



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 2/22	1.1911
W 3/15	1.2050	T 2/21	1.1914
T 3/14	1.2016	M 2/20	1.1946
M 3/13	1.1934	F 2/17	1.1909
F 3/10	1.1894	T 2/16	1.1909
T 3/ 9	1.1909	W 2/15	1.1884
W 3/ 8	1.1928	T 2/14	1.1897
T 3/ 7	1.1889	M 2/13	1.1902
M 3/ 6	1.1996	F 2/10	1.1919
F 3/ 3	1.2025	T 2/ 9	1.1974
T 3/ 2	1.2012	W 2/ 8	1.1944
W 3/ 1	1.1913	T 2/ 7	1.1974
T 2/28	1.1923	M 2/ 6	1.1962
M 2/27	1.1853		

International Financial Market Report

(24 - 28 May 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's 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

13) LIVE <GO> Events

Date	Time	Language	Type
3/17	Now Playing	English	CF
3/17	Now Playing	English	CF
3/17	20:00 - 20:30	English	CF
3/17	21:05 - 21:20	English	CF
3/17	22:00 - 23:00	English	CF
3/17	22:30 - 23:30	English	CF

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. 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

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

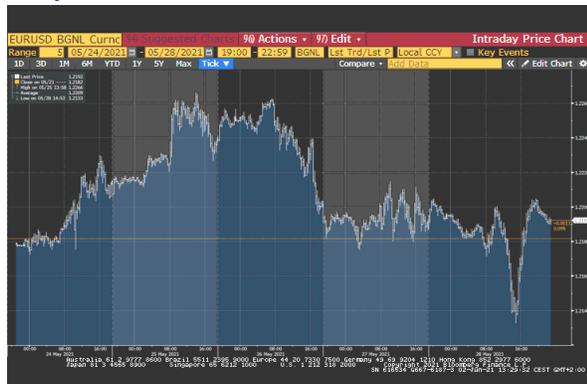
Change on day
IYC4 I52<GO>
Change on Month
IYC6 I52<GO>

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, 4 June 2021

FX NEWS

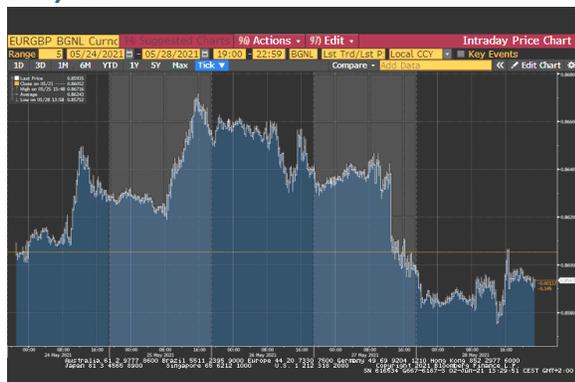
EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** appreciated on Monday and Tuesday. It happened after releasing less favourable US economic data (the economic activity index in April was lower than the forecast). Such data met the Fed officials' expectations on the short-term nature of inflation. In the middle of the week, the exchange rate depreciated. An ECB's board member, Fabio Panetta, said that the market situation did not justify a bond purchase programme reduction. Considering pandemic bond purchase programme reduction would still be premature. On Thursday, the EUR/USD exchange rate was stable. However, after releasing above expectations US inflation data on Friday, this exchange rate fell.

EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** appreciated from the very beginning of this reporting period until Wednesday. The exchange rate appreciation

came after releasing the inflation data on the UK in April, which were below the BoE inflation target. However, the BoE policymakers did not express concern that the economic recovery from the pandemic would lead to unexpected inflation. Over the last two days, the EUR/GBP exchange rate depreciated after a BoE Board member, Gerthan Vlieghe, pointed to a possible interest rate increase during 2022.

EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** appreciated during this reporting period as the demand for risky assets recovered.

Table 1 - Exchange rates of the most important currencies

	24.05.2021¹	28.05.2021²	% Change
EUR/USD	1.2182	1.2192	0.08
EUR/GBP	0.86052	0.85935	-0.14
EUR/JPY	132.72	133.93	0.91
EUR/AUD	1.57517	1.58085	0.36
EUR/CHF	1.09369	1.09711	0.31
USD/JPY	108.96	109.85	0.82
GBP/USD	1.4150	1.4188	0.27

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%	10 June 2021
Federal Reserves	Federal Funds Target Rate	0.25%	16 June 2021
Bank of Japan	Overnight Call Rate	-0.10%	18 June 2021
Bank of England	Official Bank Rate	0.10%	24 June 2021
Swiss National Bank	Libor Target Rate	-0.75%	17 June 2021
Bank of Canada	Target Overnight Rate	0.25%	9 June 2021
Reserve Bank of Australia	Cash Rate Target	0.10%	1 June 2021

Table 3 – Eonia and Euribor

	24.05.2021³	28.05.2021⁴	Change in basis points
Eonia	-0.479	-0.481	-0.2
Euribor 1W	-0.563	-0.567	-0.4
Euribor 1M	-0.563	-0.558	0.5
Euribor 3M	-0.543	-0.543	0.0
Euribor 6M	-0.513	-0.512	0.1
Euribor 12M	-0.479	-0.481	-0.2

¹ Opening market value on Monday

² Closing market value on Friday

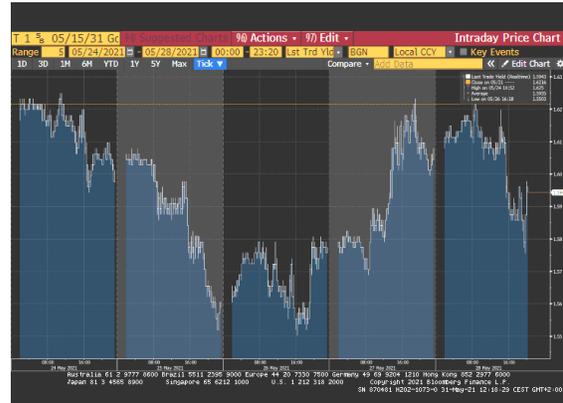
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

During this reporting week, the return on 10-year German government bonds declined from -0.14% to -0.18%. It trended down until Wednesday when it stood at -0.21%. The return was declining mostly due to the President Christine Lagarde's statement. She said it was still too early for the ECB to consider its incentive programme reduction. In addition, an ECB Board member stated there were no justifiable reasons to slow down the bond purchase programme. Similar comments came from the Governor of the Bank of France. In addition, it was announced that the German economy weakened more than expected in the first quarter (GDP decreased by 3.4% year on year, compared to the expected 3.3%). On Thursday, this yield recovered to -0.16%. On that day, bond prices fell due to rising demand for these instruments after announcing that the US President would propose a budget of almost 6 trillion USD. A BoE official said it was possible to see an earlier increase in UK interest rates. On Friday, this return fell by 2 base points as the focus shifted to awaiting the euro area inflation report and the ECB meeting (June 10).

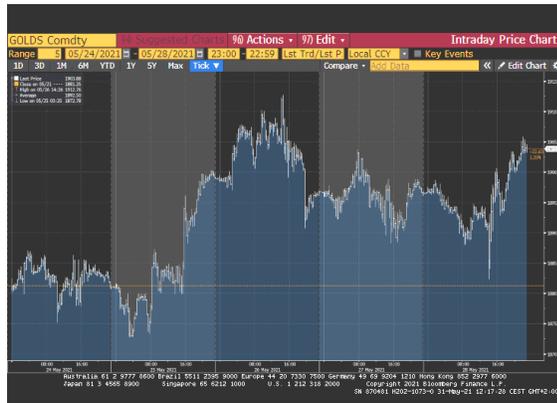
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on US 10-year government bonds dropped by 3 base points this reporting week. It mostly trended down in the first 3 days, to fall from 1.62% to 1.55% by Wednesday. During this period, the return dropped due to market participants' concerns about a potential Fed's asset purchase programme withdrawal, the announcement that consumer confidence weakened to a 3-month low, and strong demand at the 2-year bonds auctions. However, the return recovered on Thursday to the level at the beginning of the reporting week. The reason was the New York Times reporting that President Biden planned a 6 billion USD budget for next year (which he proposed on Friday) and the release of favourable data on capital goods orders. The return continued to rise on Friday after releasing data on the US inflation rate (the key inflation measure reached a 29-year high of 3.1%). It trended down again in the afternoon. Investors bought US government bonds to rebalance their portfolios at the end of the month, awaiting an extended weekend (due to Memorial Day holidays on 31 May).

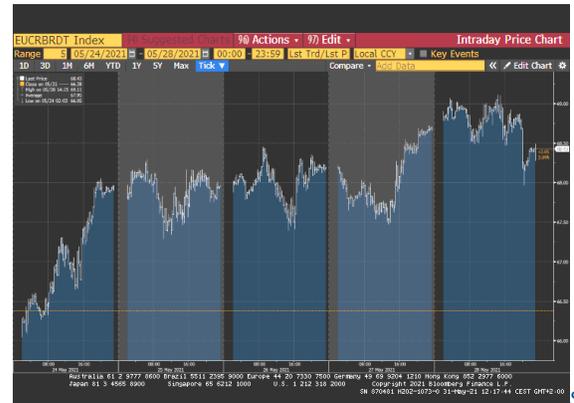
GOLD



Source: Bloomberg LP

The gold price rose in this reporting week. It did not change significantly on Monday, to generally have a growing trend the next two days. Investors focused on Fed officials' comments aimed at calming inflation concerns in the USA. For the first time since January, the price exceeded the level of 1900 USD/oz on Wednesday due to falling yields on US government bonds and the USD depreciation. It happened due to expectations that the Fed would continue to pursue a flexible monetary policy, stimulating demand for this precious metal. However, at the end of that same day, the price withdrew from the mentioned level. By the end of the week, the price fluctuated to exceed 1900 USD/oz again on Friday at the market closing. It was released that the key inflation measure in the USA rose in April, causing demand for gold as protection against inflation.

OIL



Source: Bloomberg LP

The oil price also rose during this reporting week. On Monday, it rose due to the still present concern due to the storm that hit the Gulf of Mexico a few days earlier. The rise was also caused by Iran's statement that there are still ambiguities in negotiations with the USA to reach an agreement on ending US sanctions against Iran. (Negotiations are continuing in Vienna to resolve outstanding nuclear deal issues, which could lead to the lifting of sanctions on this country). Prices were stable later this week to generally show signs of growth as fuel demand increased awaiting the summer driving season. A weekly report on US stockpiles pointed to their drop. At the same time, concerns that Iran's return on this market would cause its oversaturation with this energy prevented more significant growth. On Friday, the oil price weakened slightly as an OPEC meeting was expected to be held soon and agree to an oil production quota increase.

Table 4 - Economic indicators (24 – 28 May 2021)

Country	Indicator	Period	Expected value	Current value	Previous value
Germany	<p>Gross domestic product (GDP) One of the basic macroeconomic indicators, which represents the calculated value in the market prices of goods and services produced within the country, but excludes the income of citizens and corporations working abroad. The following four components are used to calculate GDP: consumption, investments, government expenditure, and net exports.</p>	Q1 QoQ%	-1.7%	-1.8%	-1.7%
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>	22 May K=1,000	425K	406K	444K
	<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>	April K=1,000	950K	863K	1021K
France	<p>Gross domestic product (GDP) One of the basic macroeconomic indicators, which represents the calculated value in the market prices of goods and services produced within the country, but excludes the income of citizens and corporations working abroad. The following four components are used to calculate GDP: consumption, investments, government expenditure, and net exports.</p>	April QoQ%	0.4%	-0.1%	1.5%

Source: Bloomberg