



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	1.1911
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	1.1884
W 3/ 8	1.1928	W 2/15	1.1884
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

(15 - 19 November 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 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 19/12/28

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
IYC4 I52<GO>
Change on Month
IYC6 I52<GO>

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

Podgorica, 24 November 2021

FX NEWS

EUR/USD



Source: Bloomberg LP

On the first day of this reporting week, the **EUR/USD exchange rate** depreciated as the return on US bonds rose. On the other hand, the euro was under pressure due to the ECB President's comments that the conditions for raising interest rates in 2022 will not be met. The downward trend continued on Tuesday, as US retail sales rose more than expected in October and as traders focused on signs indicating the US economy's strength. Improved manufacturing activity in the USA further appreciated the USD. From the middle of the week, this exchange rate recovered slightly as market participants still thought there would be an earlier interest rate increase. The USD also depreciated due to the announcement that the number of applications for social assistance to the unemployed in the USA increased more than expected last week. On Friday, the exchange rate depreciated again. Namely, the euro depreciated after the ECB president Lagarde lowered expectations regarding the monetary policy tightening in the euro area. She stated that the ECB should not tighten policy because it could slow down the recovery. On the other hand, the USD appreciated due to Fed officials Clarida and Waller comments about a possible accelerating of incentive measures due to a strong recovery and high inflation.

EUR/GBP



Source: Bloomberg LP

During the first three days of this reporting week, the **EUR/GBP exchange rate** had a sharp depreciation. The euro depreciated against the sterling as the UK payrolls increased in October. The number of employees rose by 160,000 to 29.3 million last month. Still, the unemployment rate fell more than expected in the third quarter. It was also announced that the inflation rate in the UK rose by 4.2% in October compared y-o-y. It may cause the BoE to raise the interest rate earlier than expected. On Thursday, the exchange rate recovered briefly to stop appreciating the next day after publishing better-than-expected data on consumer confidence and British retail. The BoE chief economist warned that the labour market improvements and rising inflation were "pushing" the central bank towards interest rate rise at the December meeting, which led to the sterling's appreciation.

EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** had a downward trend for most of this reporting week. The euro depreciated against the yen. The ECB President said inflation would slow next year, and any monetary policy change would negatively affect the economy. Investors turned to safe funds due to the closure of economies in Europe, which has become a new coronavirus hotbed.

Table 1 - Exchange rates of the most important currencies

	15.11.2021 ¹	19.11.2021 ²	% Change
EUR/USD	1.1445	1.1290	-1.35
EUR/GBP	0.85307	0.83909	-1.64
EUR/JPY	130.33	128.71	-1.24
EUR/AUD	1.56093	1.56010	-0.05
EUR/CHF	1.05418	1.04786	-0.60
USD/JPY	113.89	113.99	0.09
GBP/USD	1.34141	1.3451	0.28

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%	16 December 2021
Federal Reserves	Federal Funds Target Rate	0.25%	15 December 2021
Bank of Japan	Overnight Call Rate	-0.10%	17 December 2021
Bank of England	Official Bank Rate	0.10%	16 December 2021
Swiss National Bank	Libor Target Rate	-0.75%	16 December 2021
Bank of Canada	Target Overnight Rate	0.25%	8 December 2021
Reserve Bank of Australia	Cash Rate Target	0.10%	7 December 2021

Table 3 - Eonia and Euribor

	15.11.2021 ³	19.11.2021 ⁴	Change in basis points
Eonia	-0.487	-0.488	-0.10
Euribor 1W	-0.569	-0.568	0.10
Euribor 1M	-0.566	-0.558	0.80
Euribor 3M	-0.562	-0.559	0.30
Euribor 6M	-0.533	-0.528	0.50
Euribor 12M	-0.473	-0.490	-1.70

¹ Opening market value on Monday

² Closing market value on Friday

³ Opening market value on Monday

⁴ Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The returns on German 10-year government bonds declined this week from -0.285% to -0.342% (9-week low). Early this week, it grew following the US bond market trends (resulting from published positive data on production and retail). The return also rose as investors balanced between concerns about rising inflation and a potential monetary policy tightening on the one hand. On the other hand, it also grew due to the growing number of coronavirus infected people. As the week continued, the return had a slightly downward trend but did not show significant changes. The biggest change happened at the very end of the week when the return dropped by some 8 basis points. Namely, concerns about the potential German economy's lockout due to the growing number of newly infected people turned investors into safe funds. Consequently, German bond prices rose, and the return fell. Austria announced on Friday that it would close its economy for 20 days from Monday.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on US 10-year government bonds fell about 2 basis points this reporting week. The return grew in the first half of the week, dropping in the second half and standing at -0.546% on Friday. The return growth was caused by the publication of favourable US production and retail sales data. The index that measures output in the New York area rose to 30.9 in November and is expected to grow to 21.6. Retail sales grew by 1.7% in October, with an expected 1.4% growth. The return also grew due to rising stock prices. However, after the US Treasury Secretary warned that the government would run out of money unless the US Congress increased the debt limit on 15 December, the return began to fall. The return also declined due to the risk that the Fed policy tightening would hit the economic recovery. At the end of the week, the probable certain European economies closing stirred up the financial markets and increased the expectations of worsened economic growth. It led to an increased demand for US government bonds, and the return fell.

GOLD



Source: Bloomberg LP

The gold price fell during the reporting period. At the beginning of the week, the price trended up, mainly due to inflation concerns, causing investors to turn to safe investments. It fell on Tuesday afternoon due to the release of stronger-than-expected US economic data (industrial production and retail). Although prices recovered on Wednesday due to USD depreciation, the downward trend continued until the end of the week, as markets summed up the Fed officials' comments. The Chicago Fed Chair said he expected the labour market to be "more lively" next year. Still, he did not comment on the monetary policy tightening pace. At the same time, the St. Louis Fed Chair urged the bank to "turn" to tightening. Earlier, the San Francisco Fed Chair stated it was still early to take action concerning interest rates. At the end of the week, Fed officials Richard Clarida and Christopher Waller said they might consider speeding up the bond purchases reduction due to strong economic growth and rising inflation.

OIL



Source: Bloomberg LP

The oil price fluctuated throughout the week yet recorded a weekly drop. The main reason for this price movement was the uncertainty regarding activating strategic oil reserves in the USA. President Biden was facing increasing calls for the US to start using these reserves to address rising prices. In the middle of the week, it was announced that China planned to put part of its strategic oil reserves into use. The USA was pressuring other countries (India, Japan, South Korea) to join this endeavour. On Thursday, the oil price rose, as the USA had not yet decided to release part of its strategic oil reserves. However, it fell sharply on Friday, as the deteriorating coronavirus situation in Europe raised expectations that some economies would close again, as announced by Austria the same day. There was a fear of decreased oil demand.

Table 4 - Economic indicators (15 - 19 November 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>	Q3 YoY%	4.1%	4.1%	4.1%
Germany	<p>Producer Price Index (PPI) This index measures changes in producer prices, also known as factory prices. These are prices paid by domestic producers before retail. The growth of these prices is an early inflation indicator, because rising production prices can be “passed on” to consumers through higher retail prices.</p>	October MoM% YoY%	1.9% 16.2%	3.8% 18.4%	2.3% 14.2%
Great Britain	<p>ILO Unemployment Rate Unemployment, defined by the International Labour Organization (ILO), represents a situation where people are unemployed but actively looking for a job. Unemployment rate measures the size of unemployment and is obtained as a percentage when the number of unemployed individuals is shared with all individuals currently on the labour market.</p> <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.</p>	September October YoY%	4.4% 3.9%	4.3% 4.2%	4.5% 3.1%
USA	<p>Initial Jobless Claims It measures the number of people who receive unemployment benefits. It is similar to the applicant. The growing number of jobs accompanies the economic expansion, which could influence inflationary pressures.</p>	13 November K=1000	260K	268K	269K

Source: Bloomberg