



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	1.1888
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

(20 - 24 December 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 Investor 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

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, 29 December 2021

FX NEWS

EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** was appreciated against the USD on Monday due to reduced economic growth expectations for the upcoming 2022. US President Joe Biden's "Build back better" plan failed after being rejected by Democrats Senator Munchin's deciding vote. On Tuesday and Wednesday, the exchange rate was volatile. ECB official Peter Kazimir made a bold statement warning the public about the high inflation risks. He said the euro area could fight such inflation for a more extended period. During this period, the USD depreciated due to the recovered market risk. The ECB President Lagarde said the inflation in the euro area would slow down over the next year and fall below the target of 2% in 2023 and 2024, which supported the euro. She said that there was still work to be done and would be done, and the ECB remains ready to act "in one way or another". She also said that successful vaccination campaigns have enabled the recovery and that the economic growth prospects in the coming years look encouraging. Meanwhile, an ECB's Executive Board member Isabel Schnabel said board members knew that inflation would increase over time, but they would also fall next year. Isabel added that they were only "less sure" how fast and strong that fall would be. On the other hand, the United States reported that consumer confidence rose in December, indicating that the economy will continue to recover in 2022 despite the COVID-19 infections spread and reduced fiscal incentives. Encouraging data from the US real estate market also appreciated the USD. At the very end of the week, the exchange rate fluctuated slightly due to the holidays.

EUR/GBP



Source: Bloomberg LP

On Monday, the **EUR/GBP exchange rate** had a growing trend as the UK is awaiting new restrictions through the country's lockout to combat a new virus strain. For the rest of the week, the exchange rate depreciated. The euro depreciated against the sterling following the release of consumer confidence data in Germany that fell sharply. Sterling also appreciated due to the revised data release, which showed that the UK economy was recovering from the pandemic faster than previously thought. At the end of the week, Bloomberg reported that the Bank of England market estimates would increase the interest rate by 100 basis points in December 2022, which would increase the rate from the current 0.25% to 1.25%. On Wednesday, the euro was stronger against sterling due to the release of data on UK GDP (1.1% growth in Q3, slightly lower than expected 1.3%, as problems in supply chains had an adverse effect on the manufacturing and construction sectors). At the very end of the week, the exchange rate fluctuated slightly due to the holidays.

EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** appreciated throughout the week as the investors' risk appetite in the market improved. At the end of the week, it was also announced that consumer prices in Japan rose by 0.6% year on year in November, which put pressure on the yen. A weaker yen could hit households in Japan more than before, increasing the cost of living, BoJ Governor Haruhiko Kuroda said. At the end of the week, the exchange rate was slightly volatile due to the holidays and many markets' closing.

Table 1 - Exchange rates of the most important currencies

	20.12.2021 ¹	24.12.2021 ²	% Change
EUR/USD	1.1240	1.1319	0.70
EUR/GBP	0.84914	0.84441	-0.56
EUR/JPY	127.83	129.49	1.30
EUR/AUD	1.57751	1.56721	-0.65
EUR/CHF	1.03873	1.04023	0.14
USD/JPY	113.63	114.380	0.66
GBP/USD	1.3245	1.3386	1.06

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%	3 February 2022
Federal Reserves	Federal Funds Target Rate	0.25%	26 January 2022
Bank of Japan	Overnight Call Rate	-0.10%	18 January 2022
Bank of England	Official Bank Rate	0.25%	3 February 2022
Swiss National Bank	Libor Target Rate	-0.75%	24 March 2022
Bank of Canada	Target Overnight Rate	0.25%	26 January 2022
Reserve Bank of Australia	Cash Rate Target	0.10%	1 February 2022

Table 3 - Eonia and Euribor

	20.12.2021 ¹	24.12.2021 ²	Change in basis points
Eonia	-0.491	-0.495	-0.40
Euribor 1W	-0.588	-0.579	0.90
Euribor 1M	-0.611	-0.621	-1.00
Euribor 3M	-0.581	-0.587	-0.60
Euribor 6M	-0.551	-0.544	0.70
Euribor 12M	-0.511	-0.494	1.70

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year German government bonds was rising this week. Its growth was accompanied by a recovery trend in US bond return. The return growth also resulted from the ECB completing the last round of bond purchases this year to continue new purchases next year. In addition, reduced liquidity awaiting the holidays impacted return growth. On Friday, the markets were closed due to Catholic Christmas. The return on 10-year German bonds ended at -0.25%.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year US government bonds grew during the first two days. The yield recovered due to optimism about the US President's plan to fight the coronavirus and increased indications that existing coronavirus vaccines could be effective against the new strain. The return did not change much for the rest of the week as the market was calm, awaiting the holidays. On Friday, the markets were closed due to Catholic Christmas. The return on 10-year bonds ended the period at 1.49%.

GOLD



Source: Bloomberg LP

During the first two days of this week, the gold price fell due to growing optimism that existing vaccines were effective against the new coronavirus strain. In the middle of the week, the gold price recorded a sharper jump as the USD depreciated against a basket of currencies, reflecting the growth in demand for gold as an investment. Over the last two days, the gold price did not change much as markets were calm awaiting the holidays.

OIL



Source: Bloomberg LP

In this reporting period, the oil price increased as investors were more inclined to riskier investments after growing optimism that the existing vaccines were effective against the new coronavirus strain. The oil price recovery was also influenced by the news that the UK Prime Minister did not plan to introduce new restrictions before the end of this year. Oil prices did not change much in the second half of this reporting period. The markets were stable, awaiting the Christmas holidays.

Table 4 - Economic indicators (20 - 24 December 2021)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<p>Consumer Confidence An assessment of consumer confidence in terms of business conditions, employment and personal income. The consumer confidence index is related to personal consumption.</p>	December	-8.3	8.3	-6.8
Germany	<p>GfK Consumer Confidence This index measures the level of households' confidence in terms of economic performance.</p> <p>Imports Price Index The index shows changes in import prices for the month. This is an inflation indicator. Since the CPI calculation takes into account prices of imported goods and services, this characterises the role of import prices in the overall picture of changes in retail prices in the basket of goods and services.</p>	<p>January</p> <p>November MoM% (YoY%)</p>	<p>-2.7</p> <p>1.0% (22.3%)</p>	<p>-6.8</p> <p>3.0% (24.7%)</p>	<p>-1.6</p> <p>3.8% (21.7%)</p>
Great Britain	<p>Gross domestic product (GDP) It measures the value of products and services produced inside the country. GDP is the most comprehensive measure of economic output and provides a key insight into the main drivers of an economy.</p>	Q3 QoQ% (YoY%)	1.3% (6.6%)	1.1% (6.8%)	1.3% (6.6%)
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> <p>New Home Sales The indicator shows the sale of newly built properties in the United States. The figure is a temporary indicator of the housing market calculating the sale of houses when housing contracts have been signed.</p> <p>Durable Goods Orders This is an indicator of consumer safety that reflects their expectations and the ability to spend money. Its positive growth marks the state of the economy, helping to strengthen the currency. Its decline leads to the opposite result. The DGO index is an excellent indicator for the future. Many manufacturers plan production based on available orders, the decline in DGO precedes the decline in production and vice versa.</p>	<p>December 18 K=1,000</p> <p>November MoM%</p> <p>November</p>	<p>205 K</p> <p>3.4%</p> <p>1.8%</p>	<p>205 K</p> <p>12.4%</p> <p>2.5%</p>	<p>206 K</p> <p>0.4%</p> <p>-0.4%</p>

Source: Bloomberg