



**CENTRALNA BANKA
CRNE GORE**

Financial and Banking Operations Department - International Reserves Management Division -

International Financial Market Report

(2 – 6 December 2024)

Podgorica, 11 December 2024

IYC4 152<GO>
Change on Month
IYC6 152<GO>

Change on day
IYC4 148<GO>
Change on Month
IYC6 148<GO>
For US Govt Yield Curve, type {IYC1 I2
For US swap Curve, type {IYC1 152 <G

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EUR EURO SPOT PRICE 1.2181

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

DATE	PRICE	DATE	PRICE
F 3/17	1.2181	F 2/24	1.1878
T 3/16	1.2174	T 2/23	1.1911
W 3/15	1.2174	W 2/22	1.1911
T 3/14	1.2016	T 2/21	1.1914
W 3/13	1.1934	W 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	1.1897
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

Term	Price	Change
2 YR	5.0670	5.0800 5.0755 +0.305
3 YR	5.0500	5.0720 5.0610 +0.330
4 YR	5.0620	5.0740 5.0680 +0.250
5 YR	5.0860	5.0920 5.0890 +0.235
6 YR	5.1100	5.1130 5.1105 +0.170
7 YR	5.1300	5.1350 5.1325 +0.170
8 YR	5.1470	5.1530 5.1500 +0.160
9 YR	5.1620	5.1680 5.1640 +0.135
10 YR	5.1780	5.1830 5.1805 +0.175
15 YR	5.2370	5.2430 5.2400 +0.145
20 YR	5.2670	5.2720 5.2690 +0.130
30 YR	5.2750	5.2840 5.2795 +0.190

BLOOMBERG NEWS AUDIO/VIDEO

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

Bankinvest's Broby: Softbank, Vodafone, L'Oréal, Body Shop

ICAP's Smith: U.S. European Bonds, Fed Rates and Strategy

Folmar's Bennett: U.S. Dollar, Fed Policy, Euro, Yen

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 Gailmer: Stock Performance, Strategy, Products

Daniel Broby, chief investment officer at Bankinvest, talks about Softbank Corp.'s agreement to buy Vodafone Group Plc's Japanese mobile-phone unit and L'Oréal SA's purchase of Body Shop International Plc.

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 Mottelain: Sale of State-Owned Businesses	3/17	21:05 - 21:20	English	☐
18) Borders 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	☐

Term	Price	Change
25 YR	48.25	49.25 48.75 +.25
26 YR	49.50	50.50 50.00 +.30
27 YR	50.50	51.50 51.00 +.40
28 YR	51.13	52.13 51.63 +.33
29 YR	51.75	52.75 52.25 +.45
30 YR	52.25	53.25 52.75 +.50
31 YR	57.00	58.00 57.50 +.50
32 YR	58.63	59.88 59.25 +.15
33 YR	57.38	58.63 58.00 +.20

Weekly overview of short news

- The price of oil fell from \$71.89 to \$71.61 a barrel this week due to weak demand in China and concerns that the market is oversaturated with this energy generating product.
- The price of gold decreased in this reporting week, from \$2,644.31 to \$2,633.37 per ounce.
- The OECD (Organization for Economic Cooperation and Development) predicts that global economic growth will be 3.2% this year, and 3.3% in both 2025 and 2026.
- Retail sales rose in the euro area by 1.9% in October, more than the expected 1.7%.

EUR/USD



The EUR/USD exchange rate was at the level of 1.0589 early week, being 1.0568 at the end of the week. The EUR/USD exchange rate fell on Monday, as the political crisis in France negatively affected the euro, while on the other hand, the dollar rose due to encouraging manufacturing data in the U.S. (the ISM manufacturing index rose to 48.4, which was more than expected). The EUR/USD exchange rate recovered the following day as Fed board member Christopher Waller said he was in favour of another interest rate cut in December. The EUR/USD exchange rate fluctuated slightly in mid-week despite the vote of no confidence in the French government led by Michel Barnier - the first government to be voted no confidence since 1962. The three-month administration of Prime Minister Barnier ended, which led the country into a period of turbulence. The EUR/USD exchange rate rose at the end of the week, as the dollar was under pressure due to weaker-than-expected U.S. labour market data. Namely, the new requests of the unemployed for receiving social benefits increased to 224 thousand last week, instead of the expected 215 thousand. The euro was supported by encouraging October factory orders data in Germany. The EUR/USD exchange rate recorded a slight decline on Friday.

EUR/GBP



The EUR/GBP exchange rate appreciated slightly in this reporting week. The exchange rate fell sharply on Monday, as the euro weakened due to growing concerns about a possible

collapse of the French government, which would block plans to rein in the budget deficit. Sterling, on the other hand, strengthened, boosted by a significant rise in U.K. property prices in November, as rising real incomes and low unemployment draw buyers back into this market. The exchange rate began to rise on the same day, and this trend continued for much of the following day, as sterling weakened due to the unexpected fall in the U.K. retail sales in November. However, as of Tuesday afternoon, the exchange rate continued to fall, as the euro continued to weaken due to developments on the French political scene. However, after the vote of no confidence in the French government, expectations prevailed in the market that President Macron will appoint a new prime minister whose priority will be the adoption of the budget, which supported the euro, therefore the exchange rate rose on Thursday afternoon. It fluctuated on Friday, and it fell slightly on a daily level, due to the expectations that the Bank of England will leave interest rates unchanged at the December meeting, while the ECB is expected to cut those.

EUR/JPY



The EUR/JPY exchange rate fluctuated during most of the week, whereas at the end of the week it stood at a level similar to the one from the early week. At the very beginning of the reporting period, the exchange rate fell as it was expected that the Bank of Japan would release a policy review later this month, the day after the Fed meeting to be exact. The Japanese Prime Minister said he hoped the Bank of Japan would implement its policy appropriately to achieve the 2% inflation target. The EUR/JPY exchange rate appreciated on Wednesday. The euro strengthened despite the events in France, as according to analysts the collapse of the government was already calculated. Occasional weakening of the exchange rate during the day was caused by the strengthening of the yen due to expectations that the Bank of Japan will raise the interest rate at its meeting this month. The EUR/JPY exchange rate rose in the first half of the day on Friday, and fell in the second as the revised data on Japan's GDP in Q3 was better than expected (growth was revised to 1.2% compared to the initial estimates of 0.9%), which may improve the prospect that the Bank of Japan will raise interest rates in December.

Table 1 - Exchange rates of the most important currencies

	2-Dec-2024¹	6-Dec-2024²	% Change
EUR/USD	1.0577	1.0568	-0.09
EUR/GBP	0.83059	0.82932	-0.15
EUR/JPY	158.41	158.55	0.09
EUR/AUD	1.62461	1.65343	1.77
EUR/CHF	0.93203	0.92856	-0.37
USD/JPY	149.77	150.00	0.15
GBP/USD	1.2735	1.2744	0.07

Table 2 - Overview of the leading central banks' interest rates

Central Bank	Reference interest rate	Reference interest rate level	Next meeting
European Central Bank (ECB)	ECB main refinancing rate	3.40%	12-Dec-2024
Federal Reserves (Fed)	Federal Funds Target Rate	4.75%	18-Dec-2024
Bank of Japan (BoJ)	Overnight Call Rate	0.25%	19-Dec-2024
Bank of England (BoE)	Official Bank Rate	4.75%	19-Dec-2024
Swiss National Bank (SNB)	Libor Target Rate	1.00%	12-Dec-2024
Bank of Canada (BoC)	Target Overnight Rate	3.75%	11-Dec-2024
Reserve Bank of Australia (RBA)	Cash Rate Target	4.35%	10-Dec-2024

Table 3 - ESTR and Euribor

	2-Dec-2024¹	6-Dec-2024.²	Change in basis points
ESTR	3.163	3.165	0.20
Euribor 1W	3.128	3.142	1.40
Euribor 1M	3.004	3.005	0.10
Euribor 3M	2.934	2.868	-6.60
Euribor 6M	2.695	2.654	-4.10
Euribor 12M	2.461	2.399	-6.20

¹ Opening market value on Monday

² Closing market value on Friday

Table 4 - Economic indicators (2 - 6 December 2024)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<p>HCOB Eurozone Manufacturing, Services, Composite PMI PMI surveys tracks opinion among procurement managers in manufacturing, construction and/or services sectors. The index was obtained from the results of questionnaires related to production, orders, stocks, employment, prices, etc.</p> <p>Retail Sales This indicator measures the volume of sales of goods for personal and household spending.</p>	November Final data	45.2 49.2 48.1	45.2 49.5 48.3	45.2 49.2 48.1
		October MoM% YoY%	-0.3% 1.7%	-0.5% 1.9%	0.5% 3.0%
Germany	<p>Factory Orders This index points to a change in the number of orders from domestic manufacturers. The data shows the demand for German industrial products. Factory orders are an early indicator of the overall consumption in an economy, which affects economic growth</p> <p>Industrial Production SA It measures the output in mining and quarrying, manufacturing and utilities (electricity, gas and water supply).</p>	October MoM% YoY%	-2.0% 1.8%	-1.5% 5.7%	7.2% 4.2%
		October MoM% YoY%	1.0% -3.3%	-1.0% -4.5%	-2.0% -4.3%
Great Britain	<p>Nationwide House PX This concept measures changes in housing units prices.</p> <p>BRC Sales Like-For-Like This indicator tracks the sale of new and used products to the general public, for personal or household spending, and is based on the value of the products sold.</p> <p>S&P Global US Manufacturing, Services, Composite PMI PMI surveys tracks opinion among procurement managers in manufacturing, construction and/or services sectors. The index was obtained from the results of questionnaires related to production, orders, stocks, employment, prices, etc.</p>	November MoM% YoY%	0.2% 2.4%	1.2% 3.7%	0.1% 2.4%
		November YoY%	0.6%	-3.4%	0.3%
		November Final data	48.6 50.0 49.9	48.0 50.8 50.5	48.6 50.0 49.9
USA	<p>ISM Manufacturing This indicator assesses the state of the industry by surveying executives on production, new orders, employment, raw material deliveries and supplies.</p> <p>JOLTS Job Openings This indicator monitors the number of vacancies in the economy, which generally include either newly opened or unfilled positions (or those that will soon become vacant) and for the filling of which the employer undertakes certain activities.</p> <p>Initial Jobless Claims It measures the number of people filing for unemployment benefits for the first time.</p> <p>Change in nonfarm payrolls The report shows the total number of newly employed workers on a monthly basis by economy industries. It does not include employees in farms, some government agencies, self-employed individuals and non-profit organisations. It serves as the basis for tailoring economic policy and forecasting future economic trends.</p> <p>Unemployment Rate It shows the number of unemployed persons as a percentage of the total labour force.</p>	November	47.5	48.4	46.5
		October K=1,000	7519K	7744K	7372K
		30 November K=1,000	215 K	224K	215 K
		November K=1,000	220K	227K	36K
		November	4.1%	4.2%	4.1%

EUROPEAN GOVERNMENT BONDS MARKET



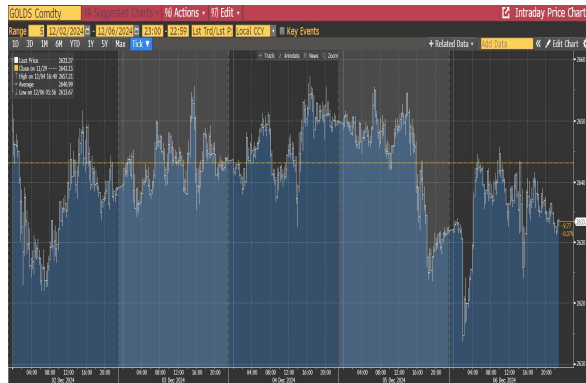
The yield on 10-year German government bonds rose in this reporting week, with the growth trend being more pronounced in the second part of the week. The yield increased from 2.08% to 2.10%. The news that Europe plans to issue bonds for the defence fund had the highest impact on the yield growth. Namely, the Financial Times announced that the E.U. countries are discussing a fund of 500 billion euros for joint defence projects. The upward trend in yields came to a halt on the last day of the week following the release of U.S. payrolls data. Yields on French bonds increased this week due to political events in that country, and the spread between 10-year German and 10-year French bonds increased to around 90bp.

U.S. GOVERNMENT BONDS MARKET



The yields on 10-year U.S. government bonds fell from 4.21% to 4.15% in this reporting week. Although there was an upward trend in these yields until the mid-week, the release of data on the U.S. economy in the middle of the week caused the yields to drop sharply. Namely, it was announced on Wednesday that the ISM index of services in the USA fell more than expected. The yields weakened by the end of the week as expectations rose that the Fed would cut interest rates at its regular meeting in December. It was announced on the last day of the week that the unemployment rate slightly increased in the U.S. (from 4.1% to 4.2%), which further confirmed expectations that the Fed will lower interest rates.

GOLD



The price of gold decreased in this reporting week, from \$2,644.31 to \$2,633.37 per ounce. The price of gold fell at the very beginning of the week due to the strengthening of the dollar and Trump's warning to the BRICS countries (the introduction of 100% tariffs if they stop using the dollar). The price of gold fluctuated on Wednesday due to the unstable political situation in France and South Korea, only to fall in the afternoon hours on Thursday, as the data on the U.S. payrolls was expected, which could give a better picture of the next Fed decision. The price of gold did not record a major change on the following day as key data from the U.S. labour market confirmed expectations that the Fed will cut interest rates this month.

OIL



The oil price was \$71.89 per barrel at the beginning of the week, being \$71.61 per barrel at the end of the week. The price of oil rose in the first half of the day on Monday due to signs of recovery in the Chinese economy, but fell in the second half of the day due to the strengthening of the dollar. The oil prices rose the next day as Bloomberg reported that OPEC+ was coming closer to an agreement to delay a planned increase in oil production by three months to prevent a market saturation in 2025, which was later confirmed (OPEC+ decided in an online meeting to postpone the planned increase in supply until April 2025). The price of oil fell in the second part of the week due to weak demand in China and concerns that there is an excess of oil in the market.

Disclaimer

The aforementioned overview of trends is based on external sources and does not contain any comments, assessments and views of the CBCG. CBCG cannot guarantee their accuracy and is not responsible for direct or indirect damage that may occur as a result of the use or inability to use information, materials or content, or for the consequences of decisions made based on them.