



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	1.1914
T 3/14	1.2016	T 2/14	1.1946
M 3/13	1.1934	M 2/13	1.1909
F 3/10	1.1894	F 2/10	1.1974
T 3/ 9	1.1909	T 2/ 9	1.1944
W 3/ 8	1.1928	W 2/ 8	1.1974
T 3/ 7	1.1889	T 2/ 7	1.1962
M 3/ 6	1.1996	M 2/ 6	1.1919
F 3/ 3	1.2025	F 2/ 3	1.1974
T 3/ 2	1.2012	T 2/ 2	1.1944
W 3/ 1	1.1913	W 2/ 1	1.1974
T 2/28	1.1923	T 1/31	1.1962
M 2/27	1.1853	M 1/30	1.1919

International Financial Market Report

(17 January 2022)

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. Dollar, Fed Policy, Euro
- F.Mart'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

LIVE <GO> Events

Event	Date	Time	Language	Type
Legal & General Teleconference: Full-Year Earnings	3/17	Now Playing	English	CF
UBS Warburg's Hickson: Outlook for Steel Industry	3/17	Now Playing	English	CF
European Commission: Daily News Conference	3/17	20:00 - 20:30	English	CF
Egypt's Mohamed: Sale of State-Owned Businesses	3/17	21:05 - 21:20	English	CF
Borders Group Teleconference: 4th-Qtr Results	3/17	22:00 - 23:00	English	CF
AIG Teleconference About Fourth-Quarter Results	3/17	22:30 - 23:30	English	CF

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.
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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

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

USD INTEREST RATE SWAPS

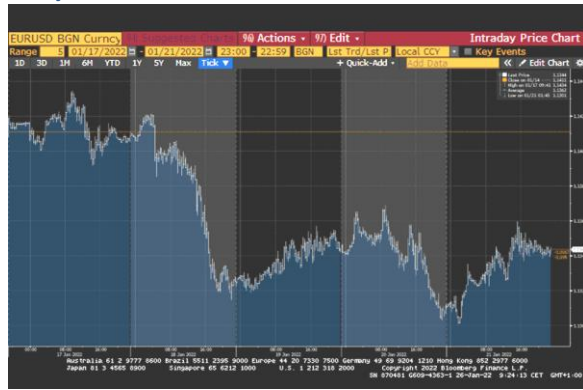
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	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, 26 January 2022

FX NEWS

EUR/USD



Source: Bloomberg LP

On the first day of this reporting week, the **EUR/USD exchange rate** fluctuated between 1.1392 and 1.1434 (the weekly maximum). The very next day, the exchange rate depreciated as the return on US bonds continued to rise, expecting Fed to raise interest rates at a faster pace. The exchange rate appreciated on Wednesday. Inflation in Germany rose by 0.5% monthly in December, which was in line with expectations, or 5.3% on an annual basis (the same as in the previous month). On Thursday, the EUR/USD exchange depreciated again. It happened after the ECB President's comment that the institution did not have to react as the Fed did concerning interest rates raising because the economic situation in the euro area was different from the USA. On Friday, a weekly minimum exchange rate of 1.1301 was recorded after publishing the report that German producer prices rose by 24.2% year-on-year, significantly above the expected 19.3%. The EUR/USD exchange recovered and stood at 1.1344 at market closing on Friday by the end of the day.

EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** had a growing trend at the beginning of this reporting week. Sterling was under pressure due to the announcement that consumer confidence in the UK fell in December due to the Omicron strain spread. The exchange rate depreciated later in the week, expecting that the UK's inflation rate would hit its peak in the last ten years and force the BoE to raise interest rates. The BoE governor expressed concern that inflationary pressures could last longer than anticipated, pointing to rising energy costs spilling over into wages. The data showed that inflation reached its peak in nearly 30 years in December. Moreover, Bailey told lawmakers that the BoE would do everything to ease the pressure on households. On the last day of this reporting week, the EUR/GBP exchange rate appreciated. The Sterling depreciated against the euro, following the data release, consumer confidence in the UK fell.

EUR/JPY



Source: Bloomberg LP

At the beginning of the reporting week, the **EUR/JPY exchange rate** had a growing trend due to weakening demand for the yen. Machine orders rose in November in Japan, showing a sign that the capital consumption appetite was not waning despite pressure from rising raw material prices. Later this week, the exchange rate depreciated due to the growing demand for safe funds due to the increased geopolitical risks between Russia and Ukraine.

Table 1 - Exchange rates of the most important currencies

	17.01.2022 ¹	21.01.2022 ²	% Change
EUR/USD	1.1411	1.1344	-0.59
EUR/GBP	0.83456	0.83702	0.29
EUR/JPY	130.35	128.98	-1.05
EUR/AUD	1.58338	1.57900	-0.28
EUR/CHF	1.04330	1.03415	-0.88
USD/JPY	114.19	113.68	-0.45
GBP/USD	1.3675	1.3553	-0.89

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 March 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

During this reporting week, the Bank of Japan held a regular meeting and kept interest rates unchanged. It will continue to apply a negative rate of 10 basis points to its holdings. It will continue to buy bonds, targeting returns on 10-year Japanese bonds at 0%. The BoJ increased its growth and inflation forecasts this year from 2.9% to 3.8% and from 0.9% to 1.1%.

Table 3 – ESTR and Euribor

	17.01.2022 ¹	21.01.2022 ²	Change in basis points
ESTR	-0.578	-0.579	-0.10
Euribor 1W	-0.574	-0.559	1.50
Euribor 1M	-0.565	-0.552	1.30
Euribor 3M	-0.568	-0.568	0.00
Euribor 6M	-0.533	-0.522	1.10
Euribor 12M	-0.483	-0.462	2.10

¹ Opening market value on Monday

² Closing market value on Friday

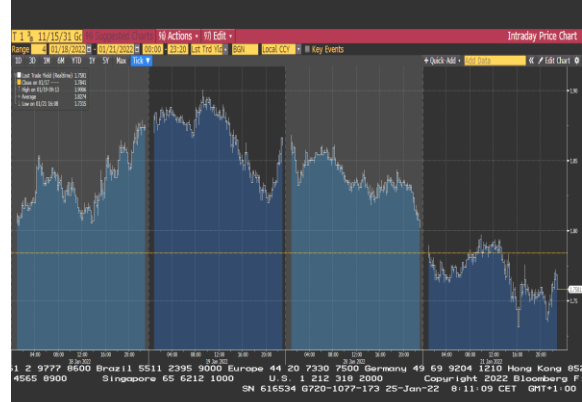
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on German 10-year government bonds fell from around -0.03% to -0.065% in the reporting period. During the first two days, the market was growing slightly, so this return stood at 0.02% on Wednesday at the opening of the market, for the first time positive since May 2019. The return growth was driven by higher expectations regarding the ECB and the BoE monetary policy tightening. However, a downward trend has prevailed in the market since that day as ECB officials lowered their comments on previously mentioned expectations. The ECB President stated they had no reason to react sharply like the Fed on raising rates because the economic situation in the euro area was different. The return also fell as demand for safe funds grew due to falling stock prices, all due to concerns about the monetary policy tightening speed and increasing geopolitical tensions.

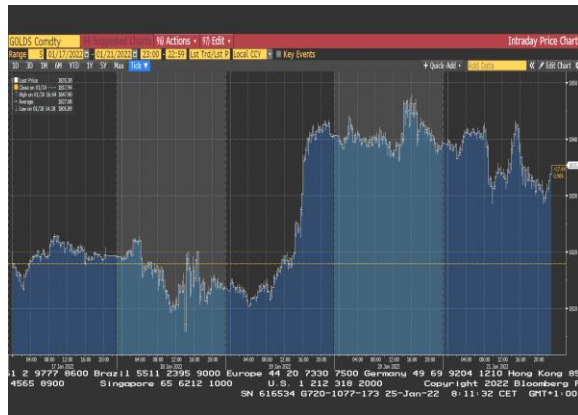
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

US markets were closed on Monday due to the Martin Luther King holiday. On Tuesday and Wednesday morning, the return on 10-year US government bonds grew. It stood at 1.90% due to increasing speculation that the Fed would raise interest rates in March due to rising inflation in the USA. However, the return started to weaken the same afternoon, and this trend continued until the end of the reporting week. The stock prices triggered the return decline, fuelled by strong demand at the auction of 20-year bonds worth 20 billion USD. Following the ECB President's comments, investors turned to US government bonds. Together with the Bank of China's decision to cut the key lending interest rate, it resulted in a downward trend in returns. Therefore, 10-year returns were 1.76% at the end of the week, compared to some 1.80% at the beginning of the week. Returns declined due to rising demand for bonds due to falling stock prices and the approaching Fed meeting.

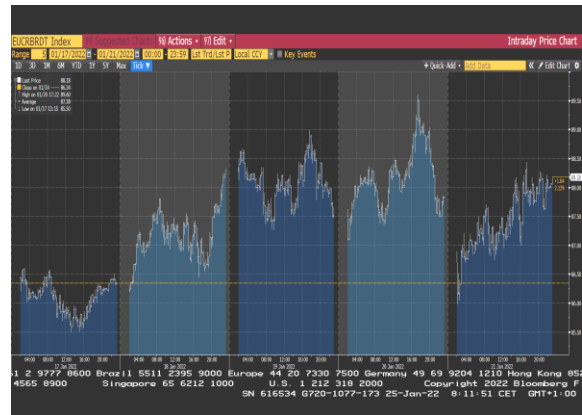
GOLD



Source: Bloomberg LP

In the first half of the week, the gold price had a slightly downward trend. Investors assessed the monetary prospects awaiting the Fed meeting (January 25-26) about the threat of a new wave of coronavirus in the USA. On Wednesday, this precious metal's price rose due to heightened tensions between Russia and Ukraine and concerns that Russia's attack on Ukraine would result in US sanctions. The price also increased due to growing inflationary pressures, falling stock prices, falling returns on US government bonds and the USD depreciation. It all affected the growth of demand for precious metals. On Thursday, the price reached a 2-month high (1847.90 USD). It began to fluctuate with a slightly downward trend. The USD appreciation affected the decline in demand for precious metals but still increased weekly.

OIL



Source: Bloomberg LP

The oil price rose in this reporting week. At the beginning of the week, the rise was mainly caused by geopolitical tensions – tensions between Russia and Ukraine, news that an explosion hit the main oil pipeline from Iraq to Turkey, and an attack on an Abu Dhabi oil plant. The growth was also caused by the International Energy Agency statement that the demand for this fuel has proven to be resistant to the Omicron coronavirus strain, adding that global stocks are falling rapidly due to strong demand. However, after announcing on Thursday that the oil stocks in the USA increased unexpectedly last week, the oil price withdrew from the previously reached 7-year maximum. Despite this announcement, this energy source's price recovered on Friday, which resulted in its weekly growth.

Table 4 - Economic indicators (17 – 21 January 2022)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Consumer price index (CPI) This indicator estimates the changes in the cost of living, measuring changes in the price level of the basket of consumer goods and services purchased by an average household. Therefore, it is a key measure of euro area inflation.	December MoM% YoY%	5.0% 0.4%	5.0% 0.4%	4.9% 0.4%
	(Euro zone Consumer Confidence) It shows the consumers' concerns about the euro area economy. The growing value of this indicator predicts growth in personal consumption, which is reflected in economic growth and inflation.	January	-9.0	-8.5	-8.4
Germany	Producer Price Index (PPI) This index measures changes in producer prices, also known as factory prices. These are prices paid by domestic producers before retail. The growth of these prices is an early inflation indicator, because rising production prices can be "passed on" to consumers through higher retail prices.	December	19.3%	24.2%	19.2%
	Consumer price index (CPI) This indicator estimates the changes in the cost of living, measuring changes in the price level of the basket of consumer goods and services purchased by an average household.	December MoM% YoY%	0.5% 5.3%	0.5% 5.3%	0.5% 5.3%
	ZEW Survey Current Situation This indicator focuses on the results of the research on the current soundness of the German economy. It is obtained by collecting estimates of experts on whether the current situation is improving, worsening or remaining unchanged, so the indicator value is obtained as the difference between the number of positive and the number of negative responses. The higher value of the indicators points to strengthening of the economy and a better business climate.	January	32.0	51.7	29.9

Source: Bloomberg