

EURUSD ↓ 1.2179
At 19:38 Op 1.2174 HI 1.2179 Value 3/21/06
Market Price
Currency 1/4



CENTRAL BANK OF MONTENEGRO



Financial and Banking Operations Department
- International Reserves Management Division -

EUR EURO SPOT PRICE 1.2181

Range 9/19/05 to 3/17/06 Period Daily Market mid/trd

DATE	PRICE	DATE	PRICE
F 3/17	1.2181	F 2/24	1.1878
T 3/16	1.2174	W 2/22	1.1911
W 3/15	1.2050	T 2/21	1.1919
T 3/14	1.2016	M 2/20	1.1925
M 3/13	1.1934	F 2/17	1.1909
F 3/10	1.1894	T 2/16	1.1881
T 3/ 9	1.1909	W 2/15	1.1884
W 3/ 8	1.1928	T 2/14	1.1897
T 3/ 7	1.1889	M 2/13	1.1902
M 3/ 6	1.1996	F 2/10	1.1919
F 3/ 3	1.2025	T 2/ 9	1.1974
T 3/ 2	1.2012	W 2/ 8	1.1944
W 3/ 1	1.1913	T 2/ 7	1.1974
T 2/28	1.1923	M 2/ 6	1.1962
M 2/27	1.1853		

International Financial Market Report

2 - 6 July 2018

BLOOMBERG NEWS AUDIO/VIDEO

Search Audio/Video 3/17/06 19:27:27

Bankinvest's Broby, Softbank, Vodafone, L'Oreal, Body Shop
ICAP's Smith, U.S. European Bonds, Fed
F.Maria's Bennett, U.S. Dollar, Fed Policy, Euro, Yen
Commonwealth Bank's Thurlbell, Oil Prices, Iraq
China Airlines' Wei, Fleet Reorganization, Earnings Outlook
Microsoft's Ballmer, Stock Performance, Strategy, Products
Bear Stearns Teleconference: Fiscal First-Quarter Profit
AIG Teleconference About Fourth-Quarter Results

LIVE <GO> Events

Event	Date	Time	Language	Type
14) Legal & General Teleconference: Full-Year Earnings	3/17	Now Playing	English	🔊
15) UBS Warburg's Hickson, Outlook for Steel Industry	3/17	Now Playing	English	🔊
16) European Commission: Daily News Conference	3/17	20:00 - 20:30	English	🔊
17) Egypt's Mubaidin, Sale of State-Owned Businesses	3/17	21:05 - 21:20	English	🔊
18) Bonders Group Teleconference: 4th-Qtr Results	3/17	22:00 - 23:00	English	🔊
19) AIG Teleconference About Fourth-Quarter Results	3/17	22:30 - 23:30	English	🔊

USD INTEREST RATE SWAPS				
Ticker	Bid	Ask	Mid	Chng
US Semi 30/360				
2) 2 YR	5.0670	5.0800	5.0755	+0.0305
3) 3 YR	5.0500	5.0720	5.0610	+0.0330
4) 4 YR	5.0620	5.0740	5.0680	+0.0250
5) 5 YR	5.0860	5.0920	5.0890	+0.0235
6) 6 YR	5.1100	5.1130	5.1105	+0.0170
7) 7 YR	5.1300	5.1350	5.1325	+0.0170
8) 8 YR	5.1470	5.1530	5.1500	+0.0160
9) 9 YR	5.1620	5.1680	5.1640	+0.0135
10) 10 YR	5.1780	5.1830	5.1805	+0.0175
11) 15 YR	5.2370	5.2430	5.2400	+0.0145
12) 20 YR	5.2670	5.2720	5.2690	+0.0130
13) 30 YR	5.2750	5.2840	5.2795	+0.0190

USD INTEREST RATE SWAPS				
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	52.25	53.25	52.75	+.50
31) 15 YR	57.00	58.00	57.50	+.50
32) 20 YR	58.63	59.88	59.25	+.15
33) 30 YR	57.38	58.63	58.00	+.20

Change on day
IYC4 I52<GO>
Change on Month
IYC6 I48<GO>
For US Govt Yield Curve, type fIYC1 I2
For US swap Curve, type fIYC1 I52 <G

Podgorica, 11 July 2018

FX NEWS

EUR/USD



Source: Bloomberg LP

The EUR/USD exchange rate fell on the first day of this reporting week over the concern that the political crisis in Germany is rising due to the conflicts in Angela Merkel's coalition with regard to migrants. The exchange rate recovered the next day, as German Interior Minister stated they have a clear solution to stop the flow of illegal immigrants to the German-Austrian border. The dollar weakened against the euro and most of the leading currencies ahead of the US holiday (Independence Day), therefore the EUR/USD exchange rate had a rising trend. The dollar weakened as the Central Bank of China declared that it will not use the yuan exchange rate as an instrument in trade conflicts with the United States. By the end of this reporting week, the EUR/USD exchange rate had an upward trend, as the report showed that the factory orders rose in Germany in May, and the US ambassador in Germany told car producers they should find a solution concerning tariffs. The EUR/USD exchange rate rose on Friday after data from the US labour market was published and due to concerns over the escalation of trade tensions, as China and Russia are preparing to respond to tariffs introduced by the United States (the unemployment rate in the US rose to 4% in June from May's 3.8%). The news that the German industrial output rose in May by 2.6% compared to the previous month was in support of the strengthening of the euro as well.

EUR/GBP



Source: Bloomberg LP

The EUR/GBP exchange rate fluctuated for the first two days, as encouraging data on Britain's manufacturing sector failed to prevent the concern of Brexit investors, and British factories are also fearing of possible additional trade tariffs and the trend of the British pound. On Wednesday, the EUR/GBP exchange rate fell due to the release of better than expected data on the UK service sector. Over the week, the EUR/GBP exchange rate grew as a result of the euro strengthening, as well as the pressure put on the British Prime Minister by some of the EU officials, companies and people in the legislation on the Brexit issue (Angela Merkel's Government said on Thursday that the British plan regarding Brexit is impracticable).

EUR/JPY



Source: Bloomberg LP

At the beginning of the week, the EUR/JPY exchange rate fluctuated as investors expected a market reaction on 6 July, when the tariffs introduced by the United States to China would come into force. The last two days of this reporting week, the euro strengthened against the Japanese currency and it was at the level of 129.74 at the end of the week.

Table 1 - Exchange rates of the most important currencies

	2 July 2018 ¹	6 July 2018 ²	% Change
EUR/USD	1.1684	1.1746	0.53
EUR/GBP	0.88473	0.88430	-0.05
EUR/JPY	129.36	129.770	0.32
EUR/AUD	1.56610	1.58099	0.95
EUR/CHF	1.15704	1.16257	0.48
USD/JPY	110.76	110.470	-0.26
GBP/USD	1.3207	1.3283	0.58

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

Central Bank	Reference interest rate	Reference interest rate level	Next meeting
European Central Bank	"ECB main refinancing rate"	0.00%	26 July 2018
Federal Reserves	"Federal Funds Target Rate"	2.00%	1 August 2018
Bank of Japan	"Overnight Call Rate"	-0.10%	31 July 2018
Bank of England	"Official Bank Rate"	0.50%	2 August 2018
Swiss National Bank	"Libor Target Rate"	-0.75%	20 September 2018
Bank of Canada	"Target Overnight Rate"	1.25%	11 July 2018
Reserve Bank of Australia	"Cash Rate Target"	1.50%	7 August 2018

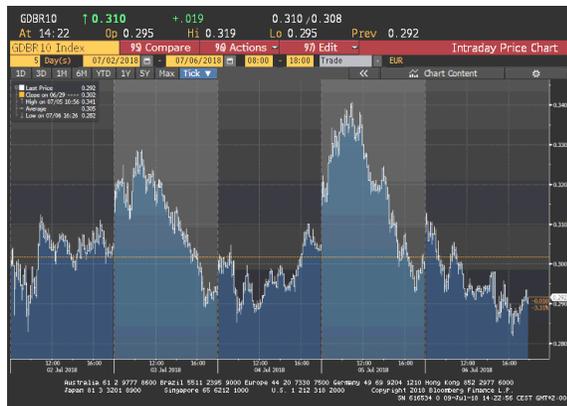
Table 3 - Eonia and Euribor

	02.07.2018. ³	06.07.2018. ⁴	Change in basis points
Eonia	-0.358	-0.362	-0.40
Euribor 1W	-0.380	-0.378	0.20
Euribor 1M	-0.370	-0.371	-0.10
Euribor 3M	-0.321	-0.321	0.00
Euribor 6M	-0.270	-0.270	0.00
Euribor 12M	-0.181	-0.181	0.00

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 fell by about 1 basis point this week, but their trend was volatile over the week. At the start of the week, these yields grew, then fell again but for no specific reasons, so they stood on Wednesday at the level from the beginning of the week. These yields had a rising trend once again on Wednesday afternoon and Thursday morning, after data showed that factory orders in Germany rose by 2.6% in May, but also due to statements made by unnamed ECB officials that they believe that an increase in interest rates is possible in September or October next year, which will of course depend on the economic outlook at that time (which jeopardized investors' expectations that the increase in the reference interest rate will only come in December 2019, and not earlier). However, on the same day, the yields fell and retained this trend by the end of the week, as demand for safe instruments rose due to the entry into force of US restrictions on imports of Chinese products. The yields on 10-year bonds stood at 0.29% at the end of the week. The yields on German 5-year government bonds were at the level of -0.30% both at the beginning and the end of this week.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on the US government bonds declined during the week. The most significant drop was on 10-year US bonds, which lost about 5 basis points in the observed period. The biggest decline in yields came on Tuesday once the global stock prices weakened as a result of fears that a trade conflict between Europe and the United States could get worse (the EU president said that Europe must be prepared for the worst case scenario and that trade tensions could be even worse). The US bond market was closed for holidays in the mid-week. During the past two days, a slight decline in yields was recorded, which was stopped at the very end of the reporting period, as positive labour market data from the United States was received. The yields on 10-year US bonds were 2.83% at the end of this period.

GOLD



Source: Bloomberg LP

The price of gold ranged the first two days of this reporting week depending on the dollar trend, therefore its fall on Tuesday morning at almost the lowest level since the beginning of the year was caused by the strengthening of the dollar, while the withdrawal from this level was a result of its weakening. By the weekend, the price of this precious metal was quite stable, fluctuating within the range of around \$1250 to \$1260 per ounce, mainly for the reason that the data from the US labour market and the entry into force of tariffs on imports of Chinese products were expected. Observed at the weekly level, gold prices rose by just \$2 per ounce, from \$1253 to \$1255.

OIL



Source: Bloomberg LP

The price of oil was steadily and slightly declining this week. The fall came as the US president was putting pressure on Saudi Arabia to increase the production of this energy generating product. Also, the US President urged other members of the OPEC to increase production. At the same time, it was announced that oil stocks in the US rose during the previous week, which further affected the weakening of the oil prices. They fell from \$77.31 a barrel to \$76.52 a barrel this week.

Table 4 - Economic indicators (2 - 6 July 2018)

Country	Indicator	Period	Expected value	Current value	Previous value
Germany	Factory Orders Shows change in number of orders with domestic producers. The data shows the demand for German industrial products. Factory orders are an early indicator of the overall consumption in the economy, which affects economic growth.	May MoM%	1.1%	2.6%	-2.5%
	Industrial production Measures the changes in the output volume of the production, service and mining sectors.	May	0.3%	2.6%	-0.1%
Euro area	Retail Sales Measures changes in the Euro area retail trade.	May MoM% YoY%	0.1% 1.6%	0.0% 1.4%	0.1% 1.7%
Great Britain	PMI Services This index measures the total activity of service sector in Great Britain. It includes the status of sale, employment, and their outlook. Higher value of the index points to the increased volume of the purchase and positive economic outlook.	June	54.0	55.1	54.0
	PMI Manufacturing Monthly research on production activity and its future outlook. The higher index that measures this activity points to a more optimistic economic outlook.	June	54.0	54.4	54.4
USA	Initial Jobless Claims Measures the number of people receiving unemployment allowances.	23 June K=1,000	225 K	231 K	227 K
	Unemployment Rate It shows the total percentage of those who are considered unemployed in the United States. Given that the Fed must keep unemployment under control, its high rate puts pressure on interest rates (in terms of their reduction), as the Fed will then seek ways to improve the situation in the labour market.	June	3.8%	4.0%	3.8%

Source: Bloomberg