

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



CENTRALNA BANKA  
 CRNE GORE

Range 3/17/05 - 3/17/06  
 Upper Chart: Market Price



**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 3/14	1.2016
T 3/16	1.2174	T 3/13	1.1934
W 3/15	1.2050	F 3/10	1.1894
T 3/14	1.2016	T 3/9	1.1909
M 3/13	1.1934	W 3/8	1.1928
F 3/10	1.1894	T 3/7	1.1889
T 3/9	1.1909	M 3/6	1.1996
W 3/8	1.1928	F 3/3	1.2025
T 3/7	1.1889	T 3/2	1.2012
M 3/6	1.1996	W 3/1	1.1913
F 3/3	1.2025	T 2/28	1.1923
T 3/2	1.2012	M 2/27	1.1853
W 3/1	1.1913	F 2/10	1.1919
T 2/28	1.1923	T 2/9	1.1974
M 2/27	1.1853	W 2/8	1.1944
F 2/10	1.1919	T 2/7	1.1974
T 2/9	1.1974	M 2/6	1.1962
W 2/8	1.1944		
T 2/7	1.1974		
M 2/6	1.1962		

**International Financial  
 Market Report**

24 - 28 September 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, Euro  
 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  
 Daniel Broby, chief investment officer at Japanese mobile-phone unit and L'Oreal SAS purchase of Body Shop International Plc.  
 Bear Stearns Teleconference: Fiscal First-Quarter Profit  
 Bloomberg TV Live | Bloomberg Radio Live | All Audio/Video Reports

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	🔊

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

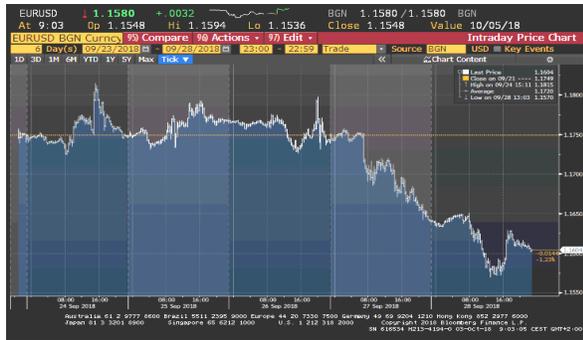
USD INTEREST RATE SWAPS				
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	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, 3 October 2018

# FX NEWS

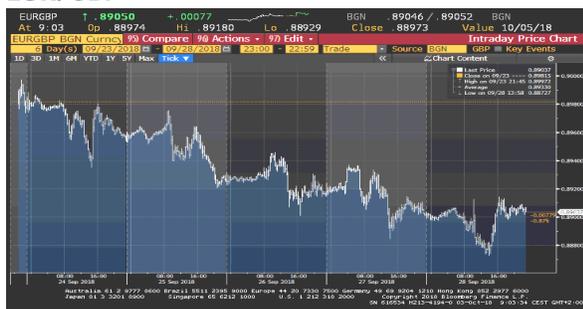
## EUR/USD



Source: Bloomberg LP

The EUR/USD exchange rate had an uneven development from Monday to Wednesday. The trade relations between the US and China, the expectation of the Fed meeting, the ECB President statement on the improving inflation in the euro area, as well as the mixed US economic data, all led to the above mentioned exchange rate fluctuation. However, following the Fed's decision to increase the interest rate by 25 basis points at the meeting held on Wednesday and in accordance with all expectations, the dollar rose sharply against the European currency, while the exchange rate fell. The Fed President pointed to another increase in the interest rate this year, but also to increases in the next one. The fall of the EUR/USD exchange rate was up to the end of the reporting week, further incited by weakening of the euro as a result of the situation in Italy. Specifically, although the Italian daily newspaper *Corriere della Sera* announced that a meeting of the Italian Government concerning the establishing of the budget limits was postponed, the meeting was held on Thursday, and the budget deficit target of 2.4% of GDP in 2019 was set. However, following this decision, concern over its potentially negative impact on the credit rating and Italy's political position in the euro area increased, which together with the weaker than expected data on the core inflation rate of the euro area caused a weakening of the euro against the dollar, which was for the first time in the last two weeks, below 1.16 dollar at the end of the week.

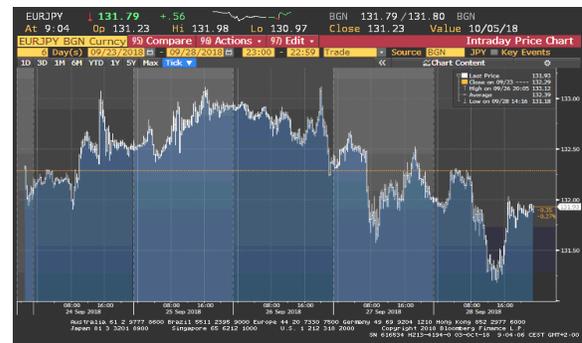
## EUR/GBP



Source: Bloomberg LP

The EUR/GBP exchange rate had a downward trend in this reporting week, despite the fact that there were no significant improvements in the Brexit negotiations. After the opposition Labour Party announced that, in the event the Parliament rejects the Brexit agreement, they would request a vote, Prime Minister May excluded any possibility of holding elections prior to the scheduled Brexit date (March 2019), since it is not in the best UK interest. The fact that caused the exchange rate fall to a greater extent, was a weakening of the euro against the sterling. Specifically, the expectations of negotiations in Italy regarding the determination of the budget deficit limit for 2019 largely affected the weakening of the euro. Although the deal was finally reached, the market was still concerned over the Italian debt. The exchange rate slightly recovered end-Friday, as the uncertainty over Brexit came to the forefront again.

## EUR/JPY



Source: Bloomberg LP

The EUR/JPY exchange rate recorded a slight drop in this reporting week. Although tensions increased between the US and China (it was announced on Monday that China had cancelled the planned trade negotiations with the US), the exchange rate had largely a growing trend in the first half of the week. Namely, the increase in the price of shares in Japan, and the publication of the Minutes from the latest Bank of Japan session, which showed that several members of the Board of the Bank pointed to the need to seriously consider the potential danger of ultra-expansive monetary policy, led to weakening of the yen. However, after the price of shares on the Japanese stock exchanges started falling, the demand for yen rose, so despite this evident fluctuation, the exchange rate fell in the second half of the week. The drop was also caused by uncertainty over US and Japan trade negotiations.

**Table 1 - Exchange rates of the most important currencies**

	24 September 2018 <sup>1</sup>	28 September 2018 <sup>2</sup>	% Change
EUR/USD	1.1749	1.1604	-1.23
EUR/GBP	0.89815	0.89037	-0.87
EUR/JPY	132.29	131.93	-0.27
EUR/AUD	1.61125	1.60689	-0.27
EUR/CHF	1.12612	1.13980	1.21
USD/JPY	112.59	113.70	0.99
GBP/USD	1.3072	1.3031	-1.23

**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%	25 October 2018
Federal Reserves	Federal Funds Target Rate	2.25%	8 November 2018
Bank of Japan	Overnight Call Rate	-0.10%	31 October 2018
Bank of England	Official Bank Rate	0.75%	1 November 2018
Swiss National Bank	Libor Target Rate	-0.75%	13 December 2018
Bank of Canada	Target Overnight Rate	1.50%	24 October 2018
Reserve Bank of Australia	Cash Rate Target	1.50%	2 October 2018

During this reporting week, the Fed increased the interest rate by 25 basis points, pointing to another increase in interest rates this year.

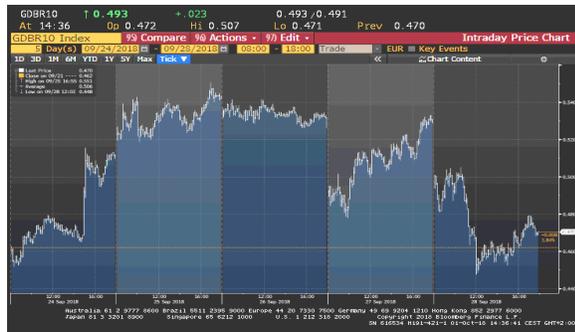
**Table 3 - Eonia and Euribor**

	24 Sep 2018. <sup>3</sup>	28 Sep 2018. <sup>4</sup>	Change in basis points
Eonia	-0.367	-0.351	1.60
Euribor 1W	-0.376	-0.378	-0.20
Euribor 1M	-0.372	-0.371	0.10
Euribor 3M	-0.319	-0.318	0.10
Euribor 6M	-0.267	-0.268	-0.10
Euribor 12M	-0.167	-0.159	0.80

<sup>1</sup>Opening market value on Monday

<sup>2</sup>Closing market value on Friday

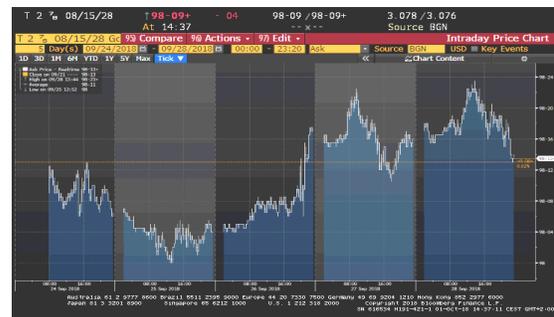
## EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on European government bonds rose slightly at the very start of the week as the ECB President Mario Draghi said he saw an improvement in terms of inflation, which was in favour of the announcements that the central bank would raise interest rates at the end of next year (the increase would most probably be in Q4-2019). The yields on German long-term government bonds did not register major changes for the next two days, and averaged about 0.53%. The yields on these bonds fell shortly on Thursday, but recovered during the day. As for the yields on Italian long-term government bonds, they fell on the same day, as the newspapers reported that the Five Star Movement and the League advocate for extra spending, as well as the possibility that the budget planning announced for that day would be postponed. The auction of Italian 5-year and 10-year government bonds remained "resilient" to these news. The yields on Italian 10-year bonds rose on Friday (from 2.85% to 3.35%), as the Italian government succeeded in placing the budget proposal at a level of 2.4% (from 2019 to 2021) after long and tense negotiations. The Minister of Finance, *Trià*, was initially willing to agree to the deficit of 1.6% of GDP, during the negotiations the limitation changed to 1.9% of GDP, and the agreement finally reached the level of 2.4% of GDP (market expectations were around 2% of GDP). The new budget deficit target is within the limits proposed by the EU (3%). The yields on German 10-year bonds fell around 6 basis points on Friday, but this difference was reduced to 3 basis points at the end of the day.

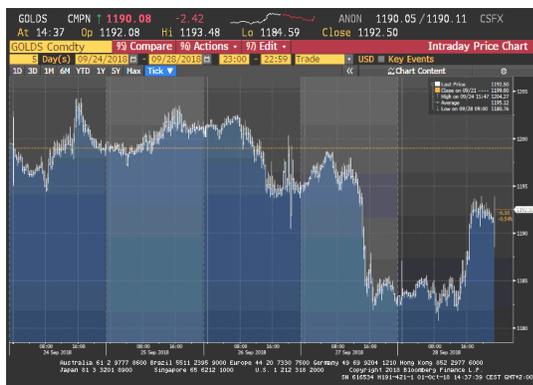
## US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on US government bonds recorded a growth in the first two days of this reporting week following the upward trend in European government bond yields. A decline in yields on US bonds began on Wednesday. Although the FED increased the interest rate in that period, a comment by the FED President that he would not expect an increase in inflation in the next year (the inflation rate forecast was reduced by 0.1% to the level of 2% for the next year) cut the yields on US bonds. Over the past two days, yields on US 10-year bonds ranged between 3.03% and 3.06%.

## GOLD



Source: Bloomberg LP

The gold price was stable during the first three days of this week, hitting a sharp fall on Thursday. The downfall came as the Fed increased the interest rate by 25 basis points, and the dollar rose against most currencies. The price of gold recovered slightly on Friday.

## OIL



Source: Bloomberg LP

The price of oil recorded growth in this reporting week. At the very beginning of the week, OPEC's decision not to increase production output affected the price of oil to rise. The growth continued the next day as it was expected that the oil supply at the international level would be reduced. The United States imposed sanctions on Iran oil exports from 4 September, and in addition to that, Washington is pressuring governments and companies around the world to reduce the purchase of this fuel. There were no major changes in the price of oil in mid-week, fluctuating around 82.36 dollar per barrel. The price of this energy generating product rose again on the last day of the week, following the US Secretary of Energy Rick Perry's announcement that the government was not planning to exclude the possibility of putting emergency oil reserves in place to prevent the rise in oil prices when the United States imposed sanctions against Iran, whose implementation was announced for early November.

**Table 4 - Economic indicators in the period 24 - 28 September 2018**

Country	Indicator	Period	Expected value	Current value	Previous value
USA	<b>New Home Sales</b> The indicator shows the sale of newly built properties in the United States.	August MoM%	0.5%	3.5%	-1.7%
	<b>Initial Jobless Claims</b> Measures the number of people receiving unemployment allowances.	22 September K=1.000	210 K	214 K	201 K
Great Britain	<b>Gross domestic product (GDP)</b> Measures the value of products and services produced within the country. GDP is the most comprehensive measure of economic output and provides a key insight into the main drivers of an economy.	August MoM% (YoY%)	0.4% 1.3%	0.4% 1.2%	0.4% 1.3%
France	<b>Consumer price index (CPI)</b> 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%	-0.2%	-0.2%	0.5%
Japan	<b>Industrial production</b> Measures the production output of the sectors for energy, factories and mines. Growing industrial output points to increased production and economic expansion.	August MoM% (YoY%)	1.4% 1.5%	0.7% 0.6%	-0.1% 2.2%

Source: Bloomberg