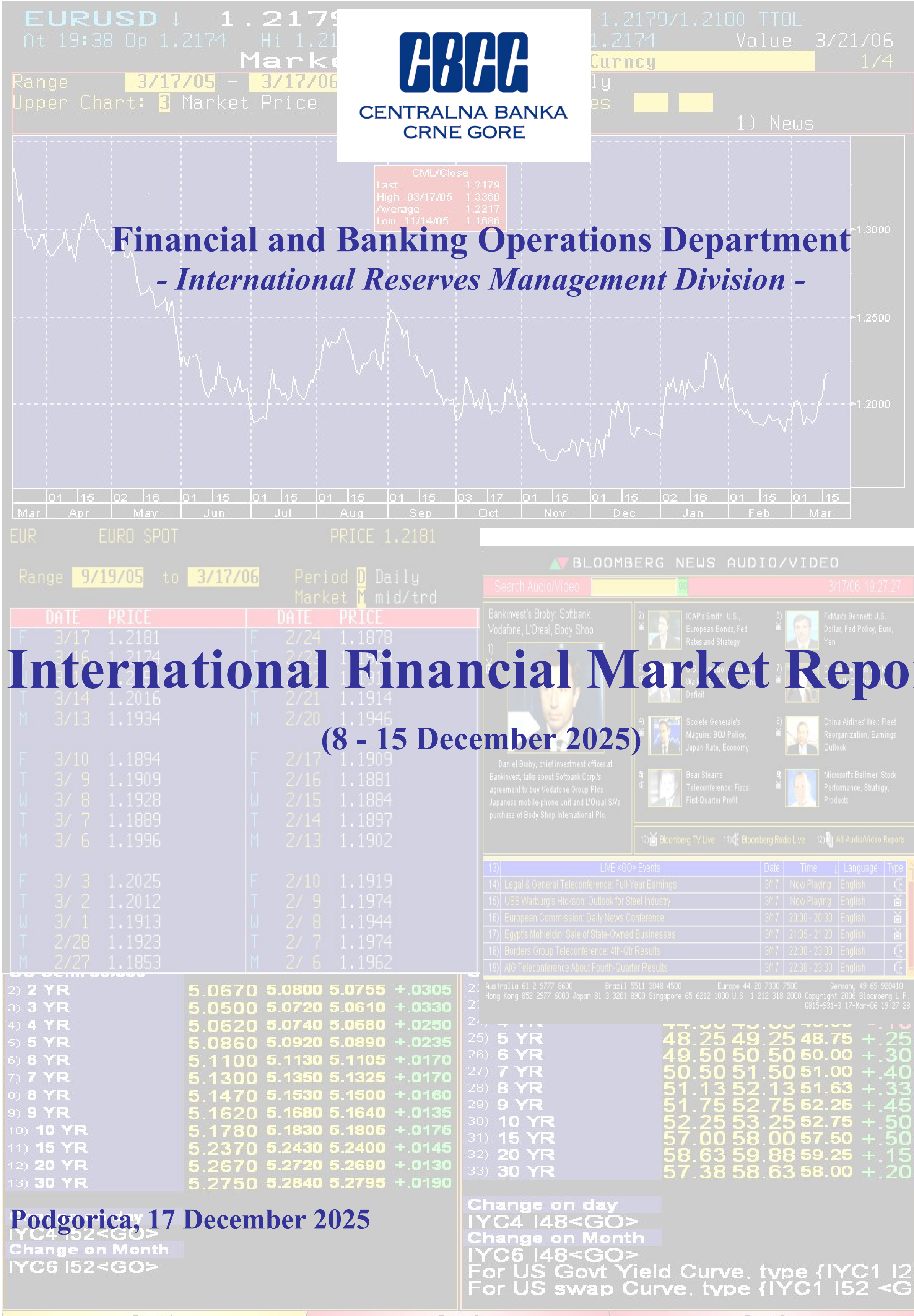

CENTRALNA BANKA CRNE GORE

Financial and Banking Operations Department

- International Reserves Management Division -

International Financial Market Report

(8 - 15 December 2025)

Podgorica, 17 December 2025

Weekly overview of short news

- The price of gold rose from $4,196.84 to $4,299.63 per ounce in this reporting week as the Fed reduced the interest rate.

- The price of oil fell from $63.78 to $61.77 per barrel this week.

- The Fed lowered the reference interest rate by 25bp, fluctuating in the range of 3.50% - 3.75%. It voted 9-3 to cut the benchmark interest rate. The Fed President said that, although there are signs of a weaker labour market, that the bank has already reduced interest rates enough and that it can now calmly wait to see how the labour market and inflation will trend further. He also added he expected the inflationary impact of higher the U.S. tariffs to fade soon. Two regional Fed presidents - Austan Goolsbee of Chicago and Jeff Schmid of Kansas - favoured keeping interest rates unchanged. The Governor Stephen Miran, who was appointed by Trump in September, voted for a larger cut of 50bp.

- The Bank of Canada, the Central Bank of Australia and the Central Bank of Switzerland decided to keep the reference interest rates at the same levels.

EUR/USD

The EUR/USD exchange rate appreciated during this reporting week. The exchange rate did not change significantly in the first half of the week, as the markets had already taken into account the expected reduction in interest rates by the Federal Reserve. The dollar was supported by stable data from the U.S. labour market. However, the exchange rate started to rise on Wednesday, when the Fed cut interest rates by 25bp, noting that the economic situation is still uncertain, but with a focus on gradual adjustments to monetary policy. The ECB President stated on the same day that the current stance of the euro area`s monetary policy is "well positioned" to bring inflation back to the target level, and indicated that economic growth forecasts could be revised upwards, which provided support for the euro. The weaker-than-expected data from the U.S. labour market were released on Thursday, further weakening the dollar. The exchange rate saw less volatility on Friday as markets tried to interpret mixed signals from Fed officials on future monetary policy moves.

EUR/GBP

The EUR/GBP exchange rate did not record any significant changes in the first three days of the reporting week (it fluctuated around 0.87383 on average), and it has been showing an upward trend since Thursday. The exchange rate rose on Thursday as data showed the U.K. housing market slowed in November following the country's Chancellor of the Exchequer's budget, with buyer inquiries falling 32% - the lowest level since September 2023. The budget introduced a tax on real estate the value of which exceeds two million pounds, and its implementation will begin in 2028. Sterling fell due to the data on the GDP of Great Britain, which was weaker than expected, but also as traders slightly raised their expectations regarding the reduction of interest rates by the Bank of England next year.

EUR/JPY

The EUR/JPY exchange rate appreciated in this reporting week. Japan's downwardly revised GDP for Q3 this year raised doubts about the country's ability to absorb a rapid increase in interest rates, while the natural disasters that hit Japan further increased investor caution, which contributed to the weakening of the yen. Bank of Japan Governor Kazuo Ueda stressed that the rise in long-term interest rates was "somewhat too fast" and that the Bank of Japan was ready to intervene if the market overreacted. At the same time, Ueda did not specify a specific date or amount of possible rate increases, leaving future policy flexible and dependent on data on inflation, wages and economic growth. However, market expectations at the very end of the week still pointed to the possibility of an interest rate increase at the upcoming Bank of Japan meeting.

Table 1 - Exchange rates of the most important currencies

	8-Dec-2025[1]	12-Dec-2025[2]	% Change
EUR/USD	1.1642	1.1740	0.84
EUR/GBP	0.87334	0.87801	0.53
EUR/JPY	180.82	182.94	1.17
EUR/AUD	1.75469	1.76499	0.59
EUR/CHF	0.93684	0.93430	-0.27
USD/JPY	155.33	155.81	0.31
GBP/USD	1.3328	1.3371	0.32

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	2.15%	18-Dec-2025
Federal Reserves (Fed)	Federal Funds Target Rate	3.75%↓	28-Jan-2026
Bank of Japan (BoJ)	Overnight Call Rate	0.50%	19-Dec-2025
Bank of England (BoE)	Official Bank Rate	4.00%	18-Dec-2025
Swiss National Bank (SNB)	Libor Target Rate	0.00%	19-Mar-2026
Bank of Canada (BoC)	Target Overnight Rate	2.25%	28-Jan-2026
Reserve Bank of Australia (RBA)	Cash Rate Target	3.60%	2-Feb-2026

Table 3 – ESTR and Euribor

	8-Dec-2025[1]	12-Dec-2025.[2]	Change in basis points
ESTR	1.929	1.9300	0.10
Euribor 1W	1.934	1.914	-2.00
Euribor 1M	1.911	1.934	2.30
Euribor 3M	2.075	2.082	0.70
Euribor 6M	2.147	2.170	2.30
Euribor 12M	2.254	2.294	4.00

[1] Opening market value on Monday

[2] Closing market value on Friday

Table 4 - Economic Indicators (8 - 12 December 2025)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	**Sentix Investor Confidence** 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, below to pessimism. Usually, a higher reading is considered positive for the euro area.	December	-6.3	-6.2	-7.4
Germany	**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.	November F MoM% YoY%	-0.2% 2.3%	-0.2% 2.3%	-0.2% 2.3%
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.	November F MoM% YoY%	-0.1% 0.9%	-0.2% 0.9%	-0.1% 0.9%
Spain	**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.	November F MoM% YoY%	0.2% 3.0%	0.2% 3.0%	0.2% 3.0%
Great Britain	**Monthly GDP** It measures the final market value of all products and services produced within the country on a monthly basis.	October	0.1%	-0.1%	-0.1%
USA	**Initial Jobless Claims** This indicator measures the number of people receiving unemployment allowances.	29 November	220K	236K	192k
Japan	**Producer Price Index (PPI)** The index measures the average price change domestic producers receive for their production. **GDP Annualized** Gross domestic product (GDP) measures the annual change in the inflation-adjusted value of all goods and services produced by the economy, adjusted for seasonal fluctuations. It is the broadest measure of economic activity and the primary indicator of the economy's health.	November MoM% YoY% Q3 F	0.3% 2.7% -2.0%	0.3% 2.7% -2.3%	0.5% 2.7% -1.8%

Abbreviations: **P**-preliminary data, **F**-final data, **T**-third and final estimate, **k**=thousand, **b**=billion, **SA=seasonal** adjustment

EUROPEAN GOVERNMENT BONDS MARKET

The yield on 10-year German government bonds rose from 2.82% to 2.85% in this reporting week. A pronounced increase in yields was recorded at the very beginning of the week, due to the strengthening of investors' expectations that the ECB could raise interest rates in the coming year. These expectations were fuelled by a statement from ECB Executive Board member Isabelle Schnabel, who said she had nothing against market predictions that the ECB's next move could be to raise interest rates. The yield continued its upward trend over the next two days, with occasional fluctuations, still reflecting the impact of the aforementioned comments. However, as of mid-day Wednesday until end-Thursday, a slight decrease in yields was recorded, as certain ECB Governing Council members pointed out that there is no reason for an immediate increase in interest rates, nor for their further reduction, bearing in mind the surprising resilience of the European economy. The yield rose again on the last day of the week as some investors began to include the ECB interest rate increase for the next year.

U.S. GOVERNMENT BONDS MARKET

The yield on 10-year U.S. bonds increased from 4.13% to 4.18% during the last week. Over the first three days of the week, yields rose as market participants positioned themselves ahead of the Fed meeting. However, once the meeting was held on Wednesday and the decision to cut the interest rate by 25bp, the yield has fallen. The yield fell further the next day as the market expects the Fed to cut interest rates once again over the next year. The renewed increase in yields occurred on Friday as investors analysed recent statements from Fed officials and reconsidered the outlook for monetary policy in 2026.

GOLD

The price of gold rose this week from $4,196.84 to $4,299.63 per ounce. The price fluctuated in a limited interval for the first three days of the week, and there were no significant events in this market, but the focus of market participants was on the upcoming Federal Reserve meeting. Although the markets had already calculated the reduction of the interest rate of the Fed, the price started to rise after the meeting, being over $4,350 per ounce on Friday. However, investors' caution due to mixed signals from the officials of this monetary institution regarding the reduction of the interest rate in the next year, led to the withdrawal of the price of gold from this level, therefore the price was around $4,300 at closing of the market.

OIL

The price of oil decreased from $63.78 to $61.77 per barrel in this reporting week. Optimism of market participants regarding the peace negotiations between Russia and Ukraine, but still present concern related to the potential excess supply of this energy generating products, caused the price to weaken at the beginning of the week. The price of oil showed signs of recovery in mid-week as regular reports on the supply situation in the U.S. indicated their reduction last week. However, the price continued to weaken until the end of the week. Despite the Fed's interest rate cuts and the presence of geopolitical tensions, the growing consensus that oil supply will exceed demand next year has put pressure on the price.