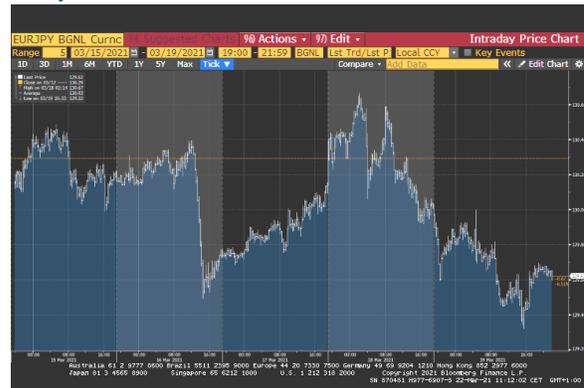
EUR/GBP



Source: Bloomberg LP

During this reporting week, the **EUR/GBP exchange rate** remained almost unchanged still fluctuated during the week. The exchange rate changed significantly on Tuesday. It appreciated to 0.86397 after the EU instigated the EU's legal action against the UK for breaching a key part of the Brexit agreement on Northern Ireland. On the same day, the exchange rate withdrew as sterling began to appreciate awaiting the Bank of England meeting and speculation that the BoE could point to the economy's good performance in the current conditions. In the middle of the week, the exchange rate recovered due to the warning that the coronavirus vaccines' offer decreased in Great Britain. It continued to weaken soon hitting a 13-month low (0.85334) on Thursday. However, the sterling depreciated again against the euro after the BoE warned of uncertain economy's recovery prospects at the meeting, which was contrary to previous expectations.

EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** depreciated from 130.29 to 129.62 during the reporting period. On Monday, the exchange rate appreciated to depreciate on Tuesday, after the Japanese currency's appreciation due to the oil price decrease. On the other hand, the euro depreciated after suspending the use of certain vaccines in Europe, slowing down the vaccination process. However, in the middle of the week, the exchange rate appreciated, as the yen depreciated awaiting the Fed and the Bank of Japan meetings. It also depreciated due to the Fed officials' statements after the meeting. As the Bank of Japan meeting was as expected, the yen began to appreciate maintaining such a trend until the very end of the week. The BoJ has decided to expand the 10-year government bonds' range from the previous 20 to 25 base points around 0%.

Table 1 - Exchange rates of the most important currencies

	15.03.2021 ¹	19.03.2021 ²	% Change
EUR/USD	1.1953	1.1904	-0.41
EUR/GBP	0.85881	0.85828	-0.06
EUR/JPY	130.29	129.62	-0.51
EUR/AUD	1.53969	1.53752	-0.14
EUR/CHF	1.11116	1.10611	-0.45
USD/JPY	109.03	108.88	-0.14
GBP/USD	1.3924	1.3872	-0.37

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%	28 April 2021
Bank of Japan	Overnight Call Rate	-0.10%	27 April 2021
Bank of England	Official Bank Rate	0.10%	6 May 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

During this reporting week, the monetary authorities of the USA, the UK, and Japan held their respective meetings on 17, 18, and 19 March. At a two-day meeting, Fed decided to keep interest rates close to zero at least until 2023, despite better US economic growth prospects and growing inflation concerns. A Fed official's statement pointed to the noticeable recovery of certain economic indicators and employment. Still, there were sectors recovering from the pandemic consequences. Inflation continued to stand below 2%. The BoE also kept interest rates and its bond repurchase programme of 895 billion GBP unchanged, which was expected. It warned that the UK's economic recovery prospects remained uncertain. The Bank of Japan also kept the reference interest rate at the same level. Still, it presented a set of carefully designed monetary policy adjustments aimed at providing greater flexibility to continue the inflation's revival.

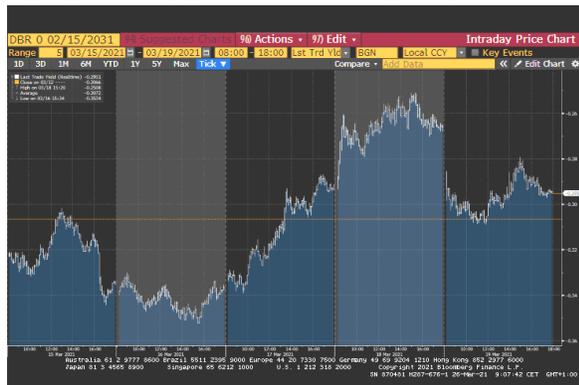
Table 3 - Eonia and Euribor

	15.03.2021 ¹	19.03.2021 ²	Change in basis points
Eonia	-0.477	-0.480	-0.30
Euribor 1W	-0.556	-0.559	-0.30
Euribor 1M	-0.548	-0.553	-0.50
Euribor 3M	-0.539	-0.539	0.00
Euribor 6M	-0.514	-0.515	-0.10
Euribor 12M	-0.483	-0.483	0.00

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 period, the return on 10-year German government bonds depreciated slightly as a new more contagious coronavirus strain emerged in Europe and could lead to new lockdown measures. The return decline was also the result of bond purchases acceleration by the ECB within the pandemic equity purchase programme - PEPP. From the middle of the week until Thursday evening, the return on these bonds grew following the US bonds return recovery, as markets focused on uncertainty over the US inflation outlook. During the last day, the return on German 10-year bonds depreciated slightly and stood at -0.29% at the end of the period.

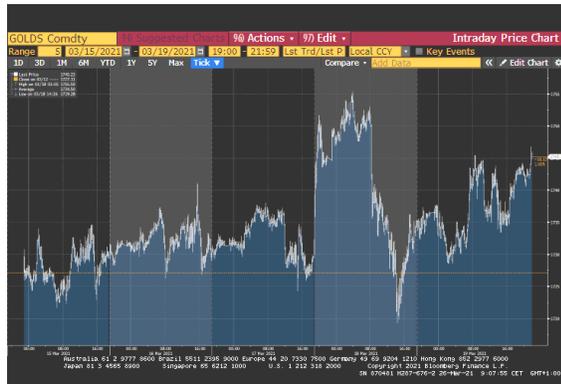
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on US 10-year bonds was stable during the first two days of this reporting period. The return recovery trend on these bonds began from the middle of the week and lasted until the end of this period. This recovery came after the regular Fed session meeting and market indicators of inflation expectations were close to multi-year highs. Thus, the investors expected that the Fed could change its policy and start tightening measures at the end of next year. In addition to the recovery in return, the Fed announced that it would abolish regulatory exemptions at the end of March. These exemptions allowed banks to buy and receive more bonds and deposits without having to set aside capital as a loss-protection mechanism. At the end of the reporting period, the return on 10-year bonds stood at 1.72%.

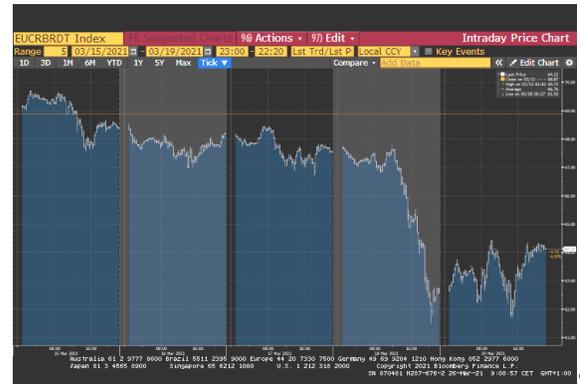
GOLD



Source: Bloomberg LP

The gold price was stable until Thursday when it first increased in the morning, and then declined sharply as the return on American government bonds recorded its peak value over the last year. On Friday, this precious metal's price recovered as major monetary and fiscal stimuli in the USA affected the growing concerns about US inflation.

OIL



Source: Bloomberg LP

The oil price trended down slightly during the first three days of this reporting period. However, the price dropped severely by almost 7% on Thursday as vaccination against coronavirus was not going satisfactorily in some parts of the world. It caused pessimism regarding economic recovery and negatively affected demand for this energy source. On Friday, the price of this energy stabilised around 64 USD/bbl.

Table 4 - Economic indicators (8 - 19 March 2021)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<p>Consumer price index (CPI) This indicator estimates the changes in the cost of living, measuring changes in the price level of the basket of consumer goods and services purchased by an average household. Therefore, it is a key measure of euro area inflation.</p>	February MoM% (YoY%)	0.2% (0.9%)	0.2% (0.9%)	0.2% (0.9%)
	<p>Trade balance It represents the relationship between the amount of the price of goods exported outside the country and the price of goods imported into the territory of that country, i.e. the difference between exports and imports. If the amount of goods exported exceeds the amount of the imported goods, then the trade balance is active (positive balance), if the import exceeds the export - then it becomes passive (negative balance).</p>	January B=bill.	29.0 bill.	24.2 bill.	27.5 bill.
Germany	<p>ZEW Survey Expectations 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>	March	74.0	76.6	71.2
	<p>ZEW Survey Current Situation 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 points to strengthening of the economy and a better business climate.</p>	March	-62.0	-61.0	-67.2
USA	<p>Empire Manufacturing The survey deals with the business conditions and expectations of production executives in New York and is a useful early indicator of production in the United States. This survey is conducted once a month by the Fed New York.</p>	March	15.0	17.4	12.1
UK	<p>GfK Consumer Confidence This index measures the level of households' confidence in terms of economic performance.</p>	March	-20	-16	-23

Source: Bloomberg