**CBCG**

**CENTRALNA BANKA CRNE GORE**

## Financial and Banking Operations Division

### *- International Reserves Management Department -*

# International Financial Market Report

## (20 – 24 July 2026)

**Podgorica, 28 July 2026**

## Weekly overview of short news

- The price of gold rose from $4,001.87 to $4,052.79 an ounce this week, as investors bought the precious metal to take advantage of a previous drop in price, which supported the price despite escalating tensions in the Middle East.

- The price of oil rose from $88.48 to $92.37 per barrel due to the escalation of tensions in the Middle East, which increases the pressure on global energy supplies.

- At the meeting held on 23 July, the ECB kept interest rates at their current levels. The ECB President of the ECB, Christine Lagarde, pointed out that the bank wants to wait for new economic indicators before making further decisions, stressing that the future monetary policy will depend on the trend of inflation and other economic data. Although there are not enough signs of secondary inflationary effects for now that would require a tighter policy, the ECB remains cautious about the risk of rising energy prices due to geopolitical tensions in the Middle East.

- The World Bank's Chief Economist Indermit Gill warned that an escalation of the U.S.-Iranian tensions could lower global growth in 2026 to just 1.3% and increase inflation to 4.5%, with supply chain disruptions and increased food supply insecurity.

- Andy Burnham became the new Prime Minister of the United Kingdom and announced a "new economic model", with the message that he would use some flexibility within the fiscal rules to fund budget measures, but that he would remain committed to fiscal responsibility. Rachel Reeves resigned as finance minister, and Burnham appointed John Healey, a former defence minister, in her place.

## *EUR/USD exchange rate*


**The EUR/USD exchange rate** fell during this reporting week. At the beginning of the week, the euro weakened against the U.S. dollar due to the uncertainty caused by the crisis in the Middle East. Renewed conflicts in the region have further heightened concerns about the security of energy supplies, which has increased demand for the U.S. dollar as a safe asset. The exchange rate did not register significant changes during Tuesday and Wednesday, as investors took a cautious stance ahead of the ECB meeting. The EUR/USD recorded a sharp decline on Thursday, despite signals from the ECB President that there could be an increase in interest rates in September. The drop in the exchange rate was a consequence of the re-escalation of the conflict in the Middle East. The exchange rate stabilized at around 1.1370 on Friday.

## Table 4 - Economic indicators (20 - 24 July 2026)

| Country | Indicator | Period | Expected value | Current value | Previous value |
|---|---|---|---|---|---|
| Euro area | **Consumer Confidence**<br>An assessment of consumer confidence in terms of business conditions, employment and personal earnings. The Consumer Confidence Index is tied to personal spending. | P July | -17.0 | -15.9 | -17.6 |
| | **S&P Global Eurozone Composite PMI**<br>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. | P July | 50.2 | 51.9 | 50.0 |
| Germany | **Producer Price Index (PPI)**<br>The index measures the average price change that domestic producers receive for their production. | June<br>MoM%<br>YoY% | <br>-0.3%<br>1.8% | <br>-0.3%<br>1.8% | <br>0.3%<br>2.2% |
| | **S&P Global GE Composite PMI**<br>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. | P July | 49.7 | 51.2 | 49.5 |
| Great Britain | **GfK Consumer Confidence**<br>This index measures the level of households' confidence in terms of economic performance. | July | -22 | -17 | -23 |
| | **S&P Global UK Composite PMI**<br>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. | P July | 49.8 | 52.1 | 48.8 |
| USA | **S&P Global US Composite PMI**<br>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. | P July | 52.2 | 53.6 | 51.9 |
| | **Initial Jobless Claims**<br>Number of inhabitants receiving unemployment benefits. | 18 July | 210 K | 187 K | 209 K |
| Japan | **S&P Global Japan PMI Composite**<br>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. | P July | - | 53.1 | 52.8 |
| | **Natl CPI ex Fresh Food, Energy**<br>It estimates changes in the cost of living, by measuring changes in the goods and services' prices, excluding fresh food and energy. This index measures the change in prices from the consumer's perspective. It is a key way of measuring changes in buying trends and inflation. | June | 1.8% | 1.7% | 1.8% |

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**

| | 20-Jul-2026[1] | 24-Jul-2026[2] | % Change |
|---|---|---|---|
| EUR/USD | 1.1439 | 1.1370 | -0.60 |
| EUR/GBP | 0.85025 | 0.85338 | 0.37 |
| EUR/JPY | 185.81 | 186.27 | 0.25 |
| EUR/AUD | 1.63802 | 1.62907 | -0.55 |
| EUR/CHF | 0.92304 | 0.93028 | 0.78 |
| USD/JPY | 162.40 | 163.83 | 0.88 |
| GBP/USD | 1.3452 | 1.3325 | -0.94 |

**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% | 10-Sep-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**

| | 20-Jul-2026[1] | 24-Jul-2026[2] | Change in basis points |
|---|---|---|---|
| ESTR | 2.186 | 2.186 | 0.00 |
| Euribor 1W | 2.124 | 2.112 | -1.20 |
| Euribor 1M | 2.210 | 2.198 | -1.20 |
| Euribor 3M | 2.483 | 2.488 | 0.50 |
| Euribor 6M | 2.688 | 2.723 | 3.50 |
| Euribor 12M | 2.873 | 2.993 | 12.00 |

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

## *EUROPEAN GOVERNMENT BONDS MARKET*

The yield on 10-year German government bonds in this reporting week continued to grow, being at the level of 3.15% at the very beginning of the week. The tightening of tensions in the Middle East has increased concerns about potential disruptions in the supply of oil and the rise in the price of this energy generating product. For this reason, expectations that the ECB could raise interest rates twice more this year, with the first increase most likely in September, which is why the yield had an upward trend for almost the entire week. This yield reached a 15-year high of 3.22% on Thursday. In addition, the yield trended higher ahead of the ECB meeting on Thursday. The ECB has signalled that it is still closely monitoring the rising risks fuelling inflation. Interest rates, in line with expectations, were kept at existing levels, and the ECB reiterated that the recent jump in energy prices has not yet been fully transmitted to consumer prices in the euro area. The yield retreated from this level on Friday, ending the week at 3.17% on Sunday, as oil prices fell slightly, reducing inflation concerns.

## *U.S. TREASURY BONDS MARKET*

The return on 10-year U.S. treasury bonds rose from 4.57% to 4.68% in this reporting week. The spread of conflicts and the constant growth of tensions in the Middle East caused the price of oil to rise. Despite continued diplomatic efforts for the renewal of negotiations between the U.S. and Iran, Trump continued to threaten new military strikes, while signals came from Tehran that the renewal of negotiations is unlikely in the near future. Although inflationary pressures in the U.S. have so far remained relatively under control, as confirmed by recent weaker-than-expected data on consumer and producer prices, the latest rise in the price of oil has reignited concerns about inflation, which has strengthened expectations that the Federal Reserve will raise interest rates. All this together caused the yield to grow during the week, so at the beginning of the day on Friday this yield was at the highest level since January 2025 at 4.71%. However, the yield retreated from this level on the same day, as the drop in oil prices mitigated the risks of inflation.

## *GOLD*

The price of oil rose from $88.48 to $92.37 per barrel this week. After a slight drop at the beginning of the week, the price had an upward trend during most of the week, primarily due to the growth of geopolitical tensions in the Middle East. The rise in oil prices was fuelled by the escalation of the conflict between the U.S. and Iran. The American President has threatened new military attacks on Iran, saying that the United States will respond if Yemen's Houthis, supported by Iran, continue to disrupt maritime traffic in the Red Sea. Additional concern on the market was caused by information that the Yemeni Houthis carried out attacks on two Saudi oil tankers, due to which some shippers began to avoid sailing through the Bab el-Mandeb Strait, increasing the risk of disruptions in the global oil supply. Oil price hit a weekly high of $95.02 a barrel on Thursday after the U.S. President said he was considering a "massive attack" on Iran. A mild price correction followed on Friday, but oil still ended the week at a higher level compared to the beginning of the week.

## *OIL*

The price of gold increased from $4,001.87 to $4,052.79 per ounce during this week. The price growth lasted until mid-week, and was stimulated by the increased demand for safe assets, as well as the fact that investors took advantage of the previous price drop to buy. The downward trend in the price of gold began on Wednesday evening and lasted until Friday. The decline followed the rise in the price of oil, caused by the new increase in geopolitical tensions in the Middle East, which affected the change in investor sentiment on the market. The price of gold stabilized on Friday around the level of $4,052 per ounce.