



**CENTRALNA BANKA
CRNE GORE**

Financial and Banking Operations Department - International Reserves Management Division -

International Financial Market Report

(16 – 20 September 2024)

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

Range 3/17/05 - 3/17/06
Upper Chart: 3 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
F 3/13	1.1934	F 2/20	1.1946
T 3/12	1.1928	T 2/19	1.1909
W 3/11	1.1928	W 2/18	1.1881
T 3/10	1.1894	T 2/17	1.1884
F 3/9	1.1909	F 2/16	1.1884
T 3/8	1.1928	T 2/15	1.1884
W 3/7	1.1889	W 2/14	1.1897
T 3/6	1.1996	T 2/13	1.1902
F 3/5	1.1996	F 2/12	1.1902
T 3/4	1.2025	T 2/11	1.1919
W 3/3	1.2012	W 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, 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

LIVE «GO» Events

ID	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 Mottelain: Sale of State-Owned Businesses	3/17	21:05 - 21:20	English	☐
18	Borders Group Teleconference: 4th-Qt Results	3/17	22:00 - 23:00	English	☐
19	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	5777	8800	
3) Brazil	5511	3048	4500	
4) Europe	44	20	7390	7500
5) Germany	49	69	920	110
6) Hong Kong	652	297	6000	
7) Japan	81	3	3201	3900
8) Singapore	65	6212	1000	U.S.
9) U.S.	1	212	316	2000

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

Weekly overview of short news

- The Fed, with the aim of preserving economic strength due to growing risks in the labour market, reduced the interest rate by 50bp, to 5%. The Fed President said that there was a "good diversity of opinion" at the meeting and that "the discussion was excellent." There were good arguments for both 25bp and 50bp cuts. Updating the Fed's chart, which is done quarterly and which records the projection of each Fed official individually for the central bank's key interest rate, the so-called "plot-dot" revealed the initial stance of Committee members at the meeting - ten members signalled a rate of 4.5% or lower by the end of the year, calling for a 50bp cut, while nine gave a rate of 4.75% or more by then end of the year, which could be achieved with a stable 25bp. Powell declined to commit to a future rate cut, but said it would be determined based on the economic data. Policymakers expect the Fed's benchmark rate to fall by additional half of a percentage point by the end of this year, a full percentage point in 2025 and half a percentage point in 2026, eventually bringing the rate to a range of 2.75% - 3.00%. Powell said at the press conference that he does not currently see anything in the economy that indicates the possibility of a recession. Economic growth has a solid growth rate, inflation is coming down and the labour market is still stable.
- The ECB's François Villeroy de Galhau said that despite expected price volatility, he believed victory over inflation was "within reach" and stressed the need for a gradual easing of monetary policy without specifying the timing of future actions. Villeroy advocates a gradual easing of monetary policy and a "meeting-to-meeting" approach to decisions.
- The Bank of England left its benchmark interest rate unchanged at 5.0%. The Monetary Council members voted 8 to 1 in favour of keeping interest rates the same. This vote caused reactions among market participants in terms of reduced expectations regarding further reduction of interest rates. The Bank of England Governor noted that inflation remains high in the U.K. services sector, highlighting the need for a gradual rate cut to ensure inflation remains low.
- The Bank of Japan unanimously kept the interest rate at the current level of 0.25%. The Bank of Japan has signalled that it is in no rush to raise interest rates.
- The consumer price index in the euro area was 0.1% on a monthly basis in August, which is less than the previous month (0.2%), while on an annual basis it remained the same as in the previous month (2.2%).
- The inflation rate in Great Britain remained stable in August, above the Bank of England's target of 2%, which reinforces expectations of another interest rate cut by the year end. The annual growth of consumer prices remained at the July level of 2.2%, which was expected, while at the monthly level, after a fall of 0.2% in July, consumer prices have now increased by 0.3%. Core inflation increased from July's 3.3% to 3.6%, whereas service inflation increased from 5.2% to 5.6%.

FX NEWS

EUR/USD



At the very beginning of the week, the **EUR/USD exchange rate** recorded growth as market participants took into account a larger increase in interest rates by the Fed than it was expected until that point. The exchange rate did not change much on Tuesday. In mid-week, ahead of the Fed's decision, the exchange rate recorded a sharp rise, but very quickly got back to the previous level as the Fed decided to cut the interest rate by 50bp, citing optimism that inflation will continue to retreat to the target level. This exchange rate recorded growth on Thursday as positive data from the American labour market arrived. Namely, it was then announced that the requests of the unemployed for receiving social benefits fell during the previous week to 219 thousand, which is less than the expected 230 thousand. The exchange rate did not register a major change during the last day of the week.

EUR/GBP



The **EUR/GBP exchange rate** depreciated in this reporting week. Sterling strengthened at the beginning of the week due to the release of data indicating a recovery in the British real estate market, which followed the Bank of England's interest rate cut in

August. According to Rightmove, following a 1.5% drop in August, real estate prices rose 0.8% in September, which is the highest increase since September 2016. Although the exchange rate recovered on Tuesday afternoon, the downward trend continued the next day. Data from the British Office for National Statistics showed that overall inflation remained stable in August, while core and service inflation rose from 3.3% to 3.6% and from 5.2% to 5.6%, respectively, which reinforced expectations that the Bank of England will keep the interest rate at the same level, therefore sterling strengthened against the euro. In accordance with expectations, the BoE did not change the interest rate at the meeting held on Thursday, so the exchange rate continued to move in a downward trend until the end of the week. The better-than-expected report on British retail sales released on Friday also contributed to this trend.

EUR/JPY



The **EUR/JPY exchange rate** increased this week. The exchange rate was stable in early week as it was a holiday in Japan, but this exchange rate recorded constant growth in the rest of the week as the market positioned itself to meet the regular meeting of the Bank of Japan and the expectation that the central bank will not increase the interest rate. After the Governor of the Bank of Japan signalled at the very end of the week that the Bank of Japan is not in a hurry to increase the interest rate, and that the Bank of Japan did not change interest rates at the meeting, the Japanese currency further weakened.

Table 1 - Exchange rates of the most important currencies

	16-Sep-2024 ¹	20-Sep-2024 ²	% Change
EUR/USD	1.1075	1.1162	0.79
EUR/GBP	0.84391	0.83794	-0.71
EUR/JPY	156.00	160.59	2.94
EUR/AUD	1.65201	1.64001	-0.73
EUR/CHF	0.94014	0.94906	0.95
USD/JPY	140.85	143.85	2.13
GBP/USD	1.3124	1.3321	1.50

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%	17.10.2024.
Federal Reserves (Fed)	Federal Funds Target Rate	5.00%	07.11.2024.
Bank of Japan (BoJ)	Overnight Call Rate	0.25%	31-Oct-2024
Bank of England (BoE)	Official Bank Rate	5.00%	07.11.2024.
Swiss National Bank (SNB)	Libor Target Rate	1.25%	26.09.2024.
Bank of Canada (BoC)	Target Overnight Rate	4.25%	23.10.2024.
Reserve Bank of Australia (RBA)	Cash Rate Target	4.35%	24.09.2024.

Table 3 - ESTR and Euribor

	16-Sep-2024. ¹	20-Sep-2024. ²	Change in basis points
ESTR	3.6630	3.4120	-25.10
Euribor 1W	3.518	3.351	-16.70
Euribor 1M	3.405	3.374	-3.10
Euribor 3M	3.472	3.436	-3.60
Euribor 6M	3.271	3.184	-8.70
Euribor 12M	2.948	2.918	-3.00

¹ Opening market value on Monday

² Closing market value on Friday

Table 4 - Economic indicators (16 - 20 September 2024)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Trade Balance SA Difference between exports and imports of products and services. This is one of the most represented components of the Balance of Payments, so it gives a valid insight into the pressures to which the European currency is exposed.	July b=bill.	15.0b	15.5b	17.0b
	Consumer price index (Euro-Zone CPI) This indicator estimates the changes in the cost of living, by 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.	August Final data MoM% YoY%	0.2% 2.2%	0.1% 2.2%	0.2% 2.6%
	Consumer Confidence This indicator tracks confidence among households or consumers, and the results are based on a survey conducted on a random sample of households.	September Preliminary data	-13.2	-12.9	-13.4
Germany	ZEW Survey Expectations This survey measures expectations regarding the economic growth for the next 6 months. Experts are surveyed on whether they expect an improvement or deterioration, thus the difference between the number of positive and negative responses represents the indicator value.	September	17.0	3.6	19.2
	ZEW Survey Current Situation This indicator measures the current health of the economy. Experts are surveyed whether the current situation is improving, worsening or remaining unchanged, so the value of the indicator is obtained as the difference between the number of positive and negative responses. The higher value points to strengthening of the economy and a better business climate.	September	-80.0	-84.5	-77.3
	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% YoY%	0.0% -1.0%	0.2% -0.8%	0.2% -0.8%
Great Britain	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	0.3% 2.2%	0.3% 2.2%	-0.2% 2.2%
	Retail Sales Inc Auto Fuel This indicator measures the volume of sales of goods for personal and household spending, and includes the sale of fuel.	August MoM% YoY%	0.4% 1.3%	1.0% 2.5%	0.7% 1.5%
USA	Retail Sales This indicator measures the volume of sales of personal and household goods.	August MoM%	-0.2%	0.1%	1.0%
	Industrial production It measures changes in the volume of output of the manufacturing, service and mining sectors.	August MoM%	0.2%	0.8%	-0.9%
	Initial Jobless Claims It measures the number of people filing for unemployment benefits for the first time.	14 September K=1,000	230K	219 K	231K
Japan	Exports Products and services produced in Japan, sold or pending for sale outside of Japan.	August YoY%	10.6%	5.6%	10.2%
	Imports Japan's demand for foreign products.	August YoY%	15.0%	2.3%	16.6%
	Natl CPI It assesses changes in the cost of living, by measuring changes in the prices of goods and services used by consumers.	August YoY%	3.0%	3.0%	2.8%

EUROPEAN GOVERNMENT BONDS MARKET



The yield on 10-year German government bonds fell on Monday, following a decline in U.S. government bond yields. The yield rose over the next three days as expectations for an ECB interest rate cut ahead of the Fed meeting were reduced, and later due to the Fed's decision to cut rates by 50bp instead of 25bp. The yield fluctuated and averaged at 2.20% on Thursday, only to rise again on Friday as markets considered the outlook for monetary policy after a week full of decisions by the leading central banks. The yield was at the level of 2.14% in early week, being 2.22% at the end of the week.

U.S. GOVERNMENT BONDS MARKET



The yield on 10-year U.S. government bonds fell at the start of the week as market participants increased expectations that the Fed would cut interest rates by 50bp. The yield rose slightly on Tuesday due to the release of U.S. economic data that was better than expected (data on retail sales and industrial production). After the two-day Fed meeting, the yield on 10-year U.S. government bonds rose, as prices failed to maintain growth due to the Fed's decision to reduce the interest rate by 50bp instead of 25bp. The Fed President Powell said at a press conference that the rate cut by half a percentage point should not be seen as a new pace of reduction. The yield rose as the weekly data on unemployment claims for social benefits unexpectedly fell on Thursday, indicating that the U.S. labour market is "sound". Yields rose at the end of the week as the market continued to consider the Fed's rate cut decision. The yield was at the level of 3.63% in early week, standing at 3.74% at the end of the week.

GOLD



The price of gold increased during this week from \$2,577.70 per ounce to \$2,621.88 per ounce. The price of gold weakened slightly during the first three days of the week, recording a sharp growth during the last two days of the week. The increase in the price of gold at the end of the week was caused by the fact that the Fed reduced the interest rate by 50bp, as well as by the increased expectations that the Fed will continue to reduce interest rates in the upcoming period.

OIL



The price of oil increased from \$72.56 per barrel to \$75.20 per barrel in this reporting week. The price of oil rose during the first two days of the week as oil exports from Libya fell and market participants focused on the disruption caused by last week's storm in the U.S., which shut down about 12% of oil production from the Gulf of Mexico. In mid-week, the price of oil did not record a major change on a daily basis, to achieve a sharp growth on Thursday as it was announced that oil supplies in the U.S. fell during the previous week (a drop of 1.6 million barrels) and as there was an increase in uncertainty in the Middle East. The tensions that were present in the Middle East during the last day of the week influenced the price of oil to achieve a slight increase on a daily basis.

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.