



Financial and Banking Operations Department - International Reserves Management Division -

International Financial Market Report

(16 – 20 April 2018)

EUR EURO SPOT PRICE 1.2181

Range 9/19/05 to 3/17/06 Period D Daily
Market Y 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	1.1974
T 3/14	1.2016	M 2/20	1.1974
M 3/13	1.1934	F 2/17	1.1909
F 3/10	1.1894	T 2/16	1.1887
T 3/ 9	1.1909	W 2/15	1.1887
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		

BLOOMBERG NEWS AUDIO/VIDEO

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Bankinvest's Broby, Softbank, Vodafone, L'Oreal, Body Shop
ICAP's Smith, U.S. European Bonds, Fed
F.Marks Bennett, U.S. Dollar, Fed Policy, Euro, Yen
Commonwealth Bank's Turnbull: Oil Prices, Iraq
China Airlines' Wei: Fleet Reorganization, Earnings Outlook
Microsoft's Ballmer: Stock Performance, Strategy, Products
Bear Stearns Teleconference: Fiscal First-Quarter Profit
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LIVE <GO> Events	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	🔊

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7930 7500 Germany 49 69 920410
Hong Kong 852 2977 6000 Japan 81 3 3201 6900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2006 Bloomberg L.P.
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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

Change on day
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IYC6 I52<GO>

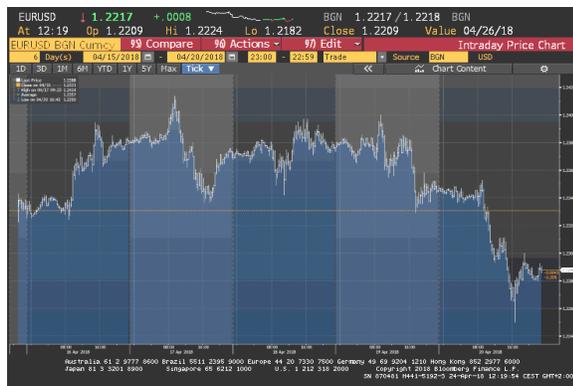
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	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

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IYC4 I48<GO>
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For US swap Curve, type fIYC1 I52 <G

Podgorica, 27 April 2018

FX NEWS

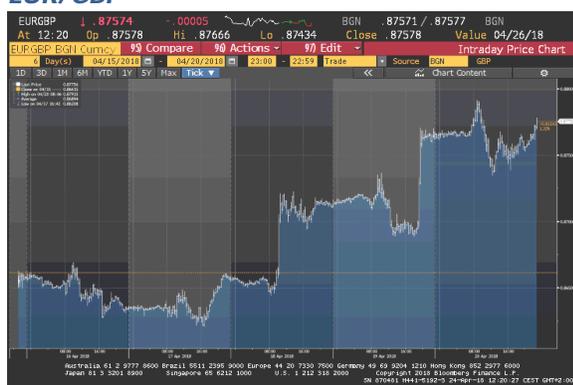
EUR/USD



Source: Bloomberg LP

At the start of this reporting period **the EUR/USD** exchange rate had an upward trend. The dollar weakened as the mixed economic data on the US were published (retail growth, decline in production), but also due to President Donald Trump's accusations towards Russia and China that these are manipulators holding their currencies at low levels to gain a commercial advantage (he said that "Russia and China play a currency devaluation game while the United States increases interest rates, which is unacceptable"). However, the ZEW Institute data released Tuesday showed a significant decrease in investors' confidence in the Euro area and Germany in April, largely due to global trade tensions, but also lower production, exports and retail sales in Germany in Q1, therefore the euro weakened and the exchange rate decreased from a previously reached 3-week maximum (1.2414). During the reporting period, the exchange rate was stable, but the downward trend was observed for the last two days. This drop was caused by a further weakening of the euro following the publication of somewhat weaker data on Euro area inflation, as well as the withdrawal of investors from the long positions in this currency due to the forthcoming ECB meeting (26 April - investors expect no changes), therefore this exchange rate fell to a 2-week minimum (1.2250) on Friday.

EUR/GBP



Source: Bloomberg LP

For the first two days, **the EUR/GBP** exchange rate did not record major changes, but it was slightly decreasing as investors were buying British pound because of the belief that the Bank of England would increase the interest rate. The exchange rate began recovering on Wednesday as inflation in Great Britain fell in March by 2.5% in relation to the previous month. The same day, the Governor of the Bank of England said in an interview for the BBC that the United Kingdom should have been prepared for a couple of interest rate increases over the coming years and should focus primarily on the pace of interest rate increase, not at the exact time of it. He also indicated that the expected increase in the upcoming meeting in May is still not certain. The tone of the statement given by Carney slightly discouraged investors, so the value of the sterling began to weaken that day. The exchange rate was slightly fluctuating on Friday.

EUR/JPY



Source: Bloomberg LP

The EUR/JPY exchange rate fluctuated from 132.04 to 133.09 during the reporting period. The exchange rate development was mainly caused by geopolitical events and relations between the US and Japan. Tensions over US, French and British attacks in Syria increased the demand for yen as a safe currency, which led to a decline in the exchange rate. On the other hand, following the meeting of President Trump and Prime Minister Abe, concerns over trade relations between the US and Japan eased (investors mitigated expectations related to new trade demands by the US), this being the reason for the increase in the exchange rate. Observed at the weekly level, the exchange rate recorded a very slight decline.

Table 1 - Exchange rates of the most important currencies

	16 April 2018 ¹	20 April 2018 ²	% Change
EUR/USD	1.2331	1.2288	-0.35
EUR/GBP	0.86615	0.87756	1.32
EUR/JPY	132.38	132.280	-0.08
EUR/AUD	1.58785	1.60152	0.86
EUR/CHF	1.18681	1.19810	0.95
USD/JPY	107.35	107.660	0.29
GBP/USD	1.4238	1.4000	-1.67

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 April 2018
Federal Reserves	"Federal Funds Target Rate"	1.75%	2 May 2018
Bank of Japan	"Overnight Call Rate"	-0.10%	27 April 2018
Bank of England	"Official Bank Rate"	0.50%	10 May 2018
Swiss National Bank	"Libor Target Rate"	-0.75%	21 June 2018
Bank of Canada	"Target Overnight Rate"	1.25%	30 May 2018
Reserve Bank of Australia	"Cash Rate Target"	1.50%	1 May 2018

The Central Bank of Canada held a meeting this week and made a decision that the interest rate should not change.

Table 3 - Eonia and Euribor

	16.04.2018. ¹	20.04.2018. ³	Change in basis points
Eonia	-0.368	-0.364	-0.40
Euribor 1W	-0.379	-0.379	0.00
Euribor 1M	-0.372	-0.371	-0.10
Euribor 3M	-0.328	-0.329	0.10
Euribor 6M	-0.270	-0.271	0.00
Euribor 12M	-0.191	-0.190	1.00

¹Opening market value on Monday

²Closing market value on Friday

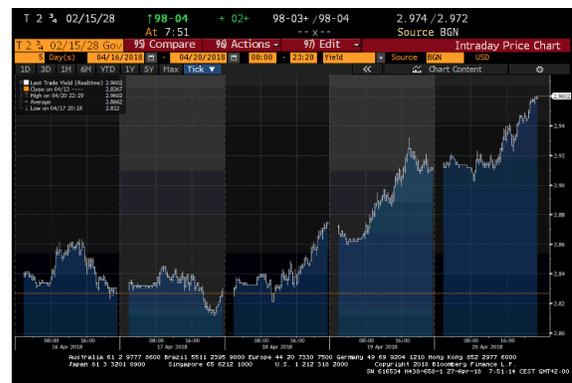
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The 10-year German government bond yields had a downward trend in the first part of this reporting week, recording a sharp growth from the middle to the very end of the reporting period. The yield on 10-year bonds was on a 1-month maximum of 0.612% on Friday, as the price of oil reached the highest level since end-2014, which increased prospects for higher inflation pressure in the Euro area. The yields on 10-year French government bonds also rose, as France auctioned EUR 7 billion Eurobonds, while Spain sold EUR 4.6 billion Eurobonds.

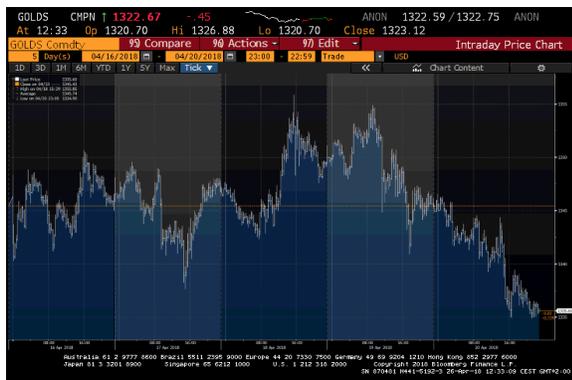
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on US government bonds were stable in the first half of the reporting week. There was more evident growth in yields on US bonds since the mid-week. One of the reasons for this was a rise in expectations that the FED could raise interest rates at the next session. Also, the reduction of global political and security risks following Trump's announcement that he expects the summit with the leader of North Korea to be successful, further influenced the growth in yields on these bonds. At the very end of the week, concerns over the rise in oil prices that would lead to an increase in inflationary pressures affected yields on US bonds, reaching almost the highest level since January 2014.

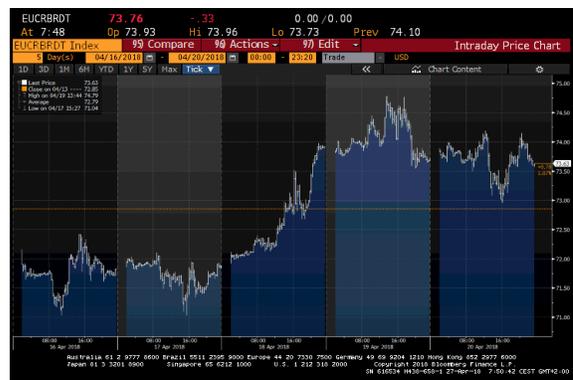
GOLD



Source: Bloomberg LP

The price of gold did not record significant changes in the first half of this reporting week. Over the past two days, the price of gold had a downward trend, due to the strengthening of dollar as well as the geopolitical conflicts that were not in the forefront of the public. Tensions between the US and Russia eased off as well as the fear of investors from new sanctions between these two economic powers. New economic sanctions on Russia, due to the support given to the Government of Bashar al-Assad, were stopped by the United States, but the decision on these will be made in the near future.

OIL



Source: Bloomberg LP

The price of oil was stable in the first half of the week, recording a sharp growth in the second half, as the unexpected decline in the supply of this energy generating product in the United States occurred. A meeting of OPEC members and their allies was also held at the end of the week, where the extension of the programme was discussed, aimed at reducing surpluses that exist on the global level and after 2018, which additionally influenced the growth of this energy generating product. At the very end of the week, oil prices stabilized after Trump criticized OPEC members to artificially influence the price increase and that this could not be accepted.

Table 4 - Economic indicators (16 - 20 April 2018)

Country	Indicator	Period	Expected value	Current value	Previous value
Germany	ZEW Survey Expectations Leading indicator of economic health based on surveyed institutional investors and analysts. The survey requires respondents to evaluate the 6-month national economic outlook. Reading above 0.0 indicates optimism while reading below 0.0 implies pessimism.	April	-1.0%	-8.2%	5.1%
Great Britain	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 households.	March MoM% YoY%	0.3% 2.7%	0.1% 2.5%	0.4% 2.7%
Euro area	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, therefore representing the key inflation measure in the Euro area.	March YoY%	1.4%	1.3%	1.4%
USA	Advance Retail Sales The index shows changes in the volume of sales in retail. Retail volume is one of the indicators of consumer spending so it can serve as a guide to currency markets at the turning points of the economic cycle. Its growth indicates an increase in commodity production, a strengthening of the economy and currencies.	April MoM%	0.4%	0.6%	-0.1%
	Empire Manufacturing The survey deals with the business conditions and expectations of production executives in New York and is a useful early indicator of production in the United States. This survey is conducted once a month by the New York Fed.	April	18.4	15.8	22.5

Source: Bloomberg