



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 2/15	1.1911
T 3/14	1.2016	T 2/14	1.1914
M 3/13	1.1934	M 2/13	1.1946
F 3/10	1.1894	F 2/10	1.1909
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	F 2/ 3	1.1919
T 3/ 2	1.2012	T 2/ 2	1.1974
W 3/ 1	1.1913	W 2/ 1	1.1944
T 2/28	1.1923	T 1/28	1.1974
M 2/27	1.1853	M 1/27	1.1962

International Financial Market Report

(19 - 23 July 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. Long-Term Growth: Walker: Fiscal Policy and Deficit
- Commodity Banks: 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 11 Bloomberg Radio Live 12 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 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.
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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

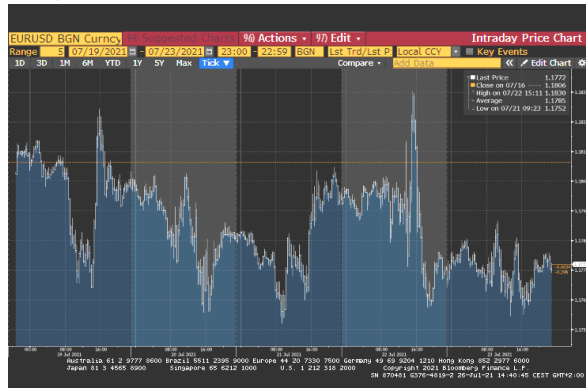
RATE SWAPS				
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25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

Podgorica, 28 July 2021

FX NEWS

EUR/USD



Source: Bloomberg LP

Despite large fluctuations throughout the week, the **EUR/USD exchange rate** depreciated. The depreciation of the exchange rate was mainly due to the growing demand for safe assets and the increasing concern about the coronavirus Delta strains. This factor influenced the USD to appreciate against the euro for almost the whole week. In the middle of the week, and during the first part of Thursday, the EUR/USD exchange rate appreciated slightly, awaiting the ECB meeting. However, after the meeting, this exchange rate depreciated. The ECB indicated that interest rates would remain low for a more extended period than previous estimates and should be at 2% for a more extended period for the ECB to respond. On Friday, this exchange rate was relatively stable.

EUR/GBP

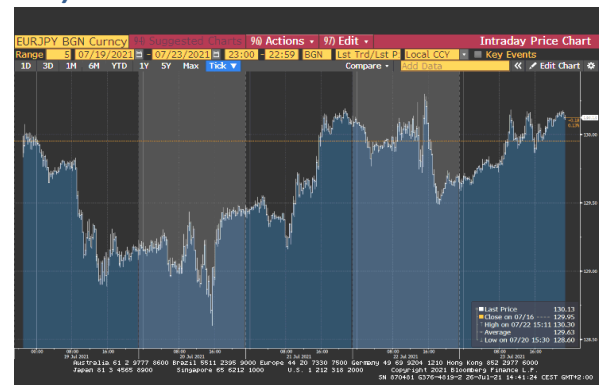


Source: Bloomberg LP

The **EUR/GBP exchange rate** was appreciating in the first two days. The global market was cautious due to the new coronavirus Delta strain making riskier currencies less attractive to

investors. Prime Minister Boris Johnson urged the public to remain alert as the number of infected persons increased (Britain celebrated Freedom Day as it lifted the measures). The Prime Minister also postponed plans to reform the social protection system until autumn, weakening the sterling. Analysts said sterling was likely to remain under pressure, as Johnson's government demanded a new post-Brexit deal with Northern Ireland. The European Commission Vice President, Maroš Šefčovič, said the EU would not negotiate with the UK on the issue. At the end of the week, the sterling appreciated as the recovery of risk in the global market increased the demand for more profitable assets. On Thursday, the EUR/GBP exchange rate depreciated mainly due to the ECB meeting and the accompanying statements. The Bank of England said it would accept new green bonds. Later this year, The bank would issue them as a part of its programme for other collaterals and monetary policy purposes.

EUR/JPY



Source: Bloomberg LP

During the first day of this reporting period, the **EUR/JPY exchange rate** depreciated as the demand for safe funds increased due to the coronavirus Delta strains spread. For the rest of the week except Thursday, the EUR/JPY exchange rate appreciated as demand for riskier assets recovered. It depreciated only on Thursday after the ECB meeting. On Friday, the exchange rate recovered again as the recovery of stock prices on the stock exchanges influenced increased demand for riskier assets.

Table 1 - Exchange rates of the most important currencies

	19.07.2021 ¹	23 July 2021 ²	% Change
EUR/USD	1.1806	1.1771	0.296
EUR/GBP	0.85766	0.85589	0.206
EUR/JPY	129.95	130.11	-0.123
EUR/AUD	1.59553	1.59793	-0.150
EUR/CHF	1.08562	1.08226	0.310
USD/JPY	110.07	110.550	-0.436
GBP/USD	1.3767	1.3748	0.296

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%	9 September 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

At the ECB meeting, interest rates remained at existing levels. President Lagarde said the ECB would not allow the current economic recovery to deteriorate by prematurely withdrawing support measures. The ECB revised the guidelines on interest rates, closely linking monetary policy changes to achieving a new inflation target of 2%. It noted that the ECB would not trigger an automatic response by the monetary authorities unless price growth exceeds this target during the transition period (2-3 years). The Bank of France President clarified the decision this morning. He said the inflation rate should remain at 2% for some time by the end of 2023, which is in practice 12-18 months, before considering and making any decision on the interest rate raising.

Table 3 – Eonia and Euribor

	19 July 2021	23 July 2021	Change in basis points
Eonia	-0.482	-0.482	0.00
Euribor 1W	-0.562	-0.563	-0.10
Euribor 1M	-0.557	-0.560	-0.30
Euribor 3M	-0.548	-0.544	0.40
Euribor 6M	-0.515	-0.519	-0.40
Euribor 12M	-0.488	-0.493	-0.50

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on German 10-year government bonds dropped from around -0.365% to -0.42% this reporting week. It dropped significantly in the first two days and stood at -0.44% on Tuesday, the lowest level in this reporting period. The main reason for the decline was concerns about the Delta coronavirus strain spread and the impact on the economic recovery, which turned investors into safe funds while waiting for the ECB meeting. In the middle of the week, the return recovered to -0.38%, as investors awaited the ECB meeting. However, after the meeting, it continued to fall. This trend continued until the end of the week, as expectations regarding the interest rates increase in the euro region weakened, and fears about the virus spread were still present.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year US government bonds fluctuated this reporting week. At the end of the week, it was at approximately the same level as at the beginning, around 1.275%. Like the German return, the US bonds return declined in the first two days. Investors turned to invest in safe funds due to concerns about the coronavirus strain spread and the impact on economic recovery (many investors questioned optimistic assumptions about the US economy's progress). However, from Tuesday afternoon, the return began to recede from a 5-month low (1.126%), keeping the growing trend almost until the end of the week. The return growth was primarily due to rising stock prices, which led to lower demand for safe funds. Another cause was the 20-year bonds' auction of 24 billion USD, slightly lower than expected.

GOLD



Source: Bloomberg LP

The gold price had a growing trend during the first two days of this week. The higher price of this precious metal came as concerns about the new coronavirus delta strain spread increased. However, towards the end of Tuesday, the gold price dropped as the USD recovered against a basket of currencies. Over the rest of the week, the gold price trended down, caused mainly by the USD appreciation against the basket of currencies, which made investing in gold less attractive. Over the last day, the price of gold has stabilised.

OIL



Source: Bloomberg LP

The oil price fell on Monday due to concerns that the new coronavirus strain spread would adversely affect the global economic recovery. However, this fuel grew over the rest of the week, mainly in the middle of the week after releasing that this fuel's stocks would decrease as fuel demand recovered in the USA. A similar trend was observed in other economies that are large oil consumers. During the last two days, a slight increasing trend in this fuel's price continued.

Table 4 - Economic indicators (19 July 2021 – 23 July 2021)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<p>Consumer Confidence It measures consumer confidence in the euro area countries. This figure represents the result of a survey of euro area consumers in terms of their labour market finance, readiness to save, and economic expectations.</p>	July	-2.6	-4.4	-3.3
Germany	<p>Producer price index (PPI) It 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.</p>	<p>June MoM% YoY%</p>	<p>1.2% 8.6%</p>	<p>1.3% 8.5%</p>	<p>1.5% 7.2%</p>
Great Britain	<p>GfK Consumer Confidence This index measures the level of households' confidence in terms of economic performance.</p> <p>Markit UK Manufacturing PMI PMI surveys tracks opinion among managers at manufacturing, construction and/or services firms. The index is calculated from the survey results on production, orders, inventories, employment, prices, etc.</p>	<p>July</p> <p>P July P=preliminary</p>	<p>-8</p> <p>62.4</p>	<p>-7</p> <p>60.4</p>	<p>-9</p> <p>63.9</p>
USA	<p>Existing Home Sales The indicator shows sales records in the real estate sector in the US and is revised on a monthly basis. This report provides a fairly accurate assessment of the conditions at the housing market and, due to its sensitivity to the business cycle it can be an important indicator of the overall housing conditions at a time when it is particularly important for the economy.</p> <p>Initial Jobless Claims It measures the number of people who receive unemployment benefits.</p>	<p>June MoM%</p> <p>17 July K=1,000</p>	<p>1.7%</p> <p>350 K</p>	<p>1.4%</p> <p>419 K</p>	<p>-0.9%</p> <p>360 K</p>

Source: Bloomberg