



## 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 2/15	1.1928
T 3/14	1.2016	T 2/14	1.1889
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

(21 - 25 June 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. 6615-301-3 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

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IYC6 I52<GO>

RATE SWAPS

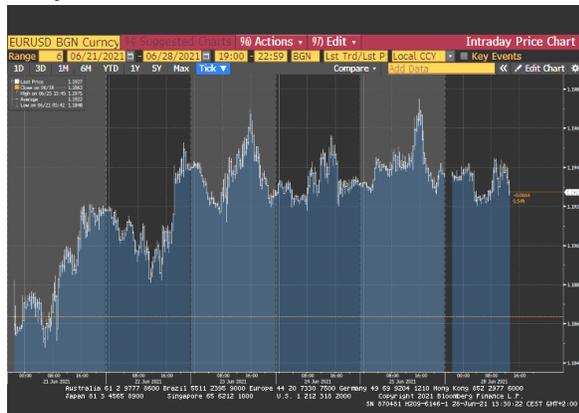
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR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

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IYC6 I48<GO>  
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For US swap Curve, type {IYC1 I52 <G

Podgorica, 30 June 2021

## FX NEWS

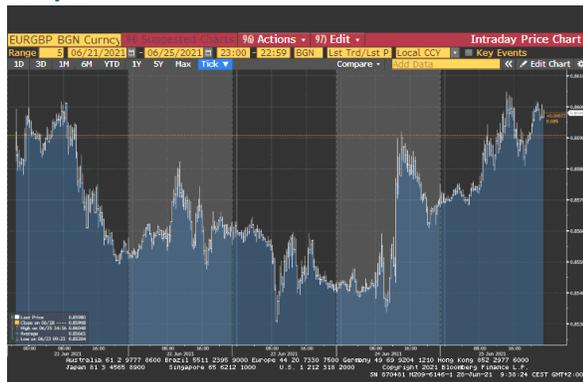
### EUR/USD



Source: Bloomberg LP

During the first two days, the **EUR/USD exchange rate** appreciated with minor fluctuations, as the USD depreciated due to rising stock prices in the USA. The Fed Chair's speech on Tuesday made the exchange rate gain a sharper direction. Namely, he pointed out to be patient when concerning the interest rate rise. Before the speech, the USD dollar appreciated expecting that the US Congress would discuss the COVID-19 crisis and the economy and gain more precise insights into the President's views on the economic recovery pace. As of Wednesday, the exchange rate was slightly volatile and with not so significant fluctuations getting near US economic data publication, including employment reports. However, at the end of the week, after the announced data were better than expected, the EUR/USD exchange rate depreciated. (Initial jobs claims fell during the previous week, while the demand for durable goods rose to its highest level since this January).

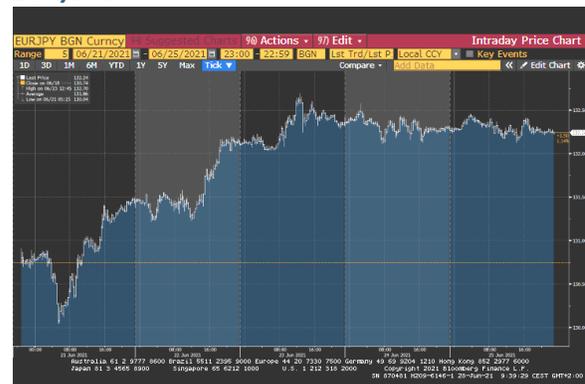
### EUR/GBP



Izvor: Bloomberg LP

On the first day of this reporting week, the **EUR/GBP exchange rate** depreciated as the sterling appreciated against the euro. It happened after the UK Prime Minister set 19 July as the date to lift restrictions in this island nation due to a pandemic. Over the next two days, the exchange rate did not change significantly, awaiting the regular BoE meeting. After the meeting, the exchange rate recovered. The BoE dismissed speculation that rising inflation in the UK also means preparing to raise interest rates, as the economy still needed support to recover from the pandemic-caused effects. Moreover, the EUR/GBP appreciated also on Friday, expecting the UK consumer confidence index to improve in June, but it remained at its May level.

### EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** trended up until the middle of this reporting week. The yen depreciated against the euro as stock prices recovered before the Fed Chair's speech in the US Congress. The prices of government bonds also weakened. The yen depreciated as investor interest in riskier assets grew. The yen depreciated against the euro and the USD. The Bank of Japan was expected to lag behind the Federal Reserve in policy tightening as the global economy recovered. Investors expected the Fed to double its interest rate in 2023, while BoJ will maintain its more flexible stance, putting pressure on the yen. On the other hand, increasingly successful vaccination worldwide encouraged investors to be braver and turn to riskier funds. At the beginning of the week, the EUR/JPY exchange rate failed to record any significant changes.

**Table 1 - Exchange rates of the most important currencies**

	<b>21.06.2021<sup>1</sup></b>	<b>25.06.2021<sup>2</sup></b>	<b>% Change</b>
EUR/USD	1.1864	1.1935	0.60
EUR/GBP	0.85908	0.85981	0.08
EUR/JPY	130.74	132.250	1.15
EUR/AUD	1.58644	1.57248	-0.88
EUR/CHF	1.09460	1.09445	-0.01
USD/JPY	110.21	110.750	0.49
GBP/USD	1.3810	1.38790	0.50

**Table 2 - Overview of the reference interest rates of the leading central banks**

<b>Central Bank</b>	<b>Reference interest rate</b>	<b>Reference interest rate level</b>	<b>Next meeting</b>
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%	16 July 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%	14 July 2021
Reserve Bank of Australia	Cash Rate Target	0.10%	6 July 2021

At its regular meeting, the BoE reduced speculation that rising inflation in the UK would affect interest rates. It said the economy still needed support to recover from the pandemic effects. It neither changed the method of monetary policy conducting nor the interest rate.

**Table 3 – Eonia and Euribor**

	<b>21.06.2021<sup>3</sup></b>	<b>25.06.2021<sup>4</sup></b>	<b>Change in basis points</b>
Eonia	-0.478	-0.480	-0.20
Euribor 1W	-0.560	-0.566	-0.60
Euribor 1M	-0.548	-0.562	-1.40
Euribor 3M	-0.544	-0.538	0.60
Euribor 6M	-0.513	-0.513	0.00
Euribor 12M	-0.485	-0.478	0.70

<sup>1</sup> Opening market value on Monday

<sup>2</sup> Closing market value on Friday

## EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on German 10-year bonds grew at the very beginning of this period. Germany announced it would increase net borrowing by 99.7 billion euros in 2022 or some 22% more than the previous spending plan. The return increased slightly over the next day, as the market no longer expected the ECB to reduce interest rates in the coming period. The return on these bonds fluctuated around -0.18% from the middle of the week until Friday. It grew on Friday by some 3 basis points, following the recovery of the return on US bonds. At the very end of the period, the return on 10-year German bonds stood at -0.15%.

## US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

At the very beginning of this reporting period, the return on US 10-year government bonds rose. It resulted from the stock prices recovery on US stock exchanges and the Fed Chair's statement that the US inflation has risen but should return to the Fed's objective of 2% in the next period. The return on these bonds was stable, hovering around 1.49% during the rest of the week until its very end. On Friday, the return on these bonds increased again. Boston Bank CEO, Eric Rosenger, who will be a member of the Fed's committee next year and have the voting right, said that the Fed could increase the interest rate at the end of 2022 when the labour market reached full employment and the inflation target. The return on 10-year bonds stood at 1.52% at the end of the period.

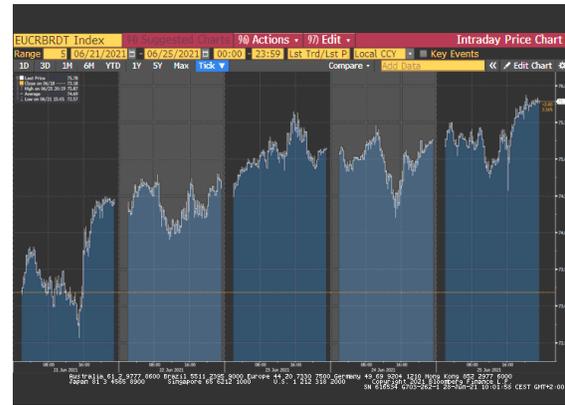
## GOLD



Source: Bloomberg LP

The gold price increased slightly during this reporting week and fluctuated throughout the week. On Monday, it rose due to the USD depreciation. However, it dropped the next day, awaiting the Fed Chair's speech. After pointing out in his speech the higher-than-expected inflation in the previous period and noting its transitory nature, the price stabilised. On Wednesday, the price rose to a weekly maximum of 1,795 USD/oz. The USD depreciation caused an increased demand for safe funds due to the released weaker-than-expected US economic data. However, the price dropped by some 20 USD/oz at the very end of the day. During the last two days of this week, the price continued to fluctuate between 1,775 and 1,790 USD/oz, to stand slightly above 1,780 USD/oz at the end of the week. Namely, the price declined due to the USD recovery. At the same time, the published data on the US inflation lowered expectations on an earlier tightening of the Fed's monetary policy, which dragged the price up.

## OIL



Source: Bloomberg LP

The oil price rose in this reporting week. The suspension of negotiations between the world's leading powers and Iran regarding the nuclear agreement for consultations in their countries affected this fuel's price growth at the very beginning of the week. Rising stock prices and the USD depreciation stimulated the demand for this energy source, which caused an additional price increase. The growth in demand was also due to the easing of locking measures that increased mobility in the western countries of the northern hemisphere. A US government report released in the middle of the week showed a decline in oil and petroleum products inventories at the state's largest warehouse in Cushing, Oklahoma. It was due to limited supply during the summer driving season coupled with an economic confidence recovery in Germany and a slump of oil reserves in China, further affecting this fuel's price growth. At the very end of the reporting week, the oil price reached a 2 ½ year high.

**Table 4 - Economic indicators (21 – 25 June 2021)**

Country	Indicator	Period	Expected value	Current value	Previous value
<b>Euro area</b>	<b>Consumer Confidence</b> It assesses consumer confidence in terms of business conditions, employment, and personal income. The consumer confidence index is related to personal consumption.	June	-3.1%	-3.3%	-5.1%
<b>Germany</b>	<b>GfK Consumer Confidence</b> This index measures the level of households' confidence in terms of economic performance.	July	-4.0	-0.3	-0.7
	<b>IFO Business climate</b> It refers to the survey of German companies on the current condition of operations in Germany, and their expectations in upcoming six months.	June	100.7	101.8	99.2
<b>Great Britain</b>	<b>Publishing of the BoE interest rate</b> Regular meeting of Bank of England	24 June	0.5%	0.5%	0.5%
	<b>GfK Consumer Confidence</b> This index measures the level of households' confidence in terms of economic performance.	June	-7	-9	-9
<b>USA</b>	<b>Durable Goods Orders</b>  This is an indicator of consumer safety that reflects their expectations and the ability to spend money. Its positive growth reflects the condition of the economy, it also helps to strengthen the currency. Its fall leads to the opposite result. The DGO index is a very good indicator for the future. Many manufacturers plan their production on the basis of available orders, the decline in the DGO precedes the decline in production and vice versa.	May	2.8%	2.3%	-1.3%
	<b>Existing Home Sales</b> 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.	May	-2.1%	-0.9%	-2.7%

Source: Bloomberg