CENTRALNA BANKA CRNE GORE

Financial and Banking Operations Division

- International Reserves Management Department -

International Financial Market Report

(13 – 17 July 2026)

Podgorica, 21 July 2026

Weekly overview of short news

- The price of gold fell from $4,103.67 to $4,017.39 per ounce in this reporting week.

- The price of oil rose from $78.37 to $87.59 per barrel this week as a result of renewed conflicts between the U.S. and Iran.

- The geopolitical situation in the Middle East remained one of the key sources of uncertainty at the global level. After the U.S. military strikes on Iran, tensions in the region further escalated, raising concerns about the possible spread of the conflict and its impact on the global economy. Additional uncertainty is caused by disturbances in the Strait of Hormuz, one of the world's most important maritime routes, which have the potential to affect international trade flows and inflationary expectations. Although certain macroeconomic indicators have contributed to a temporary calming of the market sentiment, geopolitical risks in the Middle East still remain an important factor that shapes investors' expectations and increases uncertainty regarding future economic developments.

- Consumer prices in the U.S. recorded their first monthly decline in six years in June, with the consumer price index falling 0.4% on a monthly basis. The drop in inflation is the result of the largest drop in fuel prices since 2022, while core inflation, which excludes food and energy prices, remained the same on a monthly basis. Inflation slowed down at the annual level, but still remained elevated, with the total consumer price index amounting to 3.5% (expected being 3.8%), while the core inflation amounted to 2.6% (expected being 2.8%).

- At its meeting this week, the Bank of Canada kept interest rates at the same level, as monetary policymakers anticipate a recovery in the economy and a weakening of inflation caused by oil prices.

- Economists expect the ECB to take a break next week to assess inflation trends, before implementing the latest interest rate increase in September. The majority of respondents in the Bloomberg survey expect an increase in the deposit interest rate by 25bp, to 2.25% in September, when decision makers will have new quarterly economic projections. The ECB's decision will depend on the development of the situation in the Middle East and its impact on oil prices and inflation, with some economists pointing out that the September increase in interest rates is not a foregone conclusion.

EUR/USD Exchange Rate

The EUR/USD exchange rate appreciated slightly in this reporting week. The exchange rate weakened on Monday due to the strengthening of the dollar and the rise in yields on American treasury bills, under the influence of increased geopolitical uncertainty. However, the exchange rate strengthened the very next day after weaker-than-expected June inflation data in the U.S. reduced expectations for further tightening of the Federal Reserve's monetary policy. Nevertheless, the dollar was supported in the rest of the week by cautious messages from Fed officials regarding future decisions on interest rates. The Fed President Kevin Warsh emphasized the central bank's commitment to the inflation target of 2%, stressing that the next steps will depend on the economic data received. According to him, the slowdown in inflation in June does not mean that the target has been fully achieved, which limited the further weakening of the American currency. The data released on Wednesday indicated the continued weakening of inflationary pressures in the USA. Namely, producer prices in June rose less than expected, which put pressure on the dollar and caused the EUR/USD exchange rate to rise. The exchange rate showed signs of weakening in the last two days of the week, as the escalation of tensions in the Middle East increased the demand for the U.S. dollar as a safe asset.

Table 4 - Economic indicators (13 - 17 July 2026)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	**Industrial Production** It measures the output in mining and quarrying, manufacturing and utilities (electricity, gas and water supply).	May SA MoM% WDA YoY%	 0.2% -0.4%	 -0.2% -1.2%	 0.3% 0.4%
	Trade Balance SA The difference between exports and imports of goods and services in the euro area. This is one of the most represented components of Europe's Balance of Payments, therefore it gives a valid insight into the pressures to which the European currency is exposed.	May	2.8b	-5.0b	0.8b
	Consumer price index (CPI) It estimates the cost of living changes by measuring changes in the price level of market basket of consumer goods and services purchased by an average household. Therefore, it is the key inflation measure.	F June MoM% YoY%	 -0.1% 2.8%	 -0.1% 2.8%	 -0.1% 2.8%
	CPI Core This index tracks price changes in the basket of consumer goods and services used by the average household, but excludes items subject to frequent price changes - food, energy, alcohol and cigarettes.	F June YoY%	2.4%	2.4%	2.4%
Great Britain	**Monthly 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.	May MoM% 3M/3M%	 0.0% 0.5%	 0.1% 0.7%	 -0.1% 0.8%
	Industrial Production It measures the output in mining and quarrying, manufacturing and utilities (electricity, gas and water supply).	May MoM% YoY%	 -0.1% 1.3%	 -0.5% 1.0%	 0.2% 0.0%
USA	**Consumer price index (CPI)** Estimates changes in the cost of living by measuring changes in the prices of certain items for which the consumers allocate their money.	June MoM% YoY%	 -0.1% 3.8%	 -0.4% 3.5%	 0.5% 4.2%
	The producer price index (PPI Final Demand) measures the change in prices that domestic producers receive for final products and services, i.e., prices at the producer level before the goods and services reach the end users, on the domestic or foreign market.	June MoM% YoY%	 0.0% 6.2%	 -0.3% 5.5%	 0.6% 6.0%
	University of Michigan One-Year Inflation Expectations (U. of Mich. 1 Yr Inflation) This indicator measures consumer expectations regarding the percentage change in the prices of products and services in the next 12 months.	P July	4.4%	4.2%	4.6%
Japan	**Core Machine Orders** They represent the leading indicator of business investment in Japan, measuring the change in new orders for machinery and equipment that signal the future investment activity of companies.	May MoM% YoY%	 -4.2% 12.3%	 -12.4% -1.9%	 8.7% 15.6%

Abbreviations: Abbreviations: **P**-preliminary data, **F**-final data, **S**-second estimate, **T**-third and final estimate, **k**-thousand, **b**-billion, **SA**-adjusted for seasonal fluctuations, **WDA**-working days adjusted, **A**-actual, **3M/3M -** past 3 months in relation to previous 3 months

Table 1 - Exchange rates of the most important currencies

	13-Jul-2026[1]	17-Jul-2026 [2]	% Change
EUR/USD	1.1416	1.1439	0.20
EUR/GBP	0.85206	0.85025	-0.21
EUR/JPY	184.56	185.81	0.68
EUR/AUD	1.64128	1.63802	-0.20
EUR/CHF	0.92295	0.92304	0.01
USD/JPY	161.68	162.40	0.45
GBP/USD	1.3404	1.3452	0.36

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)	Deposit Facility Rate	2.25%	23-Jul-2026
Federal Reserves (Fed)	Federal Funds Target Rate	3.75%	29-Jul-2026
Bank of Japan (BoJ)	Overnight Call Rate	1.00%	31-Jul-2026
Bank of England (BoE)	Official Bank Rate	3.75%	30-Jul-2026
Swiss National Bank (SNB)	Libor Target Rate	0.00%	24-Sep-2026
Bank of Canada (BoC)	Target Overnight Rate	2.25%	2-Sep-2026
Reserve Bank of Australia (RBA)	Cash Rate Target	4.35%	11-Aug-2026

Table 3 – ESTR and Euribor

	13-Jul-2026[1]	17-Jul-2026[2]	Change in basis points
ESTR	2.182		
Euribor 1W	2.168	2.124	-4.40
Euribor 1M	2.270	2.210	-6.00
Euribor 3M	2.412	2.483	7.10
Euribor 6M	2.626	2.688	6.20
Euribor 12M	2.831	2.873	4.20

[1] Opening market value on Monday
[2] Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET

The yield on 10-year German government bonds rose from 3.08% to 3.12% during the reporting week. The yield rose by about 2bp in early week as a result of rise in oil prices following President Trump's announcement that the U.S. was taking control of the Strait of Hormuz, which indicated a further escalation of the Middle East conflict. The yield fluctuated during the next two days, reaching its highest value on Thursday, when it reached the level of 3.16%, as the intensification of U.S. attacks on Iran highlighted the risk that higher oil prices in the coming months will focus the attention of global central banks on raising interest rates. However, the yield fell to 3.13% at the end of the day. The yield did not record significant changes and averaged at 3.12% on Friday.

U.S. TREASURIES MARKET

The yield on 10-year U.S. treasuries fell from 4.58% to 4.54% in this reporting week. The yield rose on Monday in response to comments from Federal Reserve Governor Christopher Waller, who said policymakers may need to raise interest rates in the near term if core inflation continues to signal broad price pressures. The yield on the U.S. treasuries was mostly weaker in the rest of the week as traders gave up their bets on a rise in interest rates after the CPI and PPI data in the U.S. were lower than expected values. Comments from the Fed's John Williams had impact on weakening of yields as well, who pointed out that while inflation remains too high, there are encouraging reasons to expect it has already peaked. The yield weakened for most of the day on Friday, but it partially recovered and the end of the day due to the rise in the price of oil, as concerns about the conflict in the Middle East prevailed.

GOLD

The price of gold fell from $4,103.67 to $4,017.39 per ounce this week. The price of gold fell on Monday after renewed tensions between the U.S. and Iran and statements from monetary policymakers fuelled expectations that the Fed may raise interest rates to curb inflation. The Fed Governor Christopher Waller said policymakers may need to raise interest rates in the near term. The price of gold rose the following day as the U.S. inflation data was weaker than expected, which increased expectations that the Fed may conduct a less restrictive monetary policy. The price of gold weakened on Wednesday and Thursday as rising tensions in the Middle East reiterated expectations that the Fed may have to raise interest rates to curb persistent inflation. The U.S. attacked an oil tanker near Iran's main export terminal, reviving concerns over rising energy prices and higher interest rates. The price of gold recovered on Friday.

OIL

The price of oil rose from $78.37 to $87.59 per barrel this week. The price of oil rose on Monday once the U.S. launched attacks on Iran, which increased tensions in the Strait of Hormuz. Trump said he would seek a 20% fee on all cargo transported through the strait, only to later abandon that intention. Iran claimed the strait was closed "until further notice", although Western navies claimed it remained open. The standoff between the two sides raises the risk of disrupting global oil flows and hampering efforts to restore supplies, and analysts warn that extended strikes on energy infrastructure could push oil prices higher. The price of natural gas in Europe also rose due to fears of supply disruptions. The price fluctuated slightly during the week and averaged at $84.80 per barrel. The price of oil had a more expressive trend on Friday - it rose as the conflicts between the USA and Iran intensified again.