

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	1.1922
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	1.1906
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 Fed: Federal Walker: Fiscal Policy and Deficit
 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

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
(18 - 22 March 2024)

Podgorica, 27 March 2024

FX NEWS EUR/USD



The EUR/USD exchange rate fell in this reporting period. In the first half of the week, the exchange rate had a mostly downward trend, as the dollar strengthened ahead of the Fed meeting. Investors expected the interest rate to remain at the current level, and the focus was on whether the Fed would make changes to its rate cut projections (according to the Fed's December projections, the interest rate will be cut by 75bp, or three times). The exchange rate rose sharply following the Fed meeting on Wednesday. The interest rate remained the same, and despite the surprising inflation in January and February, the projections were not changed, but the Fed believes that the interest rate will be reduced three times this year, which had impact on weakening of the dollar. However, in the last two days of this week, the exchange rate recorded an even sharper decline. Preliminary data that showed that the manufacturing purchasing managers' index (PMI) in Germany and the euro area for March were below expectations and below the February level, which caused the euro to weaken. On the other hand, U.S. economic data provided support for the dollar (the manufacturing PMI was above expectations for March, sales of existing real estate were above expectations for February as well, whereas new claims of the unemployed for receiving social benefits were below expectations last week).

EUR/GBP



The EUR/GBP exchange rate fluctuated for the first three days and did not record major changes (the exchange rate was on average at 0.85458). Data on

the inflation of Great Britain (GB) were released on Wednesday, which showed that it slowed down in February. The EUR/GBP exchange rate rose on Thursday as sterling weakened after the Bank of England (BoE) meeting, as expectations for interest rate cuts increased this year. The sterling strengthened on the last day once the better-than-expected data from the U.K. retail sector were released, reflecting a rise in consumer confidence due to easing inflation and an expected interest rate cut, as well as comments from the BoE Governor. The BoE Governor, Andrew Bailey, expressed optimism about the Great Britain's economy, acknowledging the possibility of interest rate cuts. Bailey noted that two members of the Monetary Policy Committee cancelled calls for a rate increase due to easing inflation, signalling a positive trend. He emphasized a flexible approach to future rate adjustments, citing the absence of persistent inflationary pressures as key factors in decision-making.

EUR/JPY



On Monday, the EUR/JPY exchange rate showed signs of weakening, only to have an upward trend for the next two days. Although the Bank of Japan raised interest rates at its regular meeting, it remained unclear when the next increase would occur, leading to market speculation that the BoJ would maintain a "accommodative" monetary policy despite exiting negative interest rates, causing the yen to weaken. At the conference after the meeting, the Governor Ueda emphasized that the policy will remain flexible, as there is still room to fully achieve the central bank's objective of 2% inflation. The exchange rate did not change significantly on Thursday, although the euro showed signs of weakening, due to release of weaker-than-expected data on the manufacturing purchasing managers' index (PMI) in both euro area and Germany. The exchange rate weakened on the last day of the week, as data showed that the inflation rate in Japan increased in February, therefore the focus of the market was on when the BoJ could raise the interest rate again, which caused the yen to strengthen.

Table 1 - Exchange rates of the most important currencies

	18 March 2024 ¹	22 March 2024 ²	% Change
EUR/USD	1.0889	1.0808	-0.74
EUR/GBP	0.85498	0.85774	0.32
EUR/JPY	162.31	163.67	0.84
EUR/AUD	1.66005	1.65959	-0.03
EUR/CHF	0.96220	0.96991	0.80
USD/JPY	149.04	151.41	1.59
GBP/USD	1.2736	1.2601	-1.06

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%	11 April 2024
Federal Reserves (Fed)	Federal Funds Target Rate	5.50%	1 May 2024
Bank of Japan (BoJ)	Overnight Call Rate	0.00%	25 April 2024
Bank of England (BoE)	Official Bank Rate	5.25%	9 May 2024
Swiss National Bank (SNB)	Libor Target Rate	1.50%	20 June 2024
Bank of Canada (BoC)	Target Overnight Rate	5.00%	10 April 2024
Reserve Bank of Australia (RBA)	Cash Rate Target	4.35%	7 May 2024

The Fed, the Bank of England and the Central Bank of Australia decided to keep interest rates at their current levels at their meetings this week.

At its regular meeting, the Bank of Japan ended the most aggressive monetary incentive programme in modern history, abolishing the global last negative interest rate. The Bank has set a new range of interest rate developments, between 0% and 0.1%, stating that reaching the inflation target of 2% is within sight.

The Swiss central bank unexpectedly reduced the interest rate by 25bp, to 1.50%, making it the first among the leading central banks to make such a move. The inflation rate in Switzerland is within the target level and was 1.2% in February. The easing of monetary policy was attributed to the effectiveness of efforts to control inflation over the past few years, and the Swiss National Bank (SNB) stated that the appreciation of the Swiss franc had impact on this decision as well. In addition, the SNB believes that this decision will support economic activity.

Table 3 – ESTR and Euribor

	18-Mar-2024 ¹	22-Mar-2024 ²	Change in basis points
ESTR	3.909	3.909	0.00
Euribor 1W	3.890	3.875	-1.50
Euribor 1M	3.862	3.853	-0.90
Euribor 3M	3.928	3.903	-2.50
Euribor 6M	3.908	3.874	-3.40
Euribor 12M	3.709	3.682	-2.70

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



The yield on 10-year German government bonds recorded a drop this week. It was stable for the first two days, but it had a downward trend for the last three days. The drop in yields occurred as investors' expectations rose that the leading central banks would reduce interest rates this year once the Swiss National Bank surprised the market and lowered the interest rate. The statement of the ECB President, who said that the inflation rate in the euro area will continue to fall, which is in support of expectations that the ECB will reduce key interest rates this year also influenced the decline in yields. The yield on the 10-year bonds fell from 2.46% to 2.32% this week.

U.S. GOVERNMENT BONDS MARKET



The yield on 10-year U.S. government bonds rose slightly at the beginning of the week, and continued to trend down for the rest of the week. The drop in yields occurred as the regular meeting of the Fed was held this week and as the central bank kept its projections that there will be three interest rate cuts this year. In addition, the Fed President's statement that it would be justified to lower the interest rate this year had impact on yields to weaken. On the last day, yields fell sharply as a large offer of U.S. bonds is expected in the upcoming period (several auctions with a total nominal value of \$200 billion will be held the next week). During this reporting week, the return on 10-year U.S. government bonds dropped from 4.34% to 4.19%.

GOLD



The gold price recorded a slight drop this week. The price of this precious metal did not record significant changes until Wednesday afternoon, and the occasional weakening in this period was caused by the strengthening of the dollar. The market focused on regular meetings of the Bank of Japan, the Fed, the Bank of England, and the Swiss National Bank. However, on Wednesday afternoon, after the Fed meeting, the price of gold rose to a record high of \$2220.89 per ounce. Although the Fed kept the interest rate at the existing level, which was in line with the market's expectations, the statement of the Fed President that it would probably be justified to start reducing it this year caused the price to rise. The price fell on Thursday, in the second part of the day, as the dollar strengthened due to the announcement of stronger than expected economic data, which continued in the last day of the reporting week.

OIL



The price of oil had an upward trend on Monday, due to greater geopolitical uncertainty, given that Ukrainian drone attacks on Russian refineries continued over the weekend. The price increase was also caused by Iraq's plans to reduce oil exports by 0.13 million barrels to 3.3 million barrels per day in the coming months in order to compensate for excessive production compared to the January and February OPEC quotas. The price rose the next day as well, approaching the 4-month maximum, as the industry report showed that oil stocks in the U.S. were reduced by 1.5 million barrels in the previous week. The U.S. Government's report indicated a drop in oil stocks by 2 million barrels on Wednesday, but despite this, the price fell the same day as traders awaited the outcome of the Fed's regular meeting. Although at the end of the day the price briefly recovered due to the weakening of the dollar, its decline continued on Thursday. The main reason was the strengthening of the dollar, and growing expectations that the conflict in Gaza will be over. The price fluctuated on Friday, and its decline was discontinued, mainly because of the attack on a shopping centre in Moscow, which the Russian authorities characterised as a terrorist attack. At the end of the same day, Russia launched one of the most devastating attacks on energy infrastructure in Ukraine to date, in retaliation for recent attacks in Russia.

Table 4 - Economic indicators (18 - 22 March 2024)

Country	Indicator	Period	Expected value	Current value	Previous value
USA	Initial Jobless Claims Number of inhabitants receiving unemployment benefits.	March 16 K=1,000	213 K	210 K	209 K
	Existing Home Sales The indicator shows records of sales in the U.S. real estate sector and is revised monthly. This report provides a fairly accurate assessment of housing market conditions.	February MoM%	-1.3%	9.5%	3.1%
Germany	IFO Business climate It refers to a survey of German companies on the current conditions (state) of business in Germany, and their expectations for the next six months.	March	86.0	87.8	85.5
	ZEW Expectations The survey monitors general state of the economy related to operations. It may include wider economic conditions or specific economic condition of an industry.	March	84.7	87.5	84.1
	Import Price Index It measures changes in the prices of imported goods. It is an indicator of inflation.	January MoM% YoY%	-0.4% -7.5%	0.0% -5.9%	-1.1% -8.5%
Euro area	Consumer price index (CPI) It estimates the cost of living changes by measuring changes in the price level of market basket of consumer goods and services purchased by an average household. Therefore, it is the key inflation measure.	February F MoM% YoY%	0.6% 2.6%	0.6% 2.6%	0.6% 2.6%
Great Britain	Consumer price index (CPI) It estimates the cost of living changes by measuring changes in the price level of market basket of consumer goods and services purchased by an average household. Therefore, it is the key inflation measure.	February MoM% YoY%	0.7% 3.5%	0.6% 3.4%	-0.6% 4.0%
	Retail Sales Inc Auto Fuel The indicator tracks sales of new and used goods to the general public for personal or household spending. This concept is based on the volume of goods sold.	February MoM% YoY%	-0.4% -0.8%	0.0% -0.4%	3.4% 0.7%
Japan	Natl CPI Ex Fresh Food It estimates the cost of living changes by measuring changes in the price level of market basket of consumer goods and services purchased by an average household. Therefore, it is the key inflation measure.	February YoY%	2.8%	2%	2.0%