CENTRALNA BANKA CRNE GORE

Financial and Banking Operations Department

- International Reserves Management Division -

International Financial Market Report

(15 – 22 December 2025)

Podgorica, 24 December 2025

Weekly overview of short news

- The price of gold rose from $4,297.66 to $4,338.88 per ounce in this reporting week as a result of increased geopolitical tensions.

- The price of oil fell from $62.14 to $60.57 per barrel this week.

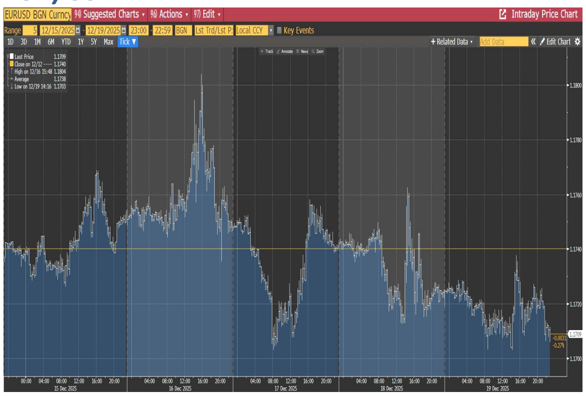
- The ECB kept key interest rates at current levels as inflation trended around the target value, whereas euro area copes with global shocks. The ECB reiterated that it will take a data-driven approach when deciding upon future monetary policy.

- The Bank of England cut interest rates by 25bp to 3.75%, with a 5-4 vote from the Monetary Policy Committee. The Bank of England expects inflation to fall closer to the 2% target in the spring, after unexpectedly falling to an eight-month low. Governor Bailey said that future decisions on interest rate cuts will be carefully considered, in order to bring the rate closer to a neutral level.

- The Bank of Japan increased the benchmark interest rate by 25bp to 0.75%, which is the highest level in almost 30 years. The decision was made unanimously, and the Bank of Japan signalled that further increases are possible if economic conditions permit, which indicates growing confidence in achieving stable inflation at the target level.

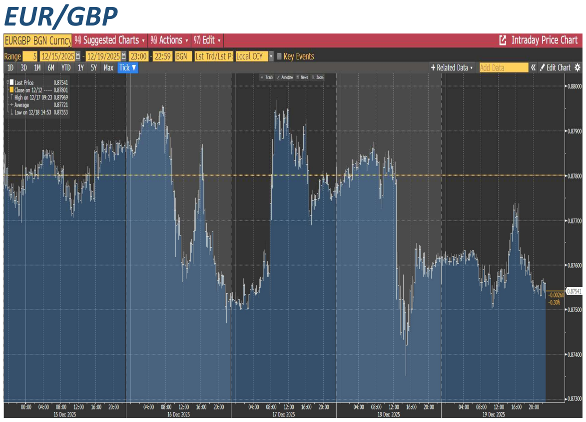
FX NEWS

EUR/USD



The EUR/USD exchange rate was relatively stable at the beginning of this week. It recorded a short-term increase on Tuesday following the release of the unemployment data in the U.S. but soon returned to the previous level. The exchange rate weakened on Wednesday due to release of the final data on inflation in the euro area, however, the euro made up for losses in the second part of the day after the Fed Governor's statement that there is still room for lowering interest rates. The exchange rate was under slight pressure during the last two days of the week, recorded a moderate decline. The ECB kept interest rates at their current levels on Thursday, which was in line with market expectations, while the ECB President emphasized that there were no discussions on monetary policy changes, leaving all options open for the next period.

EUR/GBP



The EUR/GBP exchange rate fell during this reporting week. The exchange rate showed signs of growth in early week, but soon began to weaken due to the strengthening of sterling, supported by rising wages and positive indicators of business activity in the services and manufacturing sectors in Great Britain. The exchange rate temporarily rose on Wednesday after the data on the slowdown in inflation in Great Britain increased expectations of a reduction in interest rates by the Bank of England. However, after the ECB kept interest rates at current levels and the Bank of England cut interest rates while hinting at limited room for further easing, sterling strengthened again whereas the exchange rate fell. Sterling weakened at the end of the week due to a larger-than-expected public sector deficit, which led to exchange rate fluctuations.

EUR/JPY

The EUR/JPY exchange rate was relatively stable during most of the week. The first significant change occurred on Friday, following the sharp increase in the exchange rate. Despite the fact that the Bank of Japan increased the interest rate, the Bank of Japan Governor`s statement, who called for a cautious approach, avoiding to pre-commit to rate increases, caused the yen to weaken, which led to the aforementioned increase in the exchange rate.

Table 1 - Exchange rates of the most important currencies

	15-Dec-2025[1]	19-Dec-2025 [2]	% Change
EUR/USD	1.1740	1.1710	-0.26
EUR/GBP	0.87801	0.87547	-0.29
EUR/JPY	182.94	184.74	0.98
EUR/AUD	1.76499	1.77143	0.36
EUR/CHF	0.93430	0.93164	-0.28
USD/JPY	155.81	157.75	1.25
GBP/USD	1.3371	1.3379	0.06

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	2.15%	05.02.2026.
Federal Reserves (Fed)	Federal Funds Target Rate	3.75%	28.01.2026.
Bank of Japan (BoJ)	Overnight Call Rate	0.75%	23.01.2026.
Bank of England (BoE)	Official Bank Rate	3.75%	05.02.2026.
Swiss National Bank (SNB)	Libor Target Rate	0.00%	19.03.2026.
Bank of Canada (BoC)	Target Overnight Rate	2.25%	28.01.2026.
Reserve Bank of Australia (RBA)	Cash Rate Target	3.60%	02.02.2026.

Table 3 – ESTR and Euribor

	15-Dec-2025[1]	19-Dec-2025.[2]	Change in basis points
ESTR	1.9300	1.9330	0.3
Euribor 1W	1.914	1.917	0.3
Euribor 1M	1.934	1.908	-2.6
Euribor 3M	2.082	2.002	-8.0
Euribor 6M	2.170	2.126	-4.4
Euribor 12M	2.294	2.266	-2.8

[1] Opening market value on Monday

[2] Closing market value on Friday

Table 4 - Economic Indicators (15 - 19 December 2025)

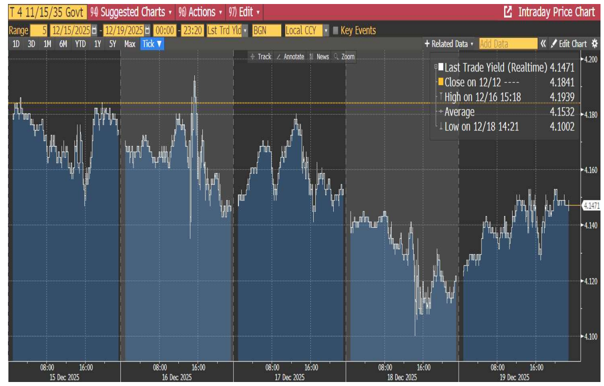
Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	**HCOB Eurozone Manufacturing, Services, Composite PMI** PMI surveys tracks opinion among procurement managers in manufacturing, construction and/or services sectors. The index was obtained from the results of questionnaires related to production, orders, stocks, employment, prices, etc.	December P	49.9 53.3 52.6	49.2 52.6 51.9	49.6 53.6 52.8
	Consumer price index (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.	November F MoM% YoY%	-0.3% 2.2%	-0.3% 2.1%	-0.3% 2.2%
Germany	**IFO Business climate** Monthly survey of companies in Germany (in production, construction, wholesale and retail), in terms of the current business climate and expectations for the next 6 months. Considering that Germany is "liable" for ¼ of the total GDP of the euro area, this indicator is a significant sign of the economic health of the euro area as a whole.	December	88.2	87.6	88.0
Great Britain	**Average Weekly Earnings 3M** This indicator shows total weekly payments to employees in exchange for performed work.	October	4.4%	4.7%	4.9%
	ILO Unemployment Rate 3Mths This rate measures unemployment as a percentage of the labour force (the total number of employed and unemployed).	October	5.1%	5.1%	5.0%
	S&P Global US Manufacturing, Services, Composite PMI PMI surveys tracks opinion among procurement managers in manufacturing, construction and/or services sectors. The index was obtained from the results of questionnaires related to production, orders, stocks, employment, prices, etc.	December P	50.3 51.6 51.5	51.2 52.1 52.1	50.2 51.3 51.2
	Consumer price index (CPI) It estimates changes in the cost of living, measuring price changes in the basket of goods and services used by the average household.	November MoM% YoY%	0.0% 3.5%	-0.2% 3.2%	0.4% 3.6%
	Public Sector Net Borrowing This indicator measures the deficit of the public sector, that is, the amount by which expenditures in a certain period exceed revenues and which must be financed by borrowing.	November	10.0b	11.7b	21.2b
USA	**Change in nonfarm payrolls** This report shows the number of newly employed persons by branch of the economy, and does not include employees on farms, in some government services, in private households and non-profit organizations.	October	-25K	-105K	108K
	Unemployment Rate It shows the number of unemployed persons as a percentage of the total labour force.	November	4.5%	4.6%	-
	Consumer price index (CPI) It estimates changes in the cost of living, measuring price changes in the basket of goods and services used by the average household.	November YoY%	3.1%	2.7%	-

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 2.83% to 2.89% in this reporting week. The yield fluctuated and averaged 2.84% in the first two days of this week. The yield on 10-year German government bonds rose to 2.86% on Thursday, before falling to 2.84% following the ECB meeting. Germany revealed on the same day it plans to sell bonds with a maturity of 20 years, which is a specific maturity and will be issued in 2026. When the U.S. Treasury Department issued such bonds, the market had mixed reactions. Chancellor Friedrich Mertz's government intends to increase borrowing in an effort to revive Europe's largest economy, which has struggled with growth since the pandemic. Much of the money raised will go into a 500-billion-euro ($586 billion) infrastructure fund and the German armed forces over the next decade. The yield rose at the very end of the week as the Bundesbank announced that the German economy would "significantly strengthen" next year and gain momentum in 2027.

U.S. GOVERNMENT BONDS MARKET



During the past week, the yield on the 10-year U.S. government bonds recorded a slight decline, from 4.18% to 4.14%. The yield fluctuated slightly during the first three days of the week, but in general it trended downwards, as the release of important data on the U.S. economy was awaited, and investors bet that the Fed will cut interest rates twice next year to support the labour market. The weakening of yield was also caused by the release of mixed data on employment in the USA, which opened the door for a further reduction in interest rates in the following year. Yield fell more sharply on Thursday after weaker-than-expected U.S. inflation data bolstered expectations that the Fed will cut interest rates at least twice next year. The yield recovered on Friday after the Fed's Williams said there was no urgency to cut interest rates again.

GOLD

The price of gold rose this week from $4297.66 to $4388.88 per ounce. A slight drop in prices was recorded early week, as a result of to the realization of investors' profits, but also due to the anticipation of a series of macroeconomic data from the USA, which will provide clearer guidance on the future direction of the Federal Reserve's monetary policy. The price of gold rose on Tuesday following the release of unemployment data in the U.S., while the upward trend continued in mid-week under the influence of heightened geopolitical tensions, especially regarding the situation with Venezuela. During the last two trading days, the price of gold fluctuated around the level of $4,335 per ounce.

OIL

The price of gold fell from $62.14 to $60.57 per barrel this week. The drop occurred during the first two days of trading, due to investors' concerns about the excess supply of this energy generating product, as well as optimism regarding a possible peace agreement between Russia and Ukraine. During the rest of the week, the drop in oil prices was halted after the U.S. President announced the introduction of sanctions on tankers participating in oil trade from Venezuela. Nevertheless, concerns about the growing global supply limited the impact of this decision, therefore the price of oil moved in a narrow range, around the level of 60 dollars per barrel.