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Financial and Banking Operations Department

- International Reserves Management Division -

International Financial Market Report

(22 – 26 September 2025)

Podgorica, 1 October 2025

Weekly overview of short news

- The price of gold rose from $3,685.30 to $3,759.98 per ounce this week.

- The price of oil increased from $66.69 to $68.90 per barrel in this reporting week.

- Donald Trump has announced new tariffs, which include 100% on branded or patented pharmaceutical products as of 1 October. These tariffs will not apply if the company is building a manufacturing facility in the U.S. He also announced a 25% tariff on heavy trucks, a 30% tariff on upholstered furniture and a 50% tariff on kitchen cabinets and bathroom elements.

- The Central Bank of Switzerland, in line with expectations, kept the reference interest rate at the current level. President Martin Schlegel said that the SNB will use all available instruments, including negative interest rates, if necessary, to fulfil the mandate.

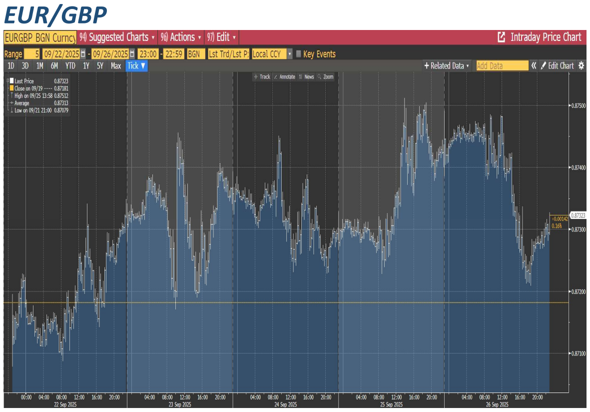
- Moody's and Fitch have improved Spain's credit rating; therefore, it is now the best since 2012, due to prominent economic growth compared to other euro area economies. Both agencies increased the rating by one grade, Moody's from Baa1 to A3, and Fitch from A- to A, while the outlook was revised from positive to stable.

FX NEWS

EUR/USD

The EUR/USD exchange rate rose on Monday due to the comments made by Stephen Miran, the Fed Board of Governors member, who presented the arguments for an aggressive reduction of the interest rate. Namely, he stated that interest rates are too high and that the neutral rate is around 2.5%. However, statements by other Fed officials, such as Albert Mussallam and Raphael Bostic, tempered expectations of an aggressive rate cut. The growth of the exchange rate continued on Tuesday, following the announcement that the private sector of the euro area grew in September at the fastest rate in the last 16 months. The composite purchasing managers` index (PMI) in the euro area recorded an increase from 51.0 to 51.2 in September. The exchange rate fell on Wednesday, and the decisive factor for this fall was the announcement that business sentiment in Germany has worsened. Namely, the Ifo business climate index in Germany unexpectedly fell to 87.7 in September from 88.9 in August, which is below the expected level of 89.3. The exchange rate continued to fall on Thursday as it was announced that the U.S. GDP grew by 3.8% in Q2 2025, which is the highest growth in almost last two years. The exchange rate recovered slightly on the last day of the week.

EUR/GBP



The EUR/GBP exchange rate appreciated in this reporting week. Its rise at the beginning of the week was caused by the weakening of sterling due to concerns about the fiscal situation in the U.K. and the announcement that business activity weakened in September, while growth was recorded in the euro area. Although the growth of the exchange rate was halted in mid-week, it continued on the following day, when it reached an 8-week high of 0.87512. Expectations of the ECB interest rate cut by the end of the year are falling, while there is disagreement within the Bank of England over the conduct of monetary policy - Governor Bailey supports further rate cuts to ease weak spending and a weakened labour market, while the Board member Megan Greene suggests skipping a rate cut in November. However, the exchange rate retreated from this level on the last day of the week, as tensions in Europe negatively affected the euro, once the NATO warned Russia of its readiness to intercept Russian aircrafts. The U.S. President's threats concerning new tariffs also had impact on the weakening of the euro.

EUR/JPY

The EUR/JPY exchange rate increased this week. At the beginning of the week, the exchange rate rose as the ruling Liberal Democratic Party launched a race to elect a new leader to replace Prime Minister Shigeru Ishiba. The winner of the elections held on 4 October will face challenges such as persistent inflation, regional security threats and managing relations with the U.S. President Donald Trump. The favourites in the race, Sanae Takaichi and Shinjiro Koizumi, advocate opposing fiscal approaches: Takaichi advocates increased fiscal support and a slower rate increase by the Bank of Japan, while Koizumi stands for fiscal caution and normalization of the BoJ policy. Additionally, the euro strengthened due to good data on business activity in the euro area in September.

Table 1 - Exchange rates of the most important currencies

	22-Sep-2025 [1]	26-Sep-2025 [2]	% Change
EUR/USD	1.1746	1.1703	-0.37
EUR/GBP	0.87181	0.87315	0.15
EUR/JPY	173.81	174.95	0.66
EUR/AUD	1.78151	1.78954	0.45
EUR/CHF	0.93428	0.93381	-0.05
USD/JPY	147.95	149.49	1.04
GBP/USD	1.3472	1.3402	-0.52

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%	30-Oct-2025
Federal Reserves (Fed)	Federal Funds Target Rate	4.25%	29-Oct-2025
Bank of Japan (BoJ)	Overnight Call Rate	0.50%	30-Oct-2025
Bank of England (BoE)	Official Bank Rate	4.00%	6-Nov-2025
Swiss National Bank (SNB)	Libor Target Rate	0.00%	11.12.2025.
Bank of Canada (BoC)	Target Overnight Rate	2.50%	29-Oct-2025
Reserve Bank of Australia (RBA)	Cash Rate Target	3.60%	30-Sep-2025

Table 3 – ESTR and Euribor

	22-Sep-2025[1]	26-Sep-2025.[2]	Change in basis points
ESTR	1.9250	1.9260	0.1
Euribor 1W	1.905	1.916	1.1
Euribor 1M	1.909	1.913	0.4
Euribor 3M	2.016	2.000	-1.6
Euribor 6M	2.107	2.123	1.6
Euribor 12M	2.167	2.179	2.5

[1] Opening market value on Monday

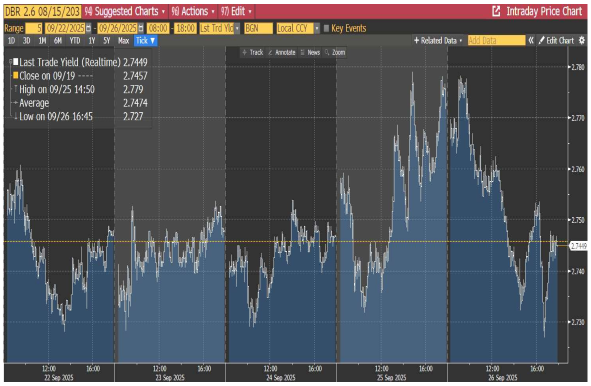
[2] Closing market value on Friday

Table 4 - Economic Indicators (22 - 26 September 2025)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	**Consumer Confidence** This index monitors trust among households or consumers. This figure is the result of a survey of consumers in terms of their finances, labour market, willingness to save, and expectations regarding the economy.	September P	-15.0	-14.9	-15.5
	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.	September P	50.7 50.5 51.1	49.5 51.4 51.2	50.7 50.5 51.0
Germany	**GfK Consumer Confidence** This index measures the level of households' confidence in terms of economic performance.	October	-23.3	-22.3	-23.5
Spain	**GDP** Measures the final market value of all products and services produced within the country. GDP is the most commonly used indicator of economic activity.	Q2 F QoQ% YoY%	0.7% 2.8%	0.8% 3.1%	0.7% 2.8%
Great Britain	**S&P Global UK 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.	September P	47.1 53.5 53.0	46.2 51.9 51.0	47.0 54.2 53.5
USA	**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.	September P	52.2 54.0 54.0	52.0 53.9 53.6	53.0 54.5 54.6
	GDP Annualized Measures the final market value of all products and services produced within the country. GDP is the most commonly used indicator of economic activity.	Q2 T QoQ%	3.3%	3.8%	3.3%
	Initial Jobless Claims It measures the number of people filing for unemployment benefits for the first time.	20 September	233K	218 K	232K
	PCE Price Index This indicator monitors the total price changes of goods and services purchased by consumers.	August MoM% YoY%	0.3% 2.7%	0.3% 2.7%	0.2% 2.6%
	University of Michigan 1 Yr Inflation This indicator measures consumer expectations regarding the percentage change in the prices of products and services in the next 12 months.	September F	4.8%	4.7%	4.8%
Japan	**Tokyo CPI** Measures the prices that consumers pay for a market basket of products and services.	September YoY%	2.8%	2.5%	2.5%

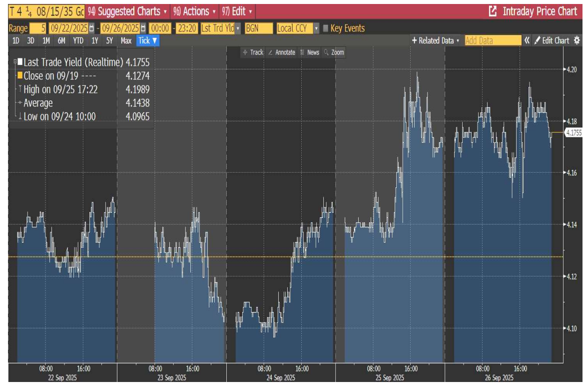
ABBREV. **P**-Preliminary Data, **F**-Final Data, **T**-Third and Final Estimate, **k**=Thousand, **b**=Billion

EUROPEAN GOVERNMENT BONDS MARKET



The yield on 10-year German government bonds was at approximately the same level at the beginning and at the end of the week (it amounted to 2.75% early week, being 2.74% at end-week). The yield fluctuated for the first three days and averaged 2.74%. The rise in the yield on 10-year German government bonds was caused by the announcement that the German composite PMI index exceeded expectations owing to the unexpected growth in the service sector (it rose from 50.2 to 52.4). In addition, expectations for a reduction of the ECB interest rates remained stable. The Ifo business survey in Germany was less optimistic in relation to the PMI (it fell from 88.9 to 87.7), which called into question the expected growth of the German economy in Q3 2025. The yield on 10-year German government bonds weakened on Friday amid reduced risk appetite once the President Trump announced a 100% tax on certain pharmaceuticals.

U.S. GOVERNMENT BONDS MARKET



The yield on 10-year U.S. government bonds rose slightly this week from 4.13% to 4.17%. The yield on 10-year U.S. government bonds fluctuated for the first two days and averaged 4.13%. The yield on 10-year U.S. government bonds fell on Tuesday after the Fed chairman said that monetary policymakers face a "challenging situation" in balancing inflation and labour market risks. He warned that there is no "risk-free path" as officials try to deal with inflation that is persistently above the Fed's target and signs of a weakening labour market. The yield on 10-year U.S. government bonds rose on Wednesday and Thursday as traders considered divergent views from the Fed officials, casting a shadow over the path to cut rates. The yield also rose on the back of encouraging data on the U.S. labour market, which prompted traders to slightly reduce expectations for Fed interest rate cuts in the upcoming months. The yield on 10-year U.S. government bonds ranged between 4.15% and 4.20% on Friday, being around 4.17%, which is approximately at the same level both at end and at the beginning of the day.

GOLD

The price of gold rose during the week from $3,685.30 per ounce to $3,759.98 per ounce. The price of gold rose on Monday owing to increased demand for safe assets and a weaker dollar against a basket of currencies. The price of gold reached a record high of $3,791.19 per ounce on Tuesday due to geopolitical uncertainty and expectations that the Fed will further cut interest rates this year. A member of the Federal Reserve Board of Governors, Michelle Bowman, is advocating a faster cut in interest rates due to weakness in the U.S. labour market. The price of gold fell in mid-week as the dollar rose against a basket of currencies, whereas the price of gold remained unchanged on Thursday. The price of gold rose at the very end of the week as the U.S. inflation data was in line with expectations.

OIL

The price of oil increased during this week from $66.69 to $68.90 per barrel. It was stable on Monday, but it rose until mid-week. The price of oil rose due to the delay in reaching an agreement on the continuation of oil exports through the pipeline from Iraqi Kurdistan via Turkey in the amount of 230 thousand barrels per day. The fact that NATO promised a strong response to Russia after the recent incursions of the Russian aircrafts into its airspace also contributed to the price increase. Additionally, oil prices rose on Wednesday due to comments by the U.S. President that NATO countries should shoot down Russian planes that violated their airspace, which could increase the possibility of oil supply disruptions. During the last day of the week, the price of oil did not change significantly on a daily basis.