



Podgorica, 30 July 2025

Weekly overview of short news

- The gold price fell this week from 3,349.94 to 3,337.30 USD/oz.tr. as the easing of trade tensions caused the demand for gold as a safe haven to weaken.
- The oil price fell from 70.13 to 67.94 USD/bbl. due to the expectation of a global increase in the supply of this energy product.
- On Thursday, 25 July, after eight reductions, the European Central Bank kept interest rates at their current levels: deposit rate 2%, refinancing interest rate 2.15%, and loan rate 2.40%. Clarifications on the trade negotiations between the USA and the EU were awaited at the weekend. Expectations of a potential 15% US tariff on EU goods, milder than earlier threats, influenced the decision. ECB President Christine Lagarde expressed optimism about inflation stabilising at 2%, but noted that trade uncertainty remains a concern. Policy makers were divided on the likelihood of further interest rate cuts or increases in the near future.
- ECB Governing Council member Mārtiņš Kazāks said there is little basis for further interest rate cuts unless there is a significant deterioration in the economy. With inflation at 2% and performance matching the ECB's forecasts, he believes it is reasonable to keep rates at current levels. Kazāks emphasized that the effects of the previous monetary policy easing measures are still working, and pointed to the importance of careful decision-making.
- The US and Japan reached a trade agreement that includes a 15% tariff on Japanese products and Japan's commitment to invest 550 billion USD in the American economy, after which expectations rose that the same would be reached between the US and the EU.

FX NEWS

EUR/USD



The **EUR/USD exchange rate** rose for the first three days as the uncertainty surrounding the US-EU trade relations caused the USD to depreciate, as well as due to expectations of a more “lenient” Fed policy. The euro was stronger against the USD also due to progress in trade agreements between the US and other major trading partners, which further boosted optimism in global markets. European diplomats said the EU and the US were making progress in negotiations that could include a basic US tariff of 15% on EU goods, with possible exceptions. The last two days of this week, the exchange rate fluctuated slightly and tended to weaken. Namely, after the ECB meeting on Thursday, the exchange rate appreciated slightly due to signs of resilience in the block’s economy, as well as reduced prospects for further interest rate cuts. On Friday, the exchange rate depreciated slightly on the day, as the USD appreciated due to solid economic data that suggested the Fed may slow down interest rate cuts.

EUR/GBP



The **EUR/GBP exchange rate** appreciated this reporting week. On Monday, it did not register major changes, but the next day it appreciated slightly as the euro appreciated, as the cautious tone on the market strengthened the demand for the single European currency, whose greater growth was prevented by the uncertainty surrounding the achievement of a trade agreement between the USA and the EU. On Wednesday, the exchange rate registered a slight depreciation, as the investors focused on the ECB

meeting. President Lagarde has already hinted that the ECB was “approaching the end of the monetary cycle”, thereby further reinforcing expectations that the easing phase is coming to an end. The following day, the exchange rate appreciated due to increasing prospects that the US and the EU were getting closer to reaching an agreement. On Thursday, the EUR/GBP exchange rate appreciated after the ECB kept interest rates at their current level. On the other hand, traders were predicting that the BoE would cut interest rates by 25 basis points on August 7, with another cut expected by the end of the year, which was not surprising given that the latest data on UK consumer confidence was again strongly negative. The EUR/GBP exchange rate trended up on Friday, due to weaker expectations regarding further cuts in ECB interest rates. At the same time, sentiment towards sterling cooled due to concerns about the UK’s economic outlook.

EUR/JPY



The **EUR/JPY exchange rate** fluctuated in the first part of the week, and at the end of the period it was at a slightly higher level compared to its beginning. On Monday, the exchange rate’s appreciation was halted relatively quickly as the yen strengthened on news that Japan was close to reaching a trade deal with the USA. At the end of the day, the exchange rate went up again due to rumours that Prime Minister Ishiba will resign by the end of August. Soon the exchange rate began to weaken again, as the US reached an agreement with Japan. On Wednesday, the news of the Japanese trade agreement had a positive effect on the yen, but its appreciation in the rest of the week was limited due to political uncertainty in the country. Namely, the Japanese Prime Minister, Ishiba, denied that he would resign, after media reports appeared that he planned to step down in order to take responsibility for the defeat in the elections for the upper house of parliament. The next day, the yen depreciated as the Ministry of the Interior announced that core consumer prices in Tokyo rose 2.9% year-on-year in July. On Friday, the exchange rate appreciated slightly.

Table 1 - Exchange rates of the most important currencies

	21.07.2025 ¹	25.07.2025 ²	% Change
EUR/USD	1.1626	1.1742	1.00
EUR/GBP	0.86675	0.87390	0.82
EUR/JPY	173.00	173.36	0.21
EUR/AUD	1.78629	1.78835	0.12
EUR/CHF	0.93187	0.93358	0.18
USD/JPY	148.81	147.69	-0.75
GBP/USD	1.3416	1.3438	0.16

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%	11.09.2025
Federal Reserves (Fed)	Federal Funds Target Rate	4.50%	30.07.2025
Bank of Japan (BoJ)	Overnight Call Rate	0.50%	31.07.2025
Bank of England (BoE)	Official Bank Rate	4.25%	07.08.2025
Swiss National Bank (SNB)	Libor Target Rate	0.00%	25.09.2025
Bank of Canada (BoC)	Target Overnight Rate	2.75%	30.07.2025
Reserve Bank of Australia (RBA)	Cash Rate Target	3.85%	12.08.2025

Table 3 – ESTR and Euribor

	21.07.2025 ¹	25.07.2025 ²	Change in basis points
ESTR	1.9230	1.9250	0.20
Euribor 1W	1.909	1.892	-1.70
Euribor 1M	1.883	1.876	-0.70
Euribor 3M	1.995	1.971	-2.40
Euribor 6M	2.049	2.053	0.40
Euribor 12M	2.065	2.058	-0.70

¹ Opening market value on Monday

² Closing market value on Friday

Table 4 - Economic indicators (21 – 25 July 2025)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Consumer Confidence It measures consumer confidence in euro area countries. This figure is the result of a survey of euro area consumers in terms of their labour market finances, willingness to save, and expectations regarding the economy.	July Preliminary data	-15.0	-14.7	-15.3
	HCOB Composite PMI Index is based on survey of over 300 managers in production and service companies in the private sector. Each response is weighted by the company size and its contribution to total output or service output.	July Preliminary data	50.7	51.0	50.6
Germany	GfK Consumer Confidence This index measures the level of households' confidence in terms of economic performance.	August	-19.3	-21.5	-20.3
	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.	July	89.0	88.6	88.4
USA	Initial Jobless Claims The indicator shows the number of persons who submitted claims for the first time.	19 July k=thousand	226K	217 K	221K
	New Home Sales The indicator shows the sale of newly built properties in the United States. The figure is a temporary indicator of the housing market calculating the sale of houses when housing contracts have been signed.	June	4.3%	0.6%	-11.6%
Great Britain	S&P Global UK Manufacturing, Services, Composite PMI PMI surveys tracks opinion among procurement managers at manufacturing, construction and/or services firms. The index was obtained from the results of questionnaires related to production, orders, stocks, employment, prices, etc.	July Preliminary data	51.8	51.0	52.0
	Retail Sales Inc Auto Fuel The indicator tracks sales of new and used goods to the general public. This concept is based on the volume of goods sold.	June MoM% YoY%	1.2% 1.9%	0.6% 1.8%	-2.9% -1.2%
Japan	Tokyo CPI YoY Consumer prices are a measure of prices which consumers pay for consumer basket of goods and services. Annual (monthly) growth rate is an inflation rate.	July	3.0%	2.9%	3.1%

EUROPEAN GOVERNMENT BONDS MARKET



This reporting week, the return on 10-year German government bonds rose from 2.65% to 2.72%. For the first three days, the yield had a slightly downward trend, as the uncertainty surrounding the outcome of the trade negotiations between the US and the EU caused an increase in the demand for safe assets. However, this yield increased on Thursday. The achievement of a trade agreement between the USA and Japan and hints of progress in the negotiations between the USA and the EU caused positive market reactions, so the demand for safe assets decreased. The ECB also held a meeting that day and, as expected, kept interest rates unchanged, and President Lagarde hinted that monetary policy makers were less concerned about a possible sharp slowdown in growth and inflation in the next year, which led to an increase in yields. On Friday morning, the yield on 10-year German bonds rose to a 4-month high of nearly 2.77%, as investor expectations for further ECB interest rate cuts this year eased and optimism about US-EU trade talks eased. After President Trump declared that the chances of reaching an agreement with Europe were “50-50”, the yield began to fall, and maintained that trend until the end of the day.

US GOVERNMENT BONDS MARKET



The yield on 10-year US T-bills fell by about 3bp to 4.39% at the end of the week. For the first two days, this yield had a mostly downward trend, due to growing uncertainty about US trade agreements, which increased the demand for safe assets. Yields also fell as the US Treasury Secretary expressed his support for the Fed president, which instilled additional confidence in investors. The achievement of a trade agreement between the US and Japan, as well as the expectation of a similar agreement with the EU, eased the market’s concerns ahead of President Trump’s deadline for the introduction of tariffs, so the demand for safe assets decreased, which is why this yield had an upward trend on Wednesday and Thursday. Better-than-expected data on unemployment claims for social assistance in the US indicated the resilience of the labour market, so traders questioned the likelihood of a Fed interest rate cut, which also affected yield growth. On the last day of the week, the yield continued to rise, only to be followed by a drop at the end of the day, due to President Trump’s statement regarding the trade agreement with the EU.

GOLD



The gold price fell from 3,349.94 to 3,337.30 USD/oz.tr. in this reporting week. In the first two days of the week, the price mainly increased, due to the USD depreciation, but also as the growing global uncertainty and concerns about the Fed's independence caused an increase in the demand for this precious metal as a safe haven. From Wednesday until the end of the week, the price had a downward trend. The achievement of a trade deal between the US and Japan, and indications that the US and the EU are also moving closer to a deal, eased market concerns, weakening demand for gold. The latest US employment report pointed to the strength of the labour market, which reduced expectations that the Fed would cut the interest rate at the upcoming meeting, which, together with the previous one, caused the price of gold to fall.

OIL



The oil price fell from 70.13 to 67.94 USD/bbl. this week. Expectations that the latest EU sanctions against Russia will not significantly affect supply, and that new negotiations between Iran and the EU on the nuclear program could lead to the lifting of sanctions and an increase in Iranian exports caused oil prices to fall on Monday. For the next two days, the price was under pressure on expectations that trade tensions would worsen the demand for oil. On Wednesday afternoon, the price started to recover, and this trend was present the next day as well. The news about reaching a trade agreement between the USA and Japan, progress in reaching the same with the EU, as well as data from the US government on the drop in oil stocks in the USA supported the price. However, the price fell on Friday due to the news that the US has again allowed Chevron to continue producing and exporting oil from Venezuela, but also due to indications of increasing supply. At the meeting of the EU and Iran at the very end of the week, no concrete agreement was reached, but both sides agreed to continue the dialogue.

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.