CENTRALNA BANKA CRNE GORE

Financial and Banking Operations Division

- International Reserves Management Department -

International Financial Market Report

(24 - 28 August 2026)

Podgorica, 1 September 2026

Weekly overview of short news

- The price of gold fell from $4,617.42 to $4,455.11 per ounce this week, under the pressure of increasing expectations that the Fed could raise interest rates, following the release of data that indicated continued increased inflationary pressures in the U.S.

- The price of oil fell from $91.19 to $88.71 per barrel, due to indications of diplomatic progress in the Middle East and improving expectations regarding transit through the Strait of Hormuz.

- Inflation in the USA**,** measured by the PCE price index, which is the preferred measure of inflation by the Federal Reserve, was 3.7% on an annual basis in July, which is slightly above forecasts of 3.6%, while the base PCE inflation was 3.3%. Both indices increased by 0.2% in relation to the previous month. The data pointed to still present inflationary pressures and supported expectations about a possible increase in Fed interest rates.

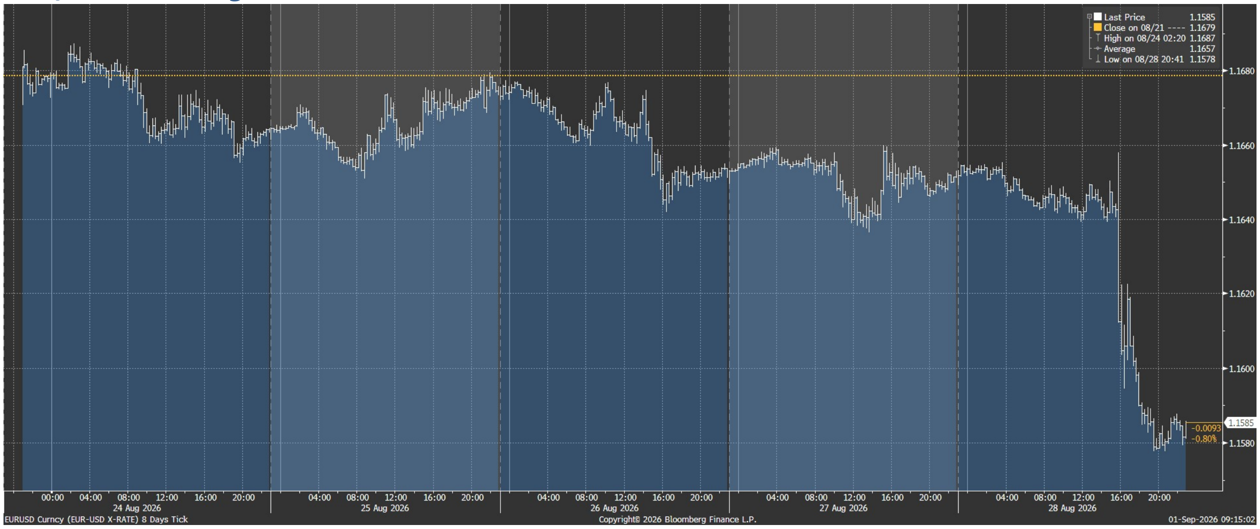
- At the central bank conference held in Wyoming**,** the Fed President Kevin Warsh took a hawkish stance on inflation, stressing that inflation has not yet slowed down enough and that the Fed's 2% target is firm. Warsh pointed out that additional action will be needed if a sustainable slowdown in inflation is not confirmed, therefore increasing the possibilty of further monetary policy tightening. His speech further strengthened the market's expectations of a possible increase in interest rates.

- The minutes of the ECB's July meeting showed that the Governing Council unanimously decided to keep interest rates unchanged, but at the same time indicated the possibility of further rate increases if the inflationary outlook does not improve. The Governing Council member, Martin Kazaks, warned of the risk of high inflation becoming stronger, highlighting the increase in interest rates as one of the ways to suppress it.

- The ECB Executive Board member Isabelle Schnabel previously warned of risks to inflation stemming from conflicts in the Middle East and high energy costs. According to her estimates, inflation could remain above the ECB's target for a longer period, which increases the need for a cautious approach to monetary policy and leaves the possibility of further increases in interest rates.

- The U.S. Treasury Secretary, Scott Bessent, announced the tightening of economic pressure on Iran through the expansion of secondary sanctions on entities and countries that do business with Iran. The U.S. has imposed sanctions on more than 60 entities, focusing on sectors it deems key to financing Iran's economy, including digital assets, technology, gold, aviation and shipping. The measures represent a further tightening of the U.S. economic sanctions against Iran and could affect trade and financial flows.

EUR/USD Exchange Rate



The EUR/USD exchange rate fell from 1.1671 to 1.1585 in this reporting week, with the highest drop recorded on Friday, when the exchange rate fell from 1.1658 to 1.1585. The EUR/USD exchange rate traded downwards on Monday after the U.S. Treasury Secretary said he would exclude Iran from the global financial system, highlighting the dollar's central role in international trade and increasing its appeal as a safe haven. The U.S. Treasury Secretary has announced an "unprecedented" campaign to isolate the opponent, warning that any country doing business with that country will also face U.S. sanctions. The dollar strengthened against the euro on Wednesday again after the release of data on the price index of personal consumption expenditures (PCE) in the U.S., which fuelled expectations that the Federal Reserve could start raising interest rates by the end of the year. The exchange rate fell again at the very end of week, after the Fed chairman, Kevin Warsh, promised to bring back inflation in the U.S. to the target of 2%, which further strengthened expectations that interest rates in the U.S. could rise by the end of the year.

Table 4 - Economic Indicators (24 - 28 August 2026)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	**Consumer Confidence** The consumer confidence assessment is the result of a survey of euro area consumers regarding their finances, labour market, willingness to save, as well as expectations regarding the economy.	F August	-15.5	-15.5	-15.5
	Economic Confidence An economic indicator that measures the degree of optimism that consumers feel about the state of the economy and their financial situation. If the consumer has confidence in the economy of the immediate and near future and their personal finances, then the consumer will spend more than they save.	August	97.5	98.4	96.9
Germany	**Gross domestic product adjusted for seasonal fluctuations (GDP SA)** It measures the value of products and services produced inside the country. GDP is the most comprehensive measure of economic output and provides a key insight into an economy's main drivers.	Q2 F QoQ%	0.2%	0.3%	0.2%
	Producer Price Index (PPI) It measures changes in the selling prices of goods and services used by producers. Producers transfer higher costs to consumers through retail prices; thus PPI is important as an early inflation indicator.	July MoM% YoY%	0.3% 6.9%	0.2% 6.8%	-0.7% 6.1%
USA	**PCE Price Index** An economic indicator measures inflation by tracking changes in the prices of goods and services purchased by households. It is one of the key inflation indicators used by the Federal Reserve (the U.S. central bank) to track changes in prices in the economy.	July MoM% YoY%	0.1% 3.6%	0.2% 3.7%	-0.1% 3.3%
	GDP Annualized Gross domestic product measures the annual change in the inflation-adjusted value of all goods and services produced by the economy. It is the broadest measure of economic activity and the primary indicator of the economy's health.	Q2 S QoQ%	1.5%	1.5%	1.5%
	Initial Jobless Claims Number of inhabitants receiving unemployment benefits.	22 August	208 K	203 K	206 K
France	**Gross domestic product (GDP)** One of the fundamental macroeconomic indicators, which represents the market value of products and services produced within the country. The GDP calculation uses the following four components: consumption, investments, government expenditure, and net exports.	Q2 F QoQ% YoY%	0.2% 0.7%	0.0% 0.5%	0.2% 0.7%
	Consumer Confidence The consumer confidence assessment is the result of a survey of consumers in France regarding their finances, labour market, willingness to save, as well as expectations regarding the economy.	August	87	86	86

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

	24-Aug-2026 [1]	28-Aug-2026 [2]	% Change
EUR/USD	1.1679	1.1585	-0.80
EUR/GBP	0.85632	0.85585	-0.05
EUR/JPY	185.66	185.48	-0.10
EUR/AUD	1.62863	1.61677	-0.73
EUR/CHF	0.93522	0.93710	0.20
USD/JPY	158.95	160.09	0.72
GBP/USD	1.3644	1.3538	-0.78

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%	16-Sep-2026
Bank of Japan (BoJ)	Overnight Call Rate	1.00%	17-Sep-2026
Bank of England (BoE)	Official Bank Rate	3.75%	17-Sep-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%	29-Sep-2026

Table 3 – ESTR and Euribor

	24-Aug-2026[1]	28-Aug-2026[2]	Change in basis points
ESTR	2.189	2.190	0.10
Euribor 1W	2.158	2.163	0.50
Euribor 1M	2.216	2.291	7.50
Euribor 3M	2.524	2.573	4.90
Euribor 6M	2.765	2.762	-0.30
Euribor 12M	3.003	2.981	-2.20

[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 3.23% to 3.28% this week. The yield rose above $90 per barrel in early week under the influence of oil prices, which increased concerns about inflation, and increasingly strong expectations that the ECB will raise interest rates in September. The yield fell on Tuesday due to drop in the price of oil, once hopes that there could be a reopening of the Strait of Hormuz and the easing of disruptions in the supply of energy occurred. However, rising yields prevailed again as of Wednesday, as markets raised expectations of further tightening of monetary policy by the ECB. These expectations were additionally supported by data on renewed price pressures in France and Spain, as well as the data that the German economy grew by 0.3% Q2 2026, which is above the preliminary estimate of 0.2%. Minutes from the ECB's latest meeting indicated that monetary policymakers believe another interest rate increase is likely to be needed by the end of the year, while markets have once again started estimating more than 40bp of additional tightening by the end of the year. At the same time, high government spending and expectations related to the 2027 budget increase concerns about fiscal pressures.

U.S. TREASURIES MARKET

The yield on 10-year U.S. treasuries ranged from 4.61% to 4.73% during this week, reaching 4.72% at end-week. The yield fell on Monday and Tuesday, primarily due to falling oil prices easing inflation concerns, while investors weighed the impact of the U.S. Treasury Department's expanded long-term bond-buying programme. The yield was on an upward trend as of Wednesday as data showed that PCE inflation rose 3.7% year-on-year in July, above the expected 3.6%, while stronger-than-expected data on consumption, income and durable goods orders pointed to the resilience of the U.S. economy. These data raised expectations that the Fed could raise interest rates by the end of the year. The yield rose further ahead of Fed President Kevin Warsh's speech in Jackson Hole. Warsh emphasized that inflation has not yet slowed down enough, that the 2% target is firm and that the Fed still has work to do to ensure inflation returns to the target level, which further supported expectations of tighter monetary policy. At the same time, concerns about wide fiscal deficits and high level of government debt continued to put pressure on long-term yields.

GOLD

The price of gold fell from $4,617.42 to $4,455.11 per ounce this week. During the first two days of the week, the price of gold was stable and averaged around $4,644.40 per ounce, after which it fell on Wednesday, due to release of on the PCE index in the U.S., which encouraged the growth of the U.S. dollar and yield on U.S. government bonds. The downward trend continued for the next two days, after Fed President Kevin Warsh's comments fuelled expectations that U.S. interest rates could be raised if inflation remains above the 2% target. At the same time, the strengthening of the U.S. dollar put additional pressure on the price of gold.

OIL

The price of oil fell from $91.19 to $88.71 per barrel this week. It weakened in the first two days after the U.S. increased economic pressure on Iran and its trading partners, seeking to force them to restore the flow of energy generating products through the Strait of Hormuz. At the same time, diplomatic efforts renewed hopes that there would be no further escalation of the conflict between Iran and the U.S., which further affected the drop in oil prices. Iran and Oman, according to officials from Tehran, held negotiations on establishing a new permanent route through the Strait of Hormuz. The oil price trended higher on Wednesday and Thursday after the US and Iran exchanged military strikes - for the first time in about a month. The U.S. forces attacked the strait island, whereas Iran retaliated with attacks on targets in the UAE and Jordan. Tehran also claimed that the tanker had been hit by mines in the Strait of Hormuz, raising concerns about supply disruptions. The price of oil was stable on Friday.