



**CENTRALNA BANKA
CRNE GORE**

Financial and Banking Operations Department - International Reserves Management Division -

International Financial Market Report

(13 - 17 January 2025)

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

Range 3/17/05 - 3/17/06
Upper Chart: Market Price



CMU/Close	Value
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	1.1871
W 3/15	1.2166	T 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	1.1928	T 2/19	1.1909
T 3/11	1.1894	T 2/18	1.1881
F 3/10	1.1894	W 2/17	1.1884
T 3/9	1.1909	T 2/16	1.1884
W 3/8	1.1928	W 2/15	1.1897
T 3/7	1.1889	T 2/14	1.1902
M 3/6	1.1996	M 2/13	1.1902
W 3/5	1.2025	F 2/10	1.1919
T 3/4	1.2012	T 2/9	1.1974
W 3/3	1.1913	W 2/8	1.1944
T 3/2	1.1923	T 2/7	1.1974
M 2/28	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

1) 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

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

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

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

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

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

China Airlines' Wei: Fleet Reorganization, Earnings Outlook

5) China Airlines' Wei discusses Fleet Reorganization, Earnings Outlook.

Bear Stearns Teleconference: Fiscal First-Quarter Profit

6) Bear Stearns Teleconference: Fiscal First-Quarter Profit.

Microsoft's Gallmer: Stock Performance, Strategy, Products

7) Microsoft's Gallmer discusses Stock Performance, Strategy, Products.

LIVE <GO> Events	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 Mottelid: 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	🔊

YR	5.0670	5.0800	5.0755	+0.035
2) 2 YR	5.0670	5.0800	5.0755	+0.035
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

- The oil price was \$82.19 per barrel at the beginning of the week, being \$82.22 per barrel at end-week.
- The price of gold rose this reporting week from \$2,687.10 to \$2,703.25 per ounce mostly due to release of U.S. inflation data and the fall of the dollar against other currencies.
- The consumer price index in the euro area recorded growth in December by 0.4% at the monthly level and 2.4% at the annual level, the final data showed.

FX NEWS

EUR/USD



The EUR/USD exchange rate stood at 1.0234 early week, being 1.0273 at the end of the week. The EUR/USD exchange rate weakened on Monday due to the strengthening of the dollar, which was supported by previously released economic data, as well as current expectations that the Fed will cut rates only once this year, and not before September or October. The exchange rate also weakened slightly as Trump's team considers a slow increase in customs. The next day, the exchange rate rose after the announcement that the producer price index rose less than expected in the U.S. in December. At the same time, the growth of the exchange rate was influenced by Robert Holzman's statement that the ECB cannot reduce interest rates quickly due to high core inflation and that the decision will depend on the available data. The ECB urged banks to take into account geopolitical risks, political upheavals and wars, in their assessments of financial strength. The exchange rate fell slightly on Wednesday, but rose briefly after it was reported that U.S. core inflation data was weaker than expected. The exchange rate recorded a slight decline at the end of the week as uncertainty concerning the policy, which Trump will implement, reduces the prospects for a Fed rate cut despite the easing of inflation and a further reduction in ECB interest rates (the market expects a 25bp rate cut on 30 January). One of the ECB members, Joachim Nagel, called for caution when reducing interest rates, citing high inflation and significant uncertainty, especially the one that comes with the return of Donald Trump to the White House, as reasons.

EUR/GBP



The EUR/GBP exchange rate appreciated in this reporting week. The exchange rate did not change significantly on Monday, only to increase the following day. Concerns about the British fiscal deficit and expectations that the data will show that inflation in Britain remained at a high level in December caused sterling to weaken, therefore the exchange rate reached a 4-month high early Wednesday. Data on slowing inflation released on the same day provided a rest to the market, reducing concerns about persistent price pressures to which households and businesses are exposed, and the exchange rate retreated from the mentioned level. Core inflation was reduced from 3.5% to 3.2%. However, these data and the Bank of England official Alan Taylor's comments that it would be adequate to cut interest rates four times this year have increased expectations for a future BoE rate cut. The above, along with British data on weaker-than-expected GDP growth in November and a surprise drop in retail sales in December, caused sterling to weaken by the end of the week.

EUR/JPY



The EUR/JPY exchange rate fell slightly during Monday, and the markets in Japan were closed. The exchange rate rose the following day as the euro was supported by a statement from the ECB's Robert Holzmann. The exchange rate recorded a decline mid-week, as the Bank of Japan was expected to increase the interest rate at the January meeting. Namely, due to the comments of Bank of Japan officials and data indicating persistent price pressures and strong growth of earnings, 90% of economists polled by Bloomberg assessed that there will be an increase in the interest rate on 23-24 January and that the rate could reach 0.5%. This was supported by the announcement that core inflation in Japan reached 3.0% in December as a result of high energy prices. The EUR/JPY exchange rate fluctuated slightly on Monday.

Table 1 - Exchange rates of the most important currencies

	13-Jan-2025. ¹	17-Jan-2025 ²	% Change
EUR/USD	1.0244	1.0273	0.28
EUR/GBP	0.83898	0.84422	0.62
EUR/JPY	161.59	160.56	-0.64
EUR/AUD	1.66670	1.65876	-0.48
EUR/CHF	0.93884	0.93884	0.00
USD/JPY	157.73	156.30	-0.91
GBP/USD	1.2207	1.2169	-0.31

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	4.50%	29-Jan-2025
Bank of Japan (BoJ)	Overnight Call Rate	0.25%	24-Jan-2025
Bank of England (BoE)	Official Bank Rate	4.75%	6-Feb-2025
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

	13-Jan-2025. ¹	17-Jan-2025. ²	Change in basis points
ESTR	2.9170	2.9200	0.30
Euribor 1W	2.925	2.915	-1.00
Euribor 1M	2.839	2.798	-4.10
Euribor 3M	2.766	2.704	-6.20
Euribor 6M	2.641	2.642	0.10
Euribor 12M	2.564	2.524	-4.00

¹ Opening market value on Monday

² Closing market value on Friday

Table 4 - Economic indicators (13 - 17 January 2025)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Trade Balance SA The difference between exports and imports of goods and services of the euro area.	November b=billion	11.5b	12.9b	7.0b
	Consumer price index (Euro-Zone 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.	December Final data MoM% YoY%	0.4% 2.4%	0.4% 2.4%	0.4% 2.4%
	Seasonally Unadjusted Gross Domestic Product (GDP NSA) Measures the final market value of all products and services produced within the country.	2024 YoY%	-0.2%	-0.2%	-0.3%
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.	December MoM% YoY%	0.4% 2.6%	0.3% 2.5%	0.1% 2.6%
	Gross domestic product (GDP) Measures the final market value of all products and services produced within the country.	November MoM%	0.2%	0.1%	-0.1%
	Retail Sales Ex Auto Fuel This indicator tracks the sale of new and used products to the general public, for personal or household spending.	December MoM% YoY%	0.3% 4.0%	-0.6% 2.9%	0.1% -0.5%
USA	Producer Price Index (PPI Final Demand) It measures the price changes received by domestic producers for their output, whether on domestic or foreign market.	December MoM% YoY%	0.4% 3.5%	0.2% 3.3%	0.4% 3.0%
	Consumer price index (CPI) It estimates changes in the cost of living, by measuring changes in the goods and services' prices.	December MoM% YoY%	0.4% 2.9%	0.4% 2.9%	0.3% 2.7%
	CPI ex Food & Energy It estimates changes in the cost of living, by measuring changes in the goods and services' prices, excluding food and energy.	December MoM% YoY%	0.3% 3.3%	0.2% 3.2%	0.3% 3.3%
	Retail Sales This indicator tracks sales of new or used products to consumers for personal or household use.	December MoM%	0.6%	0.4%	0.8%
	Retail Sales Ex Auto and Gas This indicator tracks sales of new or used products to consumers for personal or household use, excluding motor vehicles and fuel.	December MoM%	0.4%	0.3%	0.2%
	Initial Jobless Claims It measures the number of people filing for unemployment benefits for the first time.	11 January k=thousand	210 K	217 K	203 K
	Philadelphia Fed Business Outlook This survey, conducted monthly by the Philadelphia Fed, tracks confidence among Philadelphia manufacturers.	January	-5.0	44.3	-10.9
	Housing Starts It shows the change in the construction of residential units, started in the reference period.	December MoM%	3.0%	15.8%	-3.7%
Japan	Producer Price Index (PPI) It measures the price changes received by domestic producers for their output, whether on domestic or foreign market.	December MoM% YoY%	0.4% 3.8%	0.3% 3.8%	0.3% 3.8%

EUROPEAN GOVERNMENT BONDS MARKET



The yields on 10-year German government bonds fell in this reporting week from 2.59% at the beginning of the week, standing at 2.53% at the end of the week. The yield rose in the first half of the week as Austria's Central Bank Governor, Robert Holzmann, said the ECB should not cut interest rates too quickly given that core inflation remains high. A sharp drop in the yields trend occurred on Wednesday, following a drop in yields that took place on the American market once the U.S. inflation data were released. Following the increase in inflation on Thursday, yields recorded a decline and traders, after the release of the Minutes from the ECB December meeting, expect them to reduce interest rates this year by 100bp. The yields stabilized around the level of 2.53% on the last day of the week.

U.S. GOVERNMENT BONDS MARKET



The yields on 10-year U.S. government bonds fell this week. The yields fell from 4.75% at the beginning of the week to 4.62% at the end of the week. During the first two days of the week, the yields were stable and did not register major changes in its trend. There was a sharp drop in the yields trend in mid-week after the release of the U.S. inflation data for December, which were weaker than expected. Yields continued to fall on Thursday due to comments by the Fed Governor that the central bank could have three or four interest rate cuts this year. The yields stabilized around the level of 4.62% on Friday.

GOLD



The price of gold increased in this reporting week - it amounted to \$2,687.10 early week, being \$2,703.25 per ounce at the end of the week. This price fell at the beginning of the week due to the strengthening of the dollar and higher yields at the global level, which reduced the demand for gold. The price of this precious metal rose from Tuesday to Thursday, firstly due to release of the U.S. inflation data, and later due to the weakening of the dollar and the unexpected increase in requests from the unemployed for social assistance in the U.S. The New York Fed President is confident that inflation in the U.S. will fall, but that it will take time to reach the 2% target. Inflation data has led investors to expect a rate cut of half a percentage point this year. Despite concerns about tariffs, inflation expectations remain stable and a strong labour market reduces the need for immediate cuts. At the very end of the week, the price of gold recorded a slight decline as the dollar rose. Traders are counting on two Fed rate cuts this year, and Christopher Waller indicated there could be more if economic data worsens.

Disclaimer

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OIL



The oil price was \$82.19 per barrel early week, being \$82.22 per barrel at the end of the week. The price of oil had a volatile trend in the first two days of the week as the U.S. sanctions on Russian oil hit exports to India and China, which caused the price to rise (alternative suppliers could be activated, which would increase the price and delivery costs). On the other hand, the price weakened due to speculation that there could be a ceasefire between Israel and Hamas and an exchange of hostages. The prices of this energy generating product rose again on Wednesday, as the market's focus was still on the impact of sanctions on Russian tankers, and a drop in crude oil stocks also occurred. Bloomberg reported that oil tankers transporting Russian oil are anchored near the Chinese coast in order to avoid U.S. sanctions. The sanctions have prompted traders, refiners and shipping companies to seek solutions, resulting in a significant amount of crude oil being stranded in Chinese waters. In addition, the latest U.S. sanctions on Russian oil could disrupt supply chains and the global market, the International Energy Agency (IEA) said. The price was falling in the last two days of the week, as it was expected that the Yemeni Houthis would stop attacks on ships in the Red Sea, after the agreement on the cease-fire in Gaza was reached, and the market was preparing for the new mandate of President Trump.