



Financial and Banking Operations Department
-International Reserves Management Division-

EUR EURO SPOT PRICE 1.2181

Range 9/19/05 to 3/17/06 Period D Daily Market mid/trd

DATE	PRICE	DATE	PRICE
F 3/17	1.2181	F 2/24	1.1878
T 3/16	1.2174	T 2/23	1.1923
W 3/15	1.1916	W 2/22	1.1911
T 3/14	1.1916	T 2/21	1.1911
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	1.1881
W 3/ 8	1.1928	W 2/15	1.1884
T 3/ 7	1.1889	T 2/14	1.1889
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

(25 - 29 January 2021)

BLOOMBERG NEWS AUDIO/VIDEO

Search Audio/Video 3/17/06 19:27:27

Bankinvest's Broby: Softbank, Vodafone, L'Oreal, Body Shop
ICAP's Smith: U.S., European Bonds, Fed
F.M.A.'s Bennett: U.S. Dollar, Fed Policy, Euro, Yen
Walker: Fiscal Policy and Deficit
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, Products

Daniel Broby, chief investment officer at Bankinvest, talks about Softbank's purchase of Body Shop International Plc.

LIVE +GO+ Events

Event	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) Bouders 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 3777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
Hong Kong 852 2577 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2006 Bloomberg L.P.
6615-931-3 17-Mar-06 19:27:28

USD INTEREST RATE SWAPS

Ticker	Bid	Ask	Mid	Chng	Ticker	Bid	Ask	Mid	Chng
US Semi 30/360					US SPREADS				
2) 2 YR	5.0670	5.0800	5.0755	+0.0305	2) 2 YR	42.88	44.13	43.50	--
3) 3 YR	5.0500	5.0720	5.0610	+0.0330	23) 3 YR	41.50	42.75	42.13	-.17
4) 4 YR	5.0620	5.0740	5.0680	+0.0250	24) 4 YR	44.38	45.63	45.00	-.10
5) 5 YR	5.0860	5.0920	5.0890	+0.0235	25) 5 YR	48.25	49.25	48.75	+.25
6) 6 YR	5.1100	5.1130	5.1105	+0.0170	26) 6 YR	49.50	50.50	50.00	+.30
7) 7 YR	5.1300	5.1350	5.1325	+0.0170	27) 7 YR	50.50	51.50	51.00	+.40
8) 8 YR	5.1470	5.1530	5.1500	+0.0160	28) 8 YR	51.13	52.13	51.63	+.33
9) 9 YR	5.1620	5.1680	5.1640	+0.0135	29) 9 YR	51.75	52.75	52.25	+.45
10) 10 YR	5.1780	5.1830	5.1805	+0.0175	30) 10 YR	52.25	53.25	52.75	+.50
11) 15 YR	5.2370	5.2430	5.2400	+0.0145	31) 15 YR	57.00	58.00	57.50	+.50
12) 20 YR	5.2670	5.2720	5.2690	+0.0130	32) 20 YR	58.63	59.88	59.25	+.15
13) 30 YR	5.2750	5.2840	5.2795	+0.0190	33) 30 YR	57.38	58.63	58.00	+.20

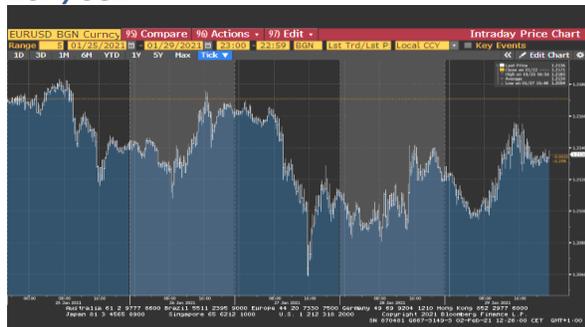
Change on day
IYC4 I52<GO>
Change on Month
IYC6 I52<GO>

Podgorica, 3 February 2021

For US Govt Yield Curve, type {IYC1 I2
For US swap Curve, type {IYC1 I52 <G

FX NEWS

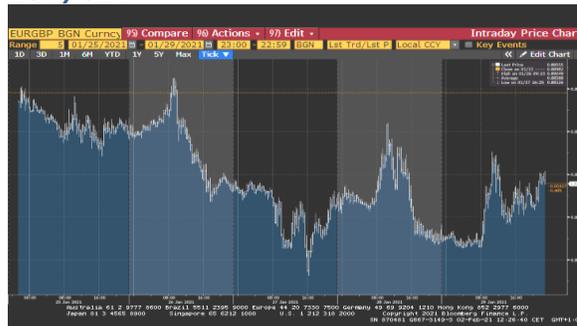
EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** had a volatile trend during this reporting week. At the beginning of the week, it appreciated slightly but soon began to depreciate. Namely, the USD appreciated due to indications that the spending package in the USA, aimed at helping due to the pandemic, could be postponed until March. On the other hand, the euro is under pressure after announcing that the Italian prime minister will resign and a new government will be established, which later happened. The euro also depreciated due to concerns about the vaccine distribution vaccines and the release of lower-than-expected data on Germany's business confidence. This exchange rate recorded its highest appreciation between Tuesday and Wednesday after the IMF announced the global economic growth forecast increase to 5.5% from the previous 5.2%. In the middle of the week, the exchange rate depreciated as the USD appreciated against most currencies, since the stock prices fall in stimulated the demand for safe funds. The exchange rate depreciation also resulted from the euro's depreciation weakening. It resulted from an ECB's board member warning that a reduction in interest rates was not ruled out to stop further euro's appreciation. On Thursday, the exchange rate appreciated due to the US GDP data release. Namely, the US GDP grew at an annual rate of 4% in the fourth quarter of last year from an expected 4.2% growth. On Friday, the EUR/USD exchange rate appreciated. The euro's appreciation was influenced by better-than-expected economic indicators from Germany.

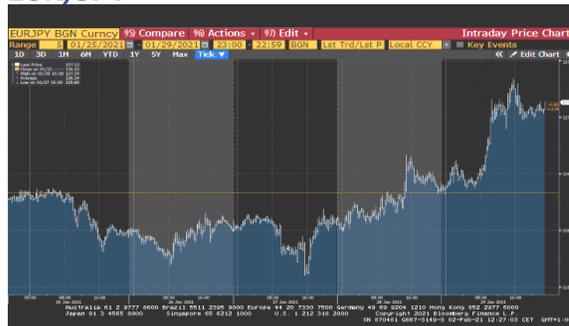
EUR/GBP



Source: Bloomberg LP

Until the middle of this reporting week, the **EUR/GBP exchange rate** trended down as the euro depreciated after releasing weaker-than-expected data on the business climate index in Germany. It also depreciated as the UK's unemployment rate rose to 5.0%, reaching its peak since mid-2016. Still, this growth was lower than investors expected and strongly affected the British currency's appreciation. In the middle of the week, this exchange rate hit its 8-month minimum. Namely, the security and vaccination process in Great Britain, which is happening faster than in the EU, provides sterling support. By the end of the week, the EUR/GBP exchange rate had fluctuated slightly. Sterling was under pressure after announcing that this economy's lockdown would last at least another five weeks.

EUR/JPY



Source: Bloomberg LP

Early this week, the **EUR/JPY exchange rate** depreciated slightly, due to the Japanese currency's strengthening. Namely, the demand for safe assets grew amid concerns that new coronavirus variants could neutralise efforts to bring the pandemic under control. The yen's appreciation resulted from falling stock prices after China withdrew 12 billion USD from the banking system and after President Biden's statement on his openness to incentive package negotiations. In the middle of the week, the exchange rate was stable. The Bank of Japan Governor said that there are limits to what monetary policy can do since massive monetary stimuli failed to influence significant price growth and reach the inflation target of 2% over several years. At the end of the week, the EUR/JPY exchange rate recovered.

Table 1 - Exchange rates of the most important currencies

	25.01.2021 ¹	29.01.2021 ²	% Change
EUR/USD	1.2171	1.2136	-0.29
EUR/GBP	0.88982	0.88555	-0.48
EUR/JPY	126.330	127.13	0.63
EUR/AUD	1.57723	1.58768	0.66
EUR/CHF	1.07760	1.07760	0.00
USD/JPY	103.780	104.68	0.87
GBP/USD	1.3686	1.3708	0.16

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%	11 March 2021
Federal Reserves	Federal Funds Target Rate	0.25%	17 March 2021
Bank of Japan	Overnight Call Rate	-0.10%	19 March 2021
Bank of England	Official Bank Rate	0.10%	4 February 2021
Swiss National Bank	Libor Target Rate	-0.75%	25 March 2021
Bank of Canada	Target Overnight Rate	0.25%	10 March 2021
Reserve Bank of Australia	Cash Rate Target	0.10%	2 February 2021

Fed kept the interest rate and the assets purchase programme at the existing levels at its regular session. Still, it sent signals of concern about the economic recovery speed that will largely depend on the coronavirus situation and the vaccination progress.

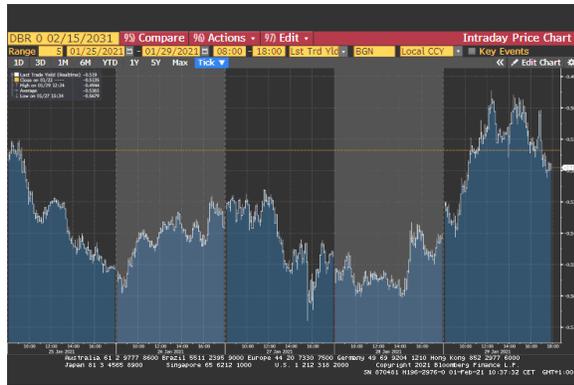
Table 3 - Eonia and Euribor

	25.01.2021 ¹	29.01.2021 ²	Change in basis points
Eonia	-0.476	-0.476	-0.479
Euribor 1W	-0.560	-0.560	-0.563
Euribor 1M	-0.557	-0.557	-0.571
Euribor 3M	-0.540	-0.540	-0.548
Euribor 6M	-0.525	-0.525	-0.531
Euribor 12M	-0.498	-0.498	-0.512

¹ Opening market value on Monday

² Closing market value on Friday

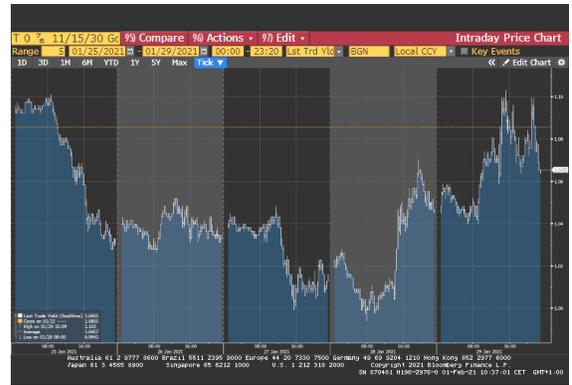
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

On Monday, the return on 10-year German bonds weakened throughout the day due to weaker-than-expected German IFO data and falling stock prices in France and Spain. The next day, the demand for riskier assets increased as the European Commission issued 14 billion euros of bonds. During the week, the return weakened again due to the ECB officials' announcements that the markets interest rate cuts underestimated the prospects. Moreover, an ECB board member even pointed out that this possibility should not be ruled out. At the end of the week, the return on 10-year German government bonds trended up. The ECB official, Schnabel, expressed concern about low inflation, while optimism that a new coalition government would be formed in Italy.

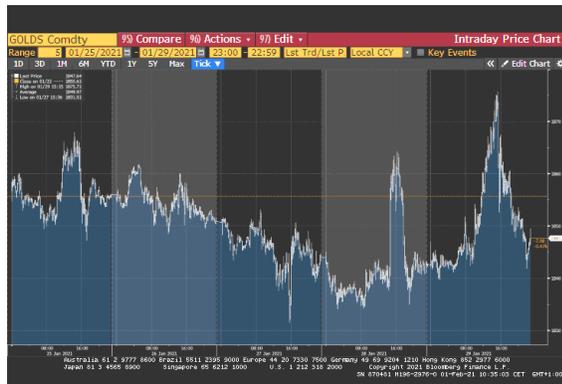
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

Returns on US 10-year government bonds fell about 7 bp daily on Monday, mainly due to falling stock prices in the markets. The next day, the return trended down as investors were wary of a possible postponement of the 1.9 billion USD fiscal stimulus plan the new US president plans to implement. On Friday, the return on US 10-year bonds rose due to the recovery in stock prices.

GOLD



Source: Bloomberg LP

In the first half of the week, the gold price trended down. This happened as investors estimated the USD appreciation despite expectations that the Fed would continue with an expansionary monetary policy (awaiting the two-day Fed meeting) and due to the US stimulus package uncertainty. In the middle of the week, the gold price fell due to the USD appreciation, the stock prices weakening, and the Fed's statement that influenced the growth of concerns about the US economic recovery speed. On Friday, this precious metal price trended up until noon due to the USD value withdrawal but weakened slightly by the end of the day.

OIL



Source: Bloomberg LP Bloomberg LP

The oil price fluctuated throughout the period. On Monday, the oil price rose daily due to the expectation that Biden's proposed aid package would stimulate demand. Also, Iraq planned to reduce production by 0.25 million barrels per day in January and February. The next day, the oil price rose again, but this time due to the news of the explosion in Saudi Arabia's capital. The chart points to the price weakening in the middle of the week. The main reasons were concerns about fuel demand in limited movement conditions due to the coronavirus, vaccine's distribution delaying, and the USD appreciation. New travel bans due to the coronavirus spread continued to bring down the oil value. At the very end of the week, the oil price weakened slightly, as this fuel's consumption recovery is still uncertain.

Table 4 - Economic indicators (25 - 29 January 2021)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<p>Economic Confidence Monthly economic sentiment indicator reflects the general economic activity in the euro area. This indicator combines the assessments and expectations arising from surveying companies and consumers, whereas these surveys include different components of economy: industry, consumers, construction, and retail trade.</p>	January	89.6	91.5	92.4
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>	Q4 P QoQ% (YoY%)	-4.0% (-7.6%)	-1.3% (-5.0%)	18.5% (-3.9%)
Germany	<p>IFO Business climate Monthly survey of companies in Germany (in production, construction, wholesale and retail), in terms of the current business climate and expectations for the next 6 months. Given that Germany “accounts for” a quarter of the total GDP of the euro area, this is a significant indicator of the economic health of the euro area as a whole.</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>	January January P MoM% (YoY%)	91.4 0.4% (0.7%)	92.1 0.8% (1.0%)	92.2 0.5% (-0.3%)
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>	November	5.1%	5.0%	4.9%

Source: Bloomberg