



CENTRALNA BANKA  
CRNE GORE



## 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 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	1.1894	W 2/19	1.1909
T 3/11	1.1894	T 2/18	1.1881
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	1.1953	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	M 2/6	1.1962

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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 Ballmer: 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.

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(9 – 13 December 2023)

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

24) 1 YR	47.00	47.00	47.00	+0.00
25) 5 YR	48.25	49.25	48.75	+0.25
26) 6 YR	49.50	50.50	50.00	+0.30
27) 7 YR	50.50	51.50	51.00	+0.40
28) 8 YR	51.13	52.13	51.63	+0.33
29) 9 YR	51.75	52.75	52.25	+0.45
30) 10 YR	52.25	53.25	52.75	+0.50
31) 15 YR	57.00	58.00	57.50	+0.50
32) 20 YR	58.63	59.88	59.25	+0.15
33) 30 YR	57.38	58.63	58.00	+0.20

Podgorica, 18 December 2024

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

## Weekly overview of short news

- The price of oil increased from \$71.78 to \$74.54 per barrel in this reporting week.
- The gold price rose from \$2639.70 to \$2648.23 per ounce.
- Regular meetings of the central banks of Canada, Switzerland and the ECB were held in this reporting week. The first two central banks reduced interest rates by 50bp each, therefore the reference interest rate in Canada amounted to 3.25%, and in Switzerland 0.50%.
- Unlike them, the ECB reduced interest rates by 25bp each, so the reference interest rate amounted to 3.15% (the lowest level since March 2023), the deposit rate stood at 3%, while the loan rate equalled 3.40%. The President Lagarde indicated that the direction of interest rates is clear, but the pace will be driven by data and will be decided from meeting to meeting, and she also stated that inflationary risks are two-folded. According to ECB forecasts, the GDP of the euro area will amount to 1.1% in 2025, 1.4% in 2026 and 1.3% in 2027, whereas inflation will reach 2.1% in 2025, 1.9% in 2026 and 2.1% in 2027.
- The French President Macron appointed a new Prime Minister, François Bayrou on Friday, the leader of the centrist Democratic Movement party.
- The credit agency Moody's lowered France's credit rating from Aa2 to Aa3 on the same day, so it is now equivalent to the rating levels assigned by Fitch and S&P. This decision reflects the Agency's view that France's public finances will be significantly weakened in the coming years. The Agency added that it is very unlikely that the next government will significantly reduce the amount of the fiscal deficit during the next year.

EUR/USD



The EUR/USD exchange rate depreciated during this reporting week. The exchange rate fell mostly as investors positioned themselves for the ECB regular meeting and as they expected the ECB to lower the interest rate. At the meeting, which took place on Thursday, the ECB decided to cut interest rates by 25bp, the fourth cut since June. On the other hand, the dollar was supported by the release of data that wholesale prices rose in November slightly more than expected. Namely, it was announced that wholesale prices in the U.S. rose by 0.4% in November, whereas the expected increase was 0.2%. This exchange rate regained some of its losses on the last day of the week and the fact that a better-than-expected report on industrial production in the euro area was released. Industrial production fell by 1.2% in October, while the expected drop was 1.9%.

EUR/GBP



The EUR/GBP exchange rate had a downward trend for the first three days of the reporting week

due to the expectation that the Bank of England will not change the level of interest rates in December, and that the ECB will reduce them, and that in general the Bank of England will reduce interest rates less aggressively in relation to the ECB. Sterling also strengthened due to increased risk appetite among investors. The exchange rate rose at the of the week due to the weakening of sterling as a result of the announcement that the British economy weakened for the second month in a row. The GDP decreased by 0.1% in October compared to the previous month, when there was a similar decrease, while the expected growth was 0.1%. These data reduce confidence that the British government will boost economic growth. Despite everything, these data are not expected to change the position of the Bank of England on the gradual reduction of interest rates.

EUR/JPY



The EUR/JPY exchange rate recorded growth this week. The exchange rate rose on Monday as speculation emerged that the Bank of Japan would not raise interest rates at its December meeting. In the following days, until Friday, the exchange rate was stable, trending around 159.70. The exchange rate rose again on Friday as there were still speculations that the Bank of Japan would keep interest rates at their current levels at the December meeting.

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

	9-Dec-2024 <sup>1</sup>	13-Dec-2024 <sup>2</sup>	% Change
EUR/USD	1.0568	1.0501	-0.63
EUR/GBP	0.82932	0.83223	0.35
EUR/JPY	158.55	161.37	1.78
EUR/AUD	1.65343	1.65088	-0.15
EUR/CHF	0.92856	0.93734	0.95
USD/JPY	150.00	153.65	2.43
GBP/USD	1.2744	1.2619	-0.98

**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	3.15%	30-Jan-2025
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	0.50%	20-Mar-2025
Bank of Canada (BoC)	Target Overnight Rate	3.25%	29-Jan-2025
Reserve Bank of Australia (RBA)	Cash Rate Target	4.35%	18-Feb-2025

**Table 3 - ESTR and Euribor**

	9-Dec-2024 <sup>1</sup>	13-Dec-2024. <sup>2</sup>	Change in basis points
ESTR	3.165	3.167	0.20
Euribor 1W	3.142	3.076	-6.60
Euribor 1M	3.005	2.871	-13.40
Euribor 3M	2.868	2.843	-2.50
Euribor 6M	2.654	2.639	-1.50
Euribor 12M	2.399	2.405	0.60

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

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

**Table 4 - Economic indicators (9 - 13 December 2024)**

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<b>Sentix Investor Confidence</b> Sentix Investor Confidence is a monthly survey that shows the market's opinion on the current economic situation and expectations for the next semester. Above 0.0 indicates to optimism, whereas below indicates to pessimism.	December	-12.3	-17.5	-12.8
	<b>Industrial Production SA</b> It measures the output in mining and quarrying, manufacturing and utilities (electricity, gas and water supply). The data has been processed to remove seasonal effects, as production fluctuates throughout the year due to holidays, weather conditions, vacations, etc.	October MoM%	0.0%	0.0%	-2.0%
Germany	<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.	November Final data			
		MoM%	-0.2%	-0.2%	-0.2%
		YoY%	2.2%	2.2%	2.2%
France	<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.	November Final data			
		MoM%	-0.1%	-0.1%	-0.1%
		YoY%	1.3%	1.3%	1.3%
Spain	<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.	November Final data			
		MoM%	0.2%	0.2%	0.2%
		YoY%	2.4%	2.4%	2.4%
Great Britain	<b>Monthly GDP</b> It measures the final market value of all products and services produced within the country on a monthly basis.	October MoM%	0.1%	-0.1%	-0.1%
	<b>Industrial production</b> It measures the changes in output of production, service and mining sectors.	October MoM%	0.3%	-0.6%	-0.5%
		YoY%	0.2%	-0.7%	-1.8%
USA	<b>Initial Jobless Claims</b> It measures the number of people filing for unemployment benefits for the first time.	7 December K=1,000	220K	242K	224K
	<b>PPI Final Demand</b> The index is a measure of the change in the prices of goods at the moment they leave the place of production (the prices that domestic producers receive for their products, whether on the domestic or foreign market).	November MoM%	0.2%	0.4%	0.2%
		YoY%	2.6%	3.0%	2.4%
Japan	<b>GDP Annualized SA</b> Gross domestic product (GDP) measures the annual change in the inflation-adjusted value of all goods and services produced by the economy. It is the broadest measure of economic activity and the primary indicator of the economy's health.	Q3 Final data			
		QoQ%	1.0%	1.2%	0.9%
	<b>Producer Price Index (PPI)</b> The index measures the average price change that domestic producers receive for their production.	November MoM%	0.2%	0.3%	0.2%
		YoY%	3.4%	3.7%	3.4%

## EUROPEAN GOVERNMENT BONDS MARKET



The yield on 10-year German government bonds rose from 2.09% to 2.26% in this reporting week. The yield fluctuated within a limited interval of 2.09% to 2.14% in most of the week. There were no significant developments on the market in this period, and traders' focus was on the upcoming ECB meeting. A major change in yield trend occurred on Thursday, when yields rose to the level of 2.20%. At the ECB regular meeting, held that day, interest rates were reduced by 25bp each. The ECB President had a rather neutral attitude regarding the next steps of this monetary institution, stressing that the "road direction" is quite clear, without giving directions regarding the speed of rate reduction or their final level. Despite the reduction in rates, the bond market reacted negatively, as the ECB President stated at the press conference that although inflation is on the way to reach the target level in mid-term, the fight against inflation is not over and the inflationary risks are "two-folded". The rise in yields continued on Friday, as due to warnings of inflationary risks, traders slightly reduced expectations regarding the ECB's interest rate cuts next year.

## U.S. GOVERNMENT BONDS MARKET



The yield on 10-year U.S. government bonds had an upward trend throughout the week, reaching the level of 4.40% at the end of the week, while it stood at 4.15% in early week. The rise in yields on Monday was caused by the rise in the price of oil and the anticipation of auctions of U.S. government bonds, scheduled for Tuesday (\$58bn 3-year bonds), Wednesday (\$39bn 10-year bonds) and Thursday (\$22bn 30-year bonds). Inflation data published on Wednesday strengthened expectations that the Fed will cut interest rates at its December meeting, but left the long-term outlook unclear, therefore the 10-year yield trended upward. The following day, the rise in yields was caused by the announcement that the producer price index in the U.S. in November exceeded expectations. Yields continued to rise on Friday as it was reported that the import price index rose 0.1% in November despite the expected 0.2% decline. Rising import prices could be a threat next year if the U.S. President moves forward with his tariff proposals.

## GOLD



The price of gold rose in the first half of the week, and weakened in the second, therefore it almost did not change much on a weekly basis. The price of gold was at the level of \$2639.70 at the beginning of the week, reaching \$2648.23 per ounce at the end of the week. The rise in the price of gold in the first half of the week occurred as concerns about the situation in the Middle East affected the growth of demand for safe assets. At the same time, the growth of the gold price was influenced by the of data on inflation in the USA, which supports expectations that the Fed will reduce the interest rate by 25bp in December. During the last two days of the week, the price of gold has been weakening. Namely, it was announced on Thursday that wholesale prices rose more than expected in November, which negatively affected the price of gold. The price of gold continued to weaken in the last day of the week as the U.S. bond yields rose to the highest level in the last two and a half weeks.

## OIL



Oil prices rose this week, boosted by growing uncertainty in the Middle East. The news that China will introduce measures to stimulate its economy next year had an additional impact on price growth. At the same time, the announcement that the USA will introduce additional sanctions on Russian oil further increased the pressure on the market. Towards the end of the week, information appeared that the European Union, in addition to the already introduced sanctions on Russian oil, could introduce additional sanctions on the export of oil from Iran, which further contributed to the price increase. The price of oil increased this week from the initial \$71.78 to \$74.54 at the end of the week.

### Disclaimer

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