



**CENTRALNA BANKA
CRNE GORE**

Financial and Banking Operations Department - International Reserves Management Division -

International Financial Market Report

(23 – 27 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: 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 Daily
Market mid/trd

DATE	PRICE	DATE	PRICE
F 3/17	1.2181	F 2/24	1.1878
T 3/16	1.2174	T 2/23	1.1911
W 3/15	1.2016	T 2/21	1.1914
T 3/14	1.2016	M 2/20	1.1946
M 3/13	1.1934	F 2/17	1.1909
F 3/10	1.1894	T 2/16	1.1881
T 3/ 9	1.1909	W 2/15	1.1884
W 3/ 8	1.1928	T 2/14	1.1897
T 3/ 7	1.1889	M 2/13	1.1902
M 3/ 6	1.1996	F 2/10	1.1919
F 3/ 3	1.2025	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	M 2/ 6	1.1962
M 2/27	1.1853		

BLOOMBERG NEWS AUDIO/VIDEO

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

Bankinvest's Broby: Softbank, Vodafone, L'Oréal, Body Shop

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.

ICAP's Smith: U.S. European Bonds, Fed Rates and Strategy

ICAP's Smith discusses U.S. European Bonds, Fed Rates and Strategy.

Folmar's Bennett: U.S. Dollar, Fed Policy, Euro, Yen

Folmar's Bennett discusses U.S. Dollar, Fed Policy, Euro, Yen.

Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy

Societe Generale's Maguire discusses BOJ Policy, Japan Rate, Economy.

China Airlines' Wei: Fleet Reorganization, Earnings Outlook

China Airlines' Wei discusses Fleet Reorganization, Earnings Outlook.

Bear Stearns Teleconference: Fiscal First-Quarter Profit

Bear Stearns Teleconference: Fiscal First-Quarter Profit.

Microsoft's Ballmer: Stock Performance, Strategy, Products

Microsoft's Ballmer discusses Stock Performance, Strategy, Products.

LIVE «GO» Events

ID	Event	Date	Time	Language	Type
13	LIVE «GO» Events				
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-Qtr 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

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

- After the pandemic, the Swiss National Bank increased interest rates more modestly than other central banks, and also started easing monetary policy before them all. At the meeting held on 26 September, the SNB reduced the reference interest rate for the third time by 25bp to 1%, and left the "door open" for more reductions, given that inflation is cooling sharply. The bank forecast that the average annual inflation rate will be 1.2% at the end of this year, 0.6% in 2025 and 0.7% in 2026.
- The Reserve Bank of Australia (RBA) held its meeting this week. Interest rates were kept at existing levels, and it was reiterated that policy must remain firm in order to reduce inflation.
- An ECB Governing Council member, Martin Kazaks, stated that for him, the danger of persistent inflation of services in the euro area rather than economic growth represents a greater concern at the moment. Euro area consumer price growth slowed to 2.2% in August, and the slowdown is expected to continue in September as well, although service inflation remained at 4%. At the same time, output is not recovering as it should, and at the September meeting, the ECB reduced its forecasts regarding economic growth for the period 2024-2026.
- Even Isabelle Schnabel, the ECB's Executive Board member, has become more concerned about the euro area economy. She said that "the economy is stagnating", that "research points to its slowdown" and that there are "evident growth signs of softening" of the labour market, although it remains resilient.
- Inflation in France and Spain fell below 2%, fuelling predictions by investors and economists that the ECB will accelerate the pace of interest rate cuts. The harmonized index of consumer prices in France was reduced to 1.5% in September, which is the first time in the last three years that it has been below the ECB's target, mainly due to the drop in energy costs. There is a similar trend in Spain where the harmonized index of consumer prices was reduced to 1.7%, whereas analysts expected increase of 1.9% for both economies. A separate ECB survey found that consumers expect prices to rise more slowly over the coming years.
- The easing of price pressures is also present in the U.S., where the personal consumption expenditure deflator, which is the Fed's preferred measure of inflation, showed the lowest annual growth since March 2021 in August, at a rate of 2.2%.
- France's new government has warned that the budget deficit has increased more than expected, and could exceed 6% of GDP, and pledged to take serious steps to ensure credibility. The challenges facing this economy have caused the spread between 10-year French and German yields to widen to its highest level since August, at around 80bp.
- The latest set of Chinese measures, presented in this reporting week, is aimed at returning the economy to the target level of 5% annual growth. The People's Bank of China reduced the 7-day reference interest rate from 1.7% to 1.5% (the 7-day reverse repo rate), and the reserve requirement rate was also reduced by 0.5% (with the possibility of further reduction until the end of the year), which leaves banks with more funds for loan growth and growth stimulation. The People's Bank of China Governor, Pan Gongsheng, has also announced plans to reduce mortgage rates that will reduce the burden on property owners, thereby trying to boost the real estate market and weak domestic demand. In addition to these, measures to support the stock market were also announced, i.e. institutional investors will be given access to central bank funds to finance the purchase of shares, and the formation of a state-backed Stabilization Fund is being considered. The head of China's National Financial Regulatory Administration, Li Yunze, announced capital injections into the biggest banks to boost their capacity to support the economy, marking the first time Beijing has injected capital into its big banks since 2008, and according to sources close to this topic, the amount could go up to 1 trillion yuan (about \$142 billion). In addition, the Reuters news agency reported that the Ministry of Finance plans to issue about 2 trillion yuan (\$282 billion) of special government bonds this year, and the funds collected would be evenly distributed to stimulate spending and help local governments deal with debt issues.

FX NEWS

EUR/USD



The EUR/USD exchange rate fell on Monday due to data indicating that activity in the euro area private sector fell for the first time since March - the preliminary composite PMI fell from 51.0 to 48.9 in September. Cooling inflation and rising wages have not boosted consumer spending, and weak foreign demand, especially from China, had negative impact on businesses. In addition, employment in manufacturing fell sharply, while job growth in the service sector slowed. The EUR/USD rate rose the following day as the dollar weakened due to economic data from the U.S. Namely, it was announced that consumer confidence in the USA was below expectations (98.8 compared to the expected 104.0). The exchange rate fell on Wednesday as the U.S. currency strengthened following the publication of data on the sale of new real estate in the U.S. The EUR/USD exchange rate rose on the daily level on Thursday, as the risk appetite improved due to massive injection of capital into the largest Chinese banks by the government, as well as owing to the solid situation in the U.S. economy. The EUR/USD rose on Friday as the Fed's preferred measure of inflation slowed more than expected in August, and weakened as better U.S. consumer confidence data came in.

EUR/GBP



The EUR/GBP exchange rate fell at the beginning of the week due to weaker-than-expected economic data from the euro area. The exchange rate recorded growth in the following two days, fuelled by market participants' expectations that the Bank of England will reduce the interest rate by 25bp in November. These expectations were additionally supported by the statement of the Bank of England Governor who announced that inflation is moving lower and therefore he thinks the interest rates will gradually decrease. The exchange rate fell on Thursday due to increased demand for riskier assets, while a slight recovery of the exchange rate was recorded on Friday.

EUR/JPY



The EUR/JPY exchange rate fell in the early morning hours on Monday, and fluctuated in the rest of the day. The exchange rate rose the next day as the Bank of Japan Governor stated that the Bank can afford time to monitor developments in the global financial market, implying that the Bank of Japan will not be in a hurry to raise the interest rate. The exchange rate rose in the rest of the week, as the yen weakened due to reduced expectations that the BoJ will raise the interest rate again by the end of the year, due to the cautious stance of the Governor Ueda. At the very end of the week, the exchange rate fell following the news that the former defence minister of Japan, Shigeru Ishiba, was elected as the new prime minister of Japan on the fifth attempt. Ishiba will succeed Fumi Kishida, who has resigned, together with his Cabinet. The newly elected prime minister stressed the need to "get out of deflation completely" and promised to increase wages to keep the economy on the road to recovery.

Table 1 - Exchange rates of the most important currencies

	23-Sep-2024¹	27-Sep-2024²	% Change
EUR/USD	1.1162	1.1162	0.00
EUR/GBP	0.83794	0.83467	-0.39
EUR/JPY	160.59	158.79	-1.12
EUR/AUD	1.64001	1.61765	-1.36
EUR/CHF	0.94906	0.93832	-1.13
USD/JPY	143.85	142.21	-1.14
GBP/USD	1.3321	1.3374	0.40

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

	23-Sep-2024.¹	27-Sep-2024.²	Change in basis points
ESTR	3.412	3.415	0.3
Euribor 1W	3.351	3.369	1.8
Euribor 1M	3.374	3.365	-0.9
Euribor 3M	3.436	3.326	-11.0
Euribor 6M	3.184	3.152	-3.2
Euribor 12M	2.918	2.771	-14.7

¹ Opening market value on Monday

² Closing market value on Friday

Table 4 - Economic indicators (23 - 27 September 2024)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Economic Confidence The monthly confidence indicator reflects general economic activity in the euro area. This indicator combines estimates and expectations derived from surveys of companies and consumers, which include various components of the economy: industry, consumers, construction and retail.	September	96.5	96.2	96.6
	HCOB Eurozone Manufacturing, Services, Composite PMI PMI surveys tracks opinion among procurement managers in manufacturing and/or services sectors. The index was obtained from the results of questionnaires related to production, orders, stocks, employment, prices, etc.	September Preliminary data	45.7 52.3 50.5	44.8 50.5 48.9	45.8 52.9 51.0
	HCOB Germany Manufacturing, Services, Composite PMI PMI surveys tracks opinion among procurement managers in manufacturing and/or services sectors. The index was obtained from the results of questionnaires related to production, orders, stocks, employment, prices, etc.	September Preliminary data	42.3 51.0 48.2	40.3 50.6 47.2	42.4 51.2 48.4
France	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.	Preliminary data MoM% YoY%	-0.7% 1.6%	-1.2% 1.2%	0.5% 1.8%
	HCOB Eurozone Manufacturing, Services, Composite PMI PMI surveys tracks opinion among procurement managers in manufacturing and/or services sectors. The index was obtained from the results of questionnaires related to production, orders, stocks, employment, prices, etc.	September Preliminary data	44.2 53.1 51.5	44.0 48.3 47.4	43.9 55.0 53.1
	Consumer Confidence An assessment of consumer confidence in terms of business conditions, employment and personal earnings. The Consumer Confidence Index is tied to personal spending.	September	92	95	92
USA	New Home Sales The indicator shows the sale of newly built properties in the U.S. This data represents a timely indicator of housing market conditions, counting house sales when housing contracts are signed.	August MoM%	-5.3%	-4.7%	10.6%
	Initial Jobless Claims measure the number of people who have filed for unemployment benefits for the first time.	21 September K=1,000	223K	218 K	219 K
	PCE Price Index This is an indicator that measures changes in the prices of goods and services purchased by consumers in the United States. This index is important because it shows inflation (or deflation) across a wide range of consumer spending and reflects changes in consumer behaviour.	August MoM% YoY%	0.1% 2.3%	0.1% 2.2%	0.2% 2.5%
	Personal Spending The value of goods and services purchased by or on behalf of U.S. residents.	August MoM%	0.3%	0.2%	0.5%
Japan	Tokyo CPI Measures the prices that consumers pay for a market basket of products and services.	September YoY%	2.2%	2.2%	2.2%

EUROPEAN GOVERNMENT BONDS MARKET



The yield on the 10-year German government bond fluctuated throughout the week, falling from 2.21% to 2.13%. The yield had a changing trend in the first two days, but generally weakened, as the lower-than-expected data on manufacturing, service and composite purchasing managers' index (CPMI) in France, Germany and the euro area fuelled expectations that the ECB could reduce the rate at the October meeting as well. The yield had an upward trend throughout the day on Wednesday, caused by weakening expectations regarding the final ECB rates - traders' expectations of a cut for this year are stable, but they have weakened slightly for the next year. The yield fell on Thursday, but it returned to its previous level by the end of the day. However, the yield fell sharply on Friday, to 2.11%, as preliminary data showed that the inflation rate in France and Spain for September was below the ECB's expectations and targets, thus fuelling expectations of an October ECB rate cut. However, a key segment of the German yield curve normalized this week, as traders expect the ECB to accelerate the pace of interest rate cuts due to concerns about the economic recovery of the euro area. Once the indicators pointed to a contraction in the euro area's private sector for the first time since March, the yield on 2-year German government bonds fell below the equivalent 10-year yield for the first time since November 2022.

U.S. GOVERNMENT BONDS MARKET



The yield on 10-year U.S. government bonds also fluctuated during this reporting week, being at the same level around 3.75% both at the beginning and at the end of the week. The yield recorded sharp changes in the first two days of the week due to release of mixed U.S. economic data, but generally weakened. The composite PMI exceeded expectations, but consumer confidence was weaker than expected. This yield had an upward trend as of Wednesday following the developments on the European government bond market. The increase in yields followed as the revised data on U.S. GDP in Q2 indicated that the economy is still in a fairly good condition, while at the same time expectations that the Fed will repeat a large reduction in interest rates were reduced. In addition, the number of new requests from the unemployed for receiving social assistance unexpectedly decreased, which contributed to the reduction of these expectations. However, the yield was mostly weaker on Friday, as the core consumer price deflator in the U.S. slowed down more than expected on a monthly basis in August.

GOLD



The price of gold did not record significant changes on Monday and averaged \$2,624.80 per ounce. The price of this precious metal had a more pronounced trend of development and growing on the following day, as the U.S. economic data were released that did not meet the expectations of the market and how these data increased the prospects that the Fed will reduce the interest rate in the following period. This trend was also supported by the news that China is introducing measures aimed at supporting economic growth. The price rose on Thursday due to a drop in interest rates, an expected increase in physical demand from India and the threat of an expanding war in the Middle East. At the very end of the week, the price fell once the better-than-expected data on the index, which measures consumer confidence, was released by the University of Michigan. The index rose to 70.1 in September from August's 67.9 and the expected 69. The gold price was \$2,618.68 per ounce at the beginning of the week, reaching \$2,658.24 per ounce at the end of the week.

OIL



The oil price fluctuated for the first two days of the week. Namely, the price of oil rose due to concerns about the escalation of the conflict between Israel and Hezbollah and speculation regarding economic stimulus in China. In addition, a potential hurricane on the American Gulf Coast threatened to cut off the supply of this energy generating product and forced companies to take certain precautionary measures (closing oil facilities; evacuating some of the staff). The price of oil weakened in the mentioned period, mainly due to concerns that demand from China would weaken. The price had a downward trend on Wednesday and Thursday as there was a change of leadership in the Central Bank of Libya, which opened the possibility to revive oil production, as well as due to the announcement that Saudi Arabia committed to increase production in December. The new governor of the Bank is Naji Issa and this election could prevent a possible collapse of the country, since the central bank plays a key role in the management of Libya's state resources, especially the oil sector. Oil exports in Libya were reduced to around 400,000 barrels per day in September, due to political instability caused by uncertainty regarding control over the central bank. The price of oil recovered in the last day of the week following the new tensions in the Middle East. The price of oil was \$74.55 per barrel at the beginning of the week, reaching \$72.08 per barrel at the end of the week.

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.