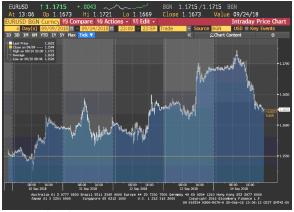


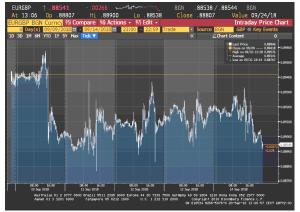
FX NEWS EUR/USD



Source: Bloomberg LP

The EUR/USD exchange rate grew in this reporting week. At the beginning of the week, the euro strengthened as a result of the news that the deal on Brexit could be reached by end-November. However, on Tuesday afternoon the publication of positive US economic data (the number of newly created jobs in July increased to a record high and optimism among smaller private companies reached the highest level so far) affected the strengthening of the dollar, thus the exchange rate weakened. On the same day, rumours of the potential merger of Commerzbank and Deutsche Bank, as well as the openness of the German government on this issue, led to the continuation of the rising trend of the EUR/USD exchange rate. Reduction in the demand for dollar, due to the indication that the US and China will hold another round of negotiations in order to solve trade issues, caused its additional growth. The ECB session was held on Thursday, where President Draghi stated he believed that the euro area economy can deal with global risks, which, together with lower than expected data on the US inflation rate, led to a growth in the exchange rate. However, the dollar boosted on Friday incited by higher yields on US government bonds (due to the release of better than expected data on US industrial output in August), as well as the growing demand for this currency due to the expectations that President Trump will announce new tariffs on 200 billion dollar Chinese imports, causing the exchange rate drop.

EUR/GBP



Source: Bloomberg LP

The EUR/GBP exchange rate trended downward in this reporting week. The fall was recorded already at the very beginning of the week, as the sterling strengthened, prompted by the statement of EU chief Brexit negotiator Michel Barnier at a forum in Slovenia, that it is realistic to expect the Brexit agreement to be reached from six to eight weeks. For the remainder of the reporting week, the exchange rate ranged within a limited interval, having a growing trend in general, mainly as a result of the continued uncertainty about Brexit. However, this exchange rate weakened on Friday.

EUR/JPY



Source: Bloomberg LP

The EUR/JPY exchange rate had a growing trend in this reporting period. The main reason for this was the weakening of the yen. Namely, the rise in stock prices led investors to invest in risky instruments at the beginning of the week, so the demand for yen, as a safe investment, was reduced. Optimism in terms of trade relations between the US and China further reduced the demand for the safe assets. The exchange rate showed signs of weakening on Friday, as it was expected that Trump would still announce new tariffs on imports of Chinese products.

Table 1 - Exchange rates of the most important currencies

% 10 September 2018¹ 14 September 2018² Change 1.1625 0.62 **EUR/USD** 1.1553 EUR/GBP 0.89418 0.88946 -0.53 EUR/JPY 128.23 130.29 1.61 EUR/AUD 1.62568 1.62518 -0.03 EUR/CHF 1.11995 1.12543 0.49 USD/JPY 110.990 112.06 0.96 GBP/USD 1.2920 1.3068 1.15

Table 2 - Overview of the reference interest rates of the leading central banks

Central Bank	Reference interest	Reference	Next	
	rate	interest rate	meeting	
		level		
European Central	ECB Main	0.00%	25 October	
Bank	Refinancing Rate	0.00%	2018	
Federal Reserves	Federal Funds		26	
	Target Rate	2.00%	September	
			2018	
Bank of Japan	Overnight Call		19	
	Rate	-0.10%	September	
			2018	
Bank of England	Official Bank Rate	0.75%	1 November	
		0.7570	2018	
Swiss National	Libor Target Rate		20	
Bank		-0.75%	September	
			2018	
Bank of Canada	Target Overnight	1.50%	24 October	
	Rate	1.5070	2018	
Reserve Bank of	Cash Rate Target	1.50%	02.10.2018.	
Australia		1.5070	02.10.2010.	

The ECB meeting was held on Thursday, 13 September, with the interest rate not being changed, confirming that the record low interest rates will remain at the existing levels at least by end-summer 2019. The ECB will also halve the volume of bond purchases to 15 billion euro as of October this year.

The Bank of England meeting was held the same day. In line with expectations and by unanimous decision, the interest rate remained at the current level.

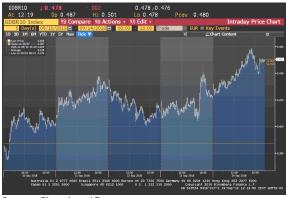
Table 3 - Eonia and **Euribor**

	10.09.2018. ¹	14.09.2018. ²	Change in basis points	
Eonia	-0.361	-0.366	-0.50	
Euribor 1W	-0.377	-0.376	0.10	
Euribor 1M	-0.371	-0.371	0.00	
Euribor 3M	-0.319	-0.319	0.00	
Euribor 6M	-0.269	-0.269	0.00	
Euribor 12M	-0.167	-0.168	-0.10	

¹Opening market value on Monday

²Closing market value on Friday

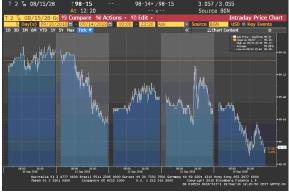
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on German 10-year government bonds rose by around 8 basis points in this reporting week, amounting to 0.346% at the end of the week. These yields rose in the first half of the week as a result of the recovery in the stock prices on the German stock exchanges following the announcement of a possible merger of Deutsche Bank and Commerzbank. The yields on 10-year German bonds fell slightly on Wednesday as it was expected that Mario Draghi would reduce forecasts regarding the euro area economic growth at the ECB's meeting. The yields on Italian bonds rose on the same day, but less than expected, as the La Stampa newspaper reported that the Finance Minister of Italy threatened to resign due to the constant pressure from the Five Star Movement, seeking a 10 billion euro fund to finance the poor next year. The demand for German bonds was reduced in the second half of the week following the comments by the Deputy Prime Minister of Italy, Salvin, that the Italian Government and the Government of Austria were committed to creating changes within the EU. Of all European government bonds, only 10-vear Portuguese government bonds recorded increase on Friday, as investors were buying these before S&P revised the credit rating of the country.

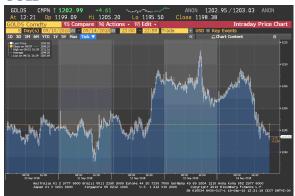
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on 10-year US government bonds were stable on Monday, going up the next day, as a result of rise in US stock prices driven by the technology and energy sector. The yields grew once the information that optimism in smaller US companies reached the highest level since 1983 was published. Thereafter, the prices of long-term US bonds recovered as both the ECB meeting and forecasts of economic growth were expected, as well as for the fact that the US production price index did not meet expectations. The yields rose on the last day of the week as investors expected that the US President, Trump, would impose a 10% tariff on imports of Chinese goods at a total value of 200 billion dollar at the beginning of this week. The 10-year US bond yields started the week at 2.94%, closing at 2.99%.

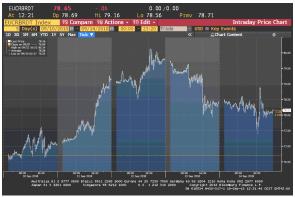
GOLD



Source: Bloomberg LP

Gold prices did not record larger changes for the first two days of the week (average price of gold ranged around 1,195 dollar per ounce). The price of this precious metal rose on Wednesday afternoon as a result of the weakening of the US currency, once the new round of US-China trade talks spurred the demand for gold. Gold prices depreciated partially during the week as the industrial report from the United States was "good", and the same case was with consumer confidence, which provided support to dollar.

OIL



Source: Bloomberg LP

Oil prices rose in the first half of the week, primarily as a result of the industry report that showed the biggest drop in stocks since July (the American Institute announced that stocks fell by 8.64 million barrels in Oklahoma oil storage tanks last week), and later due to Hurricane Florence that was supposed to hit the American coast. The last two days of this reporting week, the price of oil dropped from the previously reached level as tensions between the US and China increased, and traders were worried about the potential impact of US sanctions on Iran.

Table 4 - Economic indicators in the period 10 - 14 September 2018

Country	Indicator	Period	Expected value	Current value	Previous value
USA	Consumer price index (CPI) Estimates the changes in the cost of living, by measuring changes in the price level of market basket of consumer goods and services purchased by an average household.	August MoM% YoY%	0.3% 2.8%	0.2% 2.7%	0.2% 2.9%
Germany	ZEW Survey Expectations This survey measures expectations regarding the economic growth for the next 6 months. Experts are surveyed on whether they expect an improvement or deterioration, thus the difference between the number of positive and negative responses represents the indicator value.	September	-13.0	-10.6	-13.7
UK	Industrial production Measures the production output of the sectors for energy, factories and mines. This indicator is of high significance in the short term because it shows the intensity of UK's industrial activities. Growing industrial output points to increased production and economic expansion, which is "healthy" for the sterling. Gross domestic product (GDP) One of the basic macroeconomic indicators; represents the market value of products and services produced within the country. The following four components are used to calculate GDP: consumption, investments,	July MoM% YoY% July MoM%	0.2% 1.1%	0.1% 0.9%	0.4% 1.1% 0.1%

Source: Bloomberg