

EURUSD ↓ 1.2179 At 19:38 Op 1.2174 HI 1.2174 Value 3/21/06  
 Market Currency 1/4



CENTRALNA BANKA  
CRNE GORE

Range 3/17/05 - 3/17/06  
Upper Chart: Market Price



**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
3/17	1.2181	2/27	1.1962
W 3/15	1.2050	W 2/22	1.1911
T 3/14	1.2016	T 2/21	1.1914
M 3/13	1.1934	M 2/20	1.1945
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

BLOOMBERG NEWS AUDIO/VIDEO  
 Search Audio/Video 3/17/06 19:27:27

Bankinvest's Broby: Softbank, Vodafone, Oreal, P...  
 ICAP's Smith: U.S. Emerging Bonds, Fed...  
 F.Mario's Bennett: U.S. Dollar, Fed Policy, Euro...  
 U.S. and Japan's Walker: Fiscal Policy and Deficit  
 Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy  
 Bear Stearns Teleconference: Fiscal First-Quarter Profit  
 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

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 Mubarak: 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	🔊

US Semi 30/360

Ticker	Bid	Ask	Mid	Chng
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	5.0360	5.0920	5.0690	+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

21) 2 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

**International Financial Market Report**  
 (5 - 9 February 2024)

Podgorica, 14 February 2024

## FX NEWS EUR/USD



The EUR/USD exchange rate fell sharply on Monday. The dollar strengthened as the ISM report showed that U.S. service sector activity rose at the highest rate in four months in January. On the other hand, mixed European economic data put pressure on the euro. Although the composite purchasing managers' index (PMI) for the euro area recorded a slight increase in January, it is still indicating a contraction. The PMI service index in Italy registered a solid growth and after five months it started expanding, which indicates a potential strengthening in Q1, while the French PMI service index is still in contraction. Although it recovered on Tuesday, due to strong data on factory orders in Germany, the exchange rate soon fell to 1.0723 - the lowest level as of mid-November. Comments by the Fed officials that they could not yet provide the rate cut timing, due to inflation uncertainty, boosted the dollar, and the ECB's survey of euro area consumer inflation expectations showed that inflation expectations for the next 12 months fell in December from 3.5% to 3.2%, which weakened the euro. The exchange rate recovered by the end of the day, as the Central Bank of Croatia Governor pointed out the need for patience in adjusting the monetary policy. The upward trend was evident until Thursday, when the exchange rate fell once the strong data from the US labour market were announced. A drop in unemployment benefits for the first time in three weeks points to a strong labour market and shifts expectations when it comes to the Fed rate cut. However, by the end of the day, the exchange rate returned to the level from the beginning of the day, as the ECB's chief economist stated that additional confirmation is needed that inflation is heading towards the target level before the rates were cut. The exchange rate recovered slightly on Friday, and was at approximately the same level as at the beginning of the week. The final data on Germany's January inflation confirmed the preliminary ones, and the U.S. Bureau of Labour Statistics revised downward the monthly data for December inflation in the U.S., from 0.3% to 0.2%.

## EUR/GBP



The EUR/GBP exchange rate rose on Monday as Joachim Nagel from the ECB stated that it is still too early to cut interest rates, as the outlook for price trends is still not clear enough. The following day saw a drop in the exchange rate as sterling strengthened on the release of a better-than-expected S&P Global Construction PMI, which rose to 48.8 in January from 46.8 in December. The Bank of England's Deputy Governor for Financial Stability, Sarah Breeden, has indicated that she expects to wait a few more months before voting to cut interest rates. Her focus, and the focus of a number of the Committee members, has shifted to "how long" rates should remain at their current level. Breeden added that the next few months will be incredibly important to her assessment of price and earnings stability, while most of this year's setting processes for earnings will be completed by April. On Thursday, the EUR/GBP exchange rate had an upward trend as certain members of the ECB warned that there will be no reduction in interest rates any soon, because there are still risks to inflation, primarily in terms of earnings trends. The EUR/GBP exchange rate fluctuated slightly on the last day.

## EUR/JPY



The EUR/JPY exchange rate appreciated slightly in this reporting week. For the first two days, the exchange rate had a slightly downward trend, as the yen strengthened due to falling yields on the U.S. government bonds and due to a Reuters report that the Bank of Japan is "setting the stage" to end its negative interest rate policy by April. However, the exchange rate started to rise as of Wednesday, and this trend went on until the rest of the week. In this period, the yen weakened due to the statement of the Deputy Governor of the Bank of Japan that the increase in rates in Japan will not be continuous, nor fast, even if the central bank decides to end the negative interest rates policy, which will be focused on reaching sustainable inflation targets. The yen weakened as it was announced that Japan's current account surplus in December was lower than expected. At the end of the week, traders lowered expectations of how quickly the Bank of Japan would raise interest rates, once the Governor said there was a strong chance that eased monetary conditions would continue after coming out of the negative rates which, according to the market, could happen as early as March. The yen also weakened due to the rise in yields on U.S. government bonds.

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

	05.02.2024. <sup>1</sup>	09.02.2024. <sup>2</sup>	% Change
EUR/USD	1.073	1.0784	0.50
EUR/GBP	0.85405	0.85399	-0.01
EUR/JPY	160.07	161.00	0.58
EUR/AUD	1.65653	1.65332	-0.19
EUR/CHF	0.93517	0.94337	0.88
USD/JPY	148.38	149.29	0.61
GBP/USD	1.2631	1.2628	-0.02

**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	4.50%	7 March 2024
Federal Reserves (Fed)	Federal Funds Target Rate	5.50%	20 March 2024
Bank of Japan (BoJ)	Overnight Call Rate	-0.10%	19 March 2024
Bank of England (BoE)	Official Bank Rate	5.25%	21 March 2024
Swiss National Bank (SNB)	Libor Target Rate	1.75%	21 March 2024
Bank of Canada (BoC)	Target Overnight Rate	5.00%	6 March 2024
Reserve Bank of Australia (RBA)	Cash Rate Target	4.35%	19 March 2024

Reserve Bank of Australia kept interest rates unchanged at 4.35% at its regular meeting, but signalled rate increase was still possible, dampening market speculation about a rate cut later this year. This meeting was also significant as it led to major changes in the way the Bank's Board makes decisions on monetary policy. Until last year, the Board met 11 times a year, holding meetings on the first Tuesday of every month (there were no meetings in January). The Board would look at economic and market data, including the Australian Bureau of Statistics' inflation statement, to make a decision on monetary policy, i.e. whether to raise, pause or cut interest rates. It was mostly announced by the central bank governor. From this year, the Board will meet only once every six weeks, for a total of eight sessions per year, with each meeting now lasting two days. The Board's decision on interest rates will be announced on the second day at 2:30 p.m., after which a press conference will be held. The first meeting in the new format was held on 5 and 6 February, followed by a mandatory press conference by the Governor, Michelle Bullock. The board of the central bank will not hold sessions in April, July and October this year. The key changes are focused on reducing the number of meetings with the aim of "expanding" decisions on monetary policy, i.e. enabling the Board to gather more information about the economy, how its rate decisions have affected consumers, and sharpening the central bank's communication with the public.

**Table 3 – ESTR and Euribor**

	05.02.2024. <sup>1</sup>	09.02.2024. <sup>2</sup>	Change in basis points
ESTR	3.906	3.910	0.40
Euribor 1W	3.877	3.884	0.70
Euribor 1M	3.864	3.835	-2.90
Euribor 3M	3.900	3.891	-0.90
Euribor 6M	3.837	3.898	6.10
Euribor 12M	3.537	3.658	12.10

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

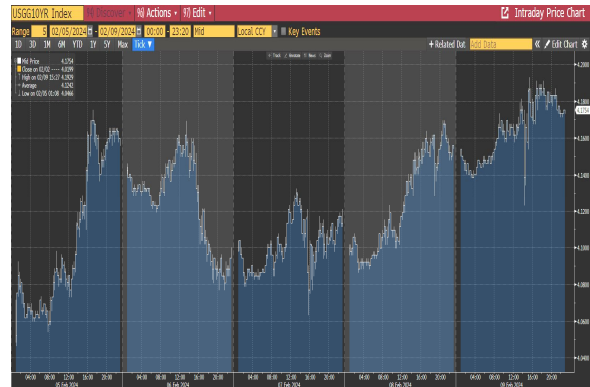
<sup>2</sup> Closing market value on Friday

## EUROPEAN GOVERNMENT BONDS MARKET



The yield on 10-year German government bonds rose on the first day of the week, following the rise in U.S. bond yields. The following day, the yield on these bonds fell as the survey of inflation expectations of euro area consumers, conducted by the ECB, showed that expectations for inflation in the next 12 months fell from 3.5% to 3.2%. The yield on these bonds rose constantly for the rest of the week, due to the statements of the ECB representatives, which indicated that the monetary institution will not rush to reduce interest rates. The rise in yields came as the ECB's chief economist said there was a significant risk that increase in earnings would affect inflation, and his counterpart, the Governor of the National Bank of Belgium, said growth of earnings was influencing interest rates not to be reduced. The Governor of the Oesterreichische Nationalbank stated that there is a certain chance that the ECB will not reduce interest rates this year or that the reduction will happen only at the very end of the year. The return on 10-year bonds was 2.38% at the end of the period.

## U.S. GOVERNMENT BONDS MARKET



The yield on 10-year U.S. government bonds rose on the first day of this week as positive data were released in the U.S., which confirmed the Fed's message that there will be no interest rate cut before May. A drop in yields occurred the next day as the president of the Cleveland's Fed said that if the situation in the economy continues to develop as she expects, especially in terms of inflation, it could lead to an earlier reduction of the interest rate by the Fed. The trend of increasing yields was predominant for the rest of the week. The increase in yield occurred when the auction of \$25 billion 30-year bonds was held. Yields rose even as Fed officials warned that it was still too early to cut interest rates.

## GOLD



The gold price fell in this reporting week. Monday's decline was driven by a strengthening dollar and a rise in U.S. government bond yields, as a strong U.S. labour market report on Friday eased expectations of an earlier Fed rate cut. Over the next two days, the price of this precious metal recovered, as both the dollar and bond yields weakened, despite expectations that the Fed would reduce the interest rate only later in the year. The Fed remains cautious about reducing until policymakers are fully confident that inflation has stabilised, adding to market uncertainty. The price of this precious metal fell on Thursday, as one of the Fed officials stated that he believes that the interest rate reduction later in the year could only happen if the price pressures are in line with the predictions. Although the price of gold recovered at the end of the day, the price still fell on the last day of the reporting week, mainly due to the rise in yields on U.S. government bonds.

## OIL



The oil price rose in this reporting week. The presence of geopolitical tensions in the region of major oil producers, despite efforts to stop the conflict between Israel and Hamas, caused the oil price to rise. The U.S. indicates further attacks on groups that support Iran, which is a response to attacks on U.S. troops in Jordan, and Ukrainian drones are targeting leading oil refineries in Russia, reducing exports of this energy-generating product. These factors, along with disruptions in global oil trade flows, are increasing caution in the market. The increase in price was also caused by the publication of the weekly report of the United States Department of Energy, which showed that oil stocks increased by 5.5 million barrels last week, while fuel and distillate stocks fell by 3.2 million barrels. Although mixed, these data point to strong demand and raise market expectations that forecast output growth will be revised downwards. In addition, the U.S. Government said it expects stocks to fall this quarter, as a result of output cuts by the OPEC+ and the withdrawal of U.S. oil production from record high levels. After Israel rejected Hamas' offer to end the conflict, and began preparations for an attack on southern Gaza, the price of oil continued to rise. The closing of certain refineries in the U.S. led to an increase in fuel and diesel prices, which is another factor in the increase in oil prices.

**Table 4 - Economic indicators (5 - 9 February 2024)**

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<b>Producer Price Index (PPI)</b> This indicator measures the change in the price paid by domestic producers. The indicator rise is an early inflation indicator.	December MoM% YoY%	-0.8% -10.5%	-0.8% -10.6%	-0.3% -8.8%
	<b>Retail Sales</b> This indicator measures activity related to retail trade volume (not applicable to motor vehicles and motorcycles).	December MoM% YoY%	-1.0% -0.8%	-1.1% -0.8%	-0.3% -1.1%
Germany	<b>Factory Orders</b> Factory orders provide a fairly comprehensive view of the manufacturing sector.	December MoM%	-0.2%	8.9%	0.3%
	<b>Consumer Price Index (CPI)</b> It estimates the changes in the cost of living, by measuring changes in the price level of market basket of consumer goods and services purchased by an average household in Germany.	January Final data MoM% YoY%	0.2% 2.9%	0.2% 2.9%	0.2% 2.9%
Great Britain	<b>S&amp;P Global UK Construction PMI</b> Research on the construction sector activities It is based on a survey of management in the construction sector about the state of their business and the current level of purchases (materials).	January	47.2	48.8	46.8
	<b>S&amp;P Global/CIPS UK Services PMI</b> The index was compiled based on responses to questionnaires sent as a panel to 650 companies from the service sector. Sectors covered include retail (except retail), transportation, information, communications, finances, insurance, real estate and business services. Answers are collected in the second half of each month and indicate the direction of changes compared to the previous month. A score above 50 indicates that the services sector is generally expanding, while a score below 50 indicates its general decrease.	January Final data	53.8	54.3	53.8
USA	<b>Initial Jobless Claims</b> This indicator measures the number of people receiving unemployment allowances.	3 February K=1,000	220 K	218 K	224 K
	<b>ISM Service Index</b> This composite index consists of 4 indicators: business activities, new orders, employment and delivery of supplies. The index value above 50.0 points to expansion, while the one below 50.0 points to a contraction in the non-productive sector. The index is an indicator of the overall economic situation for the non-manufacturing sector.	January	52.0	53.4	50.6