



**CENTRALNA BANKA
CRNE GORE**

Financial and Banking Operations Department - International Reserves Management Division -

International Financial Market Report

(7 – 11 October 2024)

EURUSD ↓ 1.2179
At 19:38 Dp 1.2174 HI 1.2179 Value 3/21/06
Market Price
Range 3/17/05 - 3/17/06
Upper Chart: Market Price



CMU/Close	
Last	1.2179
High 03/17/05	1.3360
Average	1.2217
Low 11/14/05	1.1886

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	1.1871
W 3/15	1.2166	W 2/22	1.1864
T 3/14	1.2016	T 2/21	1.1914
M 3/13	1.1934	M 2/20	1.1946
W 3/12	1.1911	W 2/19	1.1911
T 3/11	1.1909	T 2/18	1.1909
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
W 3/ 5	1.1971	W 2/12	1.1902
T 3/ 4	1.2025	F 2/10	1.1919
W 3/ 3	1.2012	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	W 2/ 6	1.1962
M 2/27	1.1853		

BLOOMBERG NEWS AUDIO/VIDEO

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

1) Bankinvest's Broby: Softbank, Vodafone, L'Oréal, Body Shop	2) ICAP's Smith: U.S. European Bonds, Fed Rates and Strategy	3) Fofar's Bennett: U.S. Dollar, Fed Policy, Euro, Yen
4) Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy	5) China Airlines' Wei: Fleet Reorganization, Earnings Outlook	6) Bear Stearns Teleconference: Fiscal First-Quarter Profit
7) 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.	8) Microsoft's Gallmer: Stock Performance, Strategy, Products	

10 Bloomberg TV Live 11 Bloomberg Radio Live 12 All Audio/Video Reports

LIVE <GO> Events				
ID	Event	Date	Time	Language
13	Legal & General Teleconference: Full-Year Earnings	3/17	Now Playing	English
14	UBS Warburg's Hickson: Outlook for Steel Industry	3/17	Now Playing	English
15	European Commission: Daily News Conference	3/17	20:00 - 20:30	English
16	Egypt's Mottelain: Sale of State-Owned Businesses	3/17	21:05 - 21:20	English
17	Borders Group Teleconference: 4th-Qtr Results	3/17	22:00 - 23:00	English
18	AIG Teleconference About Fourth-Quarter Results	3/17	22:30 - 23:30	English

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

2) Australia 61 2 8777 8800 Brazil 5511 3048 4500 Europe 44 20 7390 7500 Germany 49 69 920410
 Hong Kong 852 2397 6000 Japan 81 3 3201 3900 Singapore 65 6212 1000 U.S. 1 212 316 2000 Copyright 2006 Bloomberg L.P.
 6515-581-93 17-Nov-06 19:27:28

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

Page 1 Page 2 Page 3

Podgorica, 16 October 2024

Weekly overview of short news

- The Bundesbank President, Joachim Nagel, has warned that the European economy could face significantly lower growth and higher inflation if Donald Trump wins the U.S. elections. He added that his victory would be accompanied by a drastic increase in tariffs, an expansive fiscal policy and serious restrictions on immigration.
- The ECB Governing Council member and Governor of the Central Bank of Latvia, Mārtiņš Kazāks, said the data indicated that a cut in interest rates in October was likely to happen. He stated that the rate reduction is necessary because the economy is weak. The ECB Governing Council member and the Governor of the National Bank of Slovakia, Peter Kazimir, is the opponent of interest rate cuts next week, and believes that December could be better. Despite most policymakers favouring the 17 October move, Kazimir is sceptical about reacting to a single positive inflation figure from September. The ECB Governing Council member Pierre Wunsch warned against easing too quickly, adding that he was undecided about a third rate cut this year next week.
- The September Fed Minutes showed that Jerome Powell had some resistance to a 50bp cut last month, i.e. some policy makers advocated for a more modest reduction – 25bp at the meeting. The Dallas Fed President Lorie Logan supported September's 50bp interest rate cut, but now favours more gradual rate cuts going forward. She believes that this approach will balance the risks of the Fed's dual goals (price stability and employment). The Atlanta Fed President, Raphael Bostic, emphasized the necessity of balancing risks between inflation and the labour market. With inflation risks diminishing and labour market threats increasing, Bostic remains committed to the inflation target, but recognizes the increasing importance of employment. Given the strong labour market, officials can afford to be patient with further rate cuts. The San Francisco Fed President Mary Daly expects one or two 25bp rate cuts this year. The Minutes confirmed that the Fed will be more comfortable with smaller cuts until the end of the cycle and will only implement more aggressive moves if conditions in the economy worsen.
- Core CPI in the U.S. rose by 0.31% on a monthly basis in September, which was more than the expected 0.2%. The total CPI for all products was also above expectations, achieving a growth of 0.18%, while the expected was 0.1%. Core inflation grew by 3.3% on an annual basis, while total inflation was 2.4% (expected 2.3%).
- Minutes from the ECB's September meeting showed that members generally agreed that a gradual approach to easing monetary policy was appropriate. The ECB Governing Council members presented arguments for a gradual reduction of the interest rate in view of persistent inflationary pressures.
- Fitch decided on Friday not to reduce the credit rating of France, confirming the AA- rating, but revised its outlook downward, i.e. assigned it a "negative" outlook, just a day after the government presented the 2025 budget. Fitch cited increased risks related to fiscal policy and the political situation as the reason. The agency expects the debt to rise to 118.5% of GDP by 2028. Fitch added that, if the situation in France does not improve quickly and if the Government's promises (to restore public finances) are not fulfilled, the rating could be lowered at the next review.
- The consumer price index in Germany was in line with expectations in September, 1.6% and 0.0%, respectively (final data). The harmonized index was also in line with expectations, on a monthly and annual basis, and amounted to -0.1% and 1.8%, respectively.
- China said on Saturday it would "significantly increase" bond issuance to offer subsidies to low-income earners, support the housing market and recapitalize state-owned banks as it seeks to revive sluggish economic growth. Without providing details on the size of the fiscal stimulus being prepared, the Minister of Finance, Lan Fo`an, said at a press conference that there will be more "countercyclical measures" this year. The market was disappointed, as the minister did not provide more specific details about the additional stimulus.

FX NEWS EUR/USD



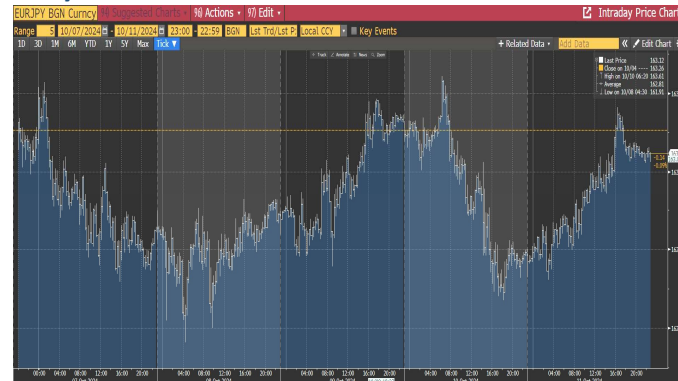
The EUR/USD exchange rate recorded a slight increase during the first and middle of the second day of this week. However, the exchange rate weakened for the rest of the week. The drop in the exchange rate occurred as some ECB officials hinted that the central bank will reduce interest rates at the meeting held on 17 October. The Banque de France Governor stated that the ECB will reduce interest rates at the next meeting due to weak economic growth, and this view was supported by the Governor of the Central Bank of Latvia. Additionally, the exchange rate drop was influenced by the release of the Minutes from the latest Fed meeting, which showed that the Fed will have a "patient" approach regarding further interest rate cuts. The decline of the exchange rate was halted on the last day of the week due to negative data from the U.S. labour market, as there was an unexpected increase in the number of claims (14-month high) for unemployment benefits.

EUR/GBP



The EUR/GBP exchange rate recorded a sharp rise on the first day of the week as the labour market "cooled" in the U.K. in September. Namely, according to research by the Recruitment and Employment Confederation and KPMG, the lowest wage growth in the last four years was recorded. The exchange rate trended lower for the rest of the week as the expectations grew that the ECB would cut interest rates at its meeting this month. However, in the second half of the day on Thursday, the decline was halted as speculations increased that the Bank of England will also reduce the interest rate at the November meeting, while the exchange rate did not register a significant change on Friday.

EUR/JPY



The EUR/JPY exchange rate recorded decline on the first day of the week as geopolitical tensions favoured growth in demand for safe assets. The exchange rate rose over the next two days as the Prime Minister of Japan announced early elections for 27 October. Japan's Prime Minister said he will seek to win a majority of seats in the upcoming elections together with his coalition partner. The exchange rate fell sharply on Thursday as the Bank of Japan's Deputy Governor said the central bank would raise interest rates if the outlook set in July was met and highlighted record corporate profits and wage growth. On Friday, the exchange rate recovered the entire drop from the previous day.

Table 1 - Exchange rates of the most important currencies

	7-Oct-2024¹	11-Oct-2024²	% Change
EUR/USD	1.0974	1.0937	-0.34
EUR/GBP	0.83618	0.83701	0.10
EUR/JPY	163.26	163.12	-0.09
EUR/AUD	1.61561	1.62023	0.29
EUR/CHF	0.94180	0.93761	-0.44
USD/JPY	148.70	149.13	0.29
GBP/USD	1.3122	1.3067	-0.42

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	3.65%	17-Oct-2024
Federal Reserves (Fed)	Federal Funds Target Rate	5.00%	7-Nov-2024
Bank of Japan (BoJ)	Overnight Call Rate	0.25%	31-Oct-2024
Bank of England (BoE)	Official Bank Rate	5.00%	7-Nov-2024
Swiss National Bank (SNB)	Libor Target Rate	1.00%	12-Dec-2024
Bank of Canada (BoC)	Target Overnight Rate	4.25%	23-Oct-2024
Reserve Bank of Australia (RBA)	Cash Rate Target	4.35%	5-Nov-2024

Table 3 - ESTR and Euribor

	7-Oct-2024¹	11-Oct-2024.²	Change in basis points
ESTR	3.414	3.413	-0.1
Euribor 1W	3.395	3.408	1.3
Euribor 1M	3.270	3.245	-2.5
Euribor 3M	3.250	3.179	-7.1
Euribor 6M	3.046	3.064	1.8
Euribor 12M	2.688	2.822	13.4

¹ Opening market value on Monday

² Closing market value on Friday

Table 4 - Economic indicators (7 - 11 Oct 2024)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Retail Sales This indicator measures the volume of sales of personal and household goods.	August			
		MoM%	0.2%	0.2%	0.1%
		YoY%	1.0%	0.8%	-0.1%
Germany	Industrial Production Measures the production of facilities in the following industries: mining and quarrying, manufacturing and public utilities (electricity, gas and water supply). Exports Products and services produced in Germany, sold or pending for sale outside of Germany. Imports Japan's demand for foreign products. The value of exports and imports is an important input in the calculations of the trade balance, current account and GDP. Consumer price index (CPI) 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.	August			
		MoM%	0.8%	2.9%	-2.4%
		YoY%	-3.8%	-2.7%	-5.3%
		August			
		MoM%	-1.0%	1.3%	1.7%
		August			
		MoM%	-2.0%	-3.4%	5.4%
		September			
		Final data			
		MoM%	0.0%	0.0%	0.0%
		YoY%	1.6%	1.6%	1.6%
Great Britain	Industrial Production Measures the production of facilities in the following industries: mining and quarrying, manufacturing and public utilities (electricity, gas and water supply).	August			
		MoM%	0.2%	0.5%	-0.8%
		YoY%	-0.5%	-1.6%	-1.2%
Japan	Producer Price Index (PPI) This indicator measures the change in the price paid by domestic producers. The indicator rise is an early inflation indicator.	August			
		MoM%	-0.3%	0.0%	-0.2%
		YoY%	2.3%	2.8%	2.5%
USA	Consumer price index (CPI) 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.	September			
		MoM%	0.1%	0.2%	0.2%
		YoY%	2.3%	2.4%	2.5%
Italy	Industrial Production Measures the production of facilities in the following industries: mining and quarrying, manufacturing and public utilities (electricity, gas and water supply).	August			
		MoM%	0.2%	0.1%	-0.9%
		YoY%	-3.1%	-3.2%	-3.3%

EUROPEAN GOVERNMENT BONDS MARKET



The yield on German 10-year bonds increased this week, from 2.21% to 2.29%. For the first three days, the yield on 10-year German government bonds fluctuated slightly and averaged at 2.25%. A milder fall in yields was recorded on Thursday as the Minutes from the ECB latest meeting increased expectations that the bank will cut interest rates on 17 October. On the last day of the week, the yield on the German 10-year bonds rose at the level of the day. The spread between French and German government bonds remained at the level of 77bp on the mentioned day, as traders looked at the details of the French government budget that was announced on Thursday. Namely, France has announced plans to sell 300 billion euros of government bonds next year, as the government faces increasing pressure to stabilize its public finances and restore investors' confidence. The revenues from the bond issue will help finance the projected budget deficit of 136 billion euros in 2025, which is 31 billion euros less than this year's deficit. Investor demand for French government bonds remains strong, with recent bond auctions at interest rates comparable to those seen before President Emmanuel Macron's call for early elections in June. France plans to bring its deficit within the EU limit of 3% by 2029, two years later than originally planned.

U.S. GOVERNMENT BONDS MARKET



The yield on the 10-year U.S. government bonds rose from 3.96% to 4.11% this week. The rise in yields was caused by increasing expectations that the Fed would cut interest rates by 25bp. The Dallas Fed President Lorie Logan said earlier this week that the central bank should cut interest rates more slowly after an unusually large cut last month. The Atlanta Fed President, Raphael Bostic, emphasized the necessity of balancing risks between inflation and the labour market. Mary Daly expects one or two rate cuts of 25bp each this year. The yield on the 10-year U.S. government bonds rose by mid-day on Thursday, only to return to its previous level in the second half of the day as the week before recorded an unexpected increase in the number of claims for unemployment benefits to a 14-month high. The yield fluctuated on Friday.

GOLD



The price of gold was \$2,650.04 per ounce at the beginning of this reporting week, and \$2,656.59 per ounce at the end of the week. The price of gold fluctuated on Monday - it averaged \$2,648.00 per ounce, only to fall on Tuesday due to the strengthening of the dollar and higher yields on U.S. government bonds. The price of gold had an upward trend in the last two days of the week as the market increased expectations that the Fed will cut interest rates by the end of the year, and traders also evaluated the latest U.S. data.

OIL



The price of oil was at the level of \$78.22 per barrel at the beginning of the week, reaching \$79.01 per barrel at the end of the week. At the very beginning of the week, the price of oil rose due to rising tensions in the Middle East and fear of possible Israeli attacks on Iran's oil infrastructure. The price trended downwards on Tuesday, due to concerns about demand from China and predictions of an increase in crude oil production in the coming months. Data from the American Petroleum Institute also contributed to the fall, which showed that oil stocks rose by about 11 million barrels last week. The price of oil rose on Thursday due to Hurricane Milton, which hit Florida, and the risk that it could lead to disruptions in oil supply. The price of oil fluctuated slightly on Friday, averaging at \$79.19 per barrel.

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.