

EURUSD ↓ 1.2179
 At 19:38 Op 1.2174 HI 1.2179 Value 3/21/06
 Market Currency 1/4
 Range 3/17/05 - 3/17/06
 Upper Chart: 3 Market Price
 1) News



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	1.1919
M 3/13	1.1934	F 2/17	1.1909
F 3/10	1.1894	T 2/16	1.1899
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

28 May - 1 June 2018

BLOOMBERG NEWS AUDIO/VIDEO

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

Bankinvest's Broby, Softbank, Vodafone, L'Oreal, Body Shop, Japanese mobile-phone unit and L'Oreal SAs purchase of Body Shop International Plc.

ICAP's Smith, U.S. European Bonds, Fed Policy, Euro, Yen

Commonwealth Bank's Thurlbell, Oil Prices, Iraq

China Airlines' Wei, Fleet Reorganization, Earnings Outlook

Mitsubishi BDI Policy, Japan Rate, Economy

Bear Stearns Teleconference: Fiscal First-Quarter Profit

Microsoft's Ballmer, Stock Performance, Strategy, Products

13) 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	🔊

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.
 8615-351-3 17-Mar-06 19:27:28

USD INTEREST RATE SWAPS

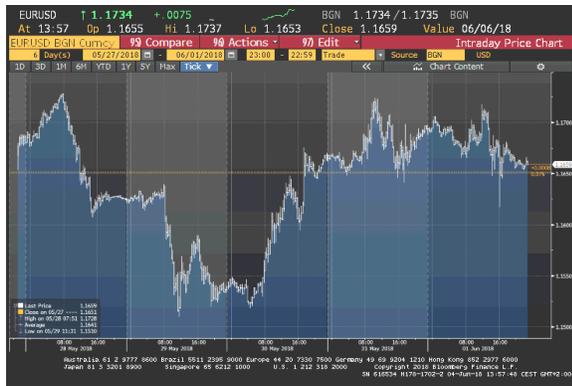
Ticker	Bid	Ask	Mid	Chng	Ticker	Bid	Ask	Mid	Chng
US Semi 30/360					US SPREADS				
2) 2 YR	5.0670	5.0800	5.0755	+0.0305	22) 2 YR	42.88	44.13	43.50	--
3) 3 YR	5.0500	5.0720	5.0610	+0.0330	23) 3 YR	41.50	42.75	42.13	-0.17
4) 4 YR	5.0620	5.0740	5.0680	+0.0250	24) 4 YR	44.38	45.63	45.00	-0.10
5) 5 YR	5.0860	5.0920	5.0890	+0.0235	25) 5 YR	48.25	49.25	48.75	+0.25
6) 6 YR	5.1100	5.1130	5.1105	+0.0170	26) 6 YR	49.50	50.50	50.00	+0.30
7) 7 YR	5.1300	5.1350	5.1325	+0.0170	27) 7 YR	50.50	51.50	51.00	+0.40
8) 8 YR	5.1470	5.1530	5.1500	+0.0160	28) 8 YR	51.13	52.13	51.63	+0.33
9) 9 YR	5.1620	5.1680	5.1640	+0.0135	29) 9 YR	51.75	52.75	52.25	+0.45
10) 10 YR	5.1780	5.1830	5.1805	+0.0175	30) 10 YR	52.25	53.25	52.75	+0.50
11) 15 YR	5.2370	5.2430	5.2400	+0.0145	31) 15 YR	57.00	58.00	57.50	+0.50
12) 20 YR	5.2670	5.2720	5.2690	+0.0130	32) 20 YR	58.63	59.88	59.25	+0.15
13) 30 YR	5.2750	5.2840	5.2795	+0.0190	33) 30 YR	57.38	58.63	58.00	+0.20

Change on day
 IYC4 I52<GO>
 Change on Month
 IYC6 I48<GO>
 For US Govt Yield Curve, type f{IYC1 I2
 For US swap Curve, type f{IYC1 I52 <G

Podgorica, 6 June 2018

FX NEWS

EUR/USD



Source: Bloomberg LP

The EUR/USD exchange rate had a downward trend in the reaction to the political crisis in Italy in the first half of the week, therefore the euro was at a 6-month low against the dollar. As of the mid-week, the exchange rate started recovering after the 5 Star and the Northern League in Italy managed to form the Government 89 days after the elections. Also, better than the expected data on euro area inflation were in favour of the European currency. The EUR/USD exchange rate fell sharply on Friday after positive data from the US labour market were released (payrolls in May rose to 223K instead of the expected 190K; unemployment in May fell from 3.9% to 3.8%).

EUR/GBP

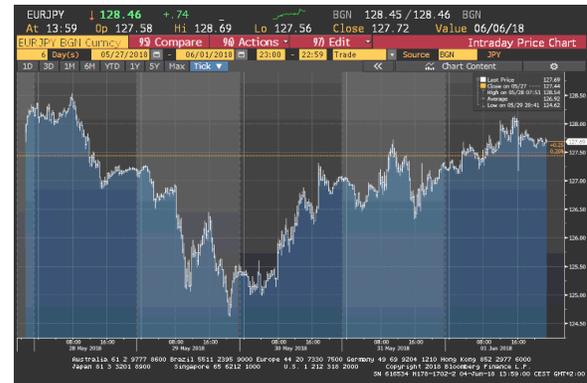


Source: Bloomberg LP

The EUR/GBP exchange rate weakened at the beginning of last week as a result of turbulent events in Italy, where parties which received the highest support of citizens failed to form a government. However, the exchange rate began

to recover in the mid-week owing to the strengthening of the euro and a more favourable political situation in both Italy and Spain. However, the EUR/GBP exchange rate fell again on Friday as activity in Great Britain manufacturing sector increased in May (the index rose from 53.9 to 54.4).

EUR/JPY



Source: Bloomberg LP

In the first two days of the reporting week, the demand for yen increased as the unstable political situation in Italy shook the euro (the EUR/JPY exchange rate fell from 127.94 to 124.59). Donald Trump's announcement that he will introduce a 50 billion dollar Chinese import fee additionally turned investors towards safe funds. In the second half of the week, the EUR/JPY exchange rate recovered as the shaken markets recovered after a successful auction in Italy and after the success on reaching the agreement to form the new government (the EUR/JPY exchange rate returned to almost the same level as it had at the very beginning of the week).

Table 1 - Exchange rates of the most important currencies

	28 May 2018 ¹	1 June 2018 ²	% Change
EUR/USD	1.1651	1.1659	0.07
EUR/GBP	0.87552	0.87372	-0.21
EUR/JPY	127.44	127.72	0.22
EUR/AUD	1.54367	1.54031	-0.22
EUR/CHF	1.15380	1.15193	-0.16
USD/JPY	109.41	109.540	0.12
GBP/USD	1.3309	1.3346	0.28

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%	14 June 2018
Federal Reserves	"Federal Funds Target Rate"	1.75%	13 June 2018
Bank of Japan	"Overnight Call Rate"	-0.10%	15 June 2018
Bank of England	"Official Bank Rate"	0.50%	21 June 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%	5 June 2018

A meeting of the Bank of Canada was held this week. The interest rate was not changed.

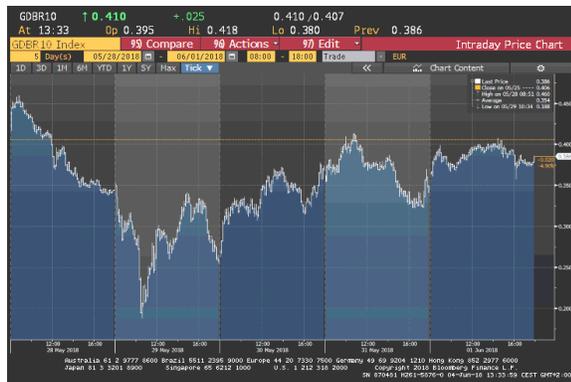
Table 3 - Eonia and Euribor

	28 May 2018. ¹	1 June 2018. ²	Change in basis points
Eonia	-0.366	-0.358	0.80
Euribor 1W	-0.380	-0.378	0.20
Euribor 1M	-0.369	-0.371	-0.20
Euribor 3M	-0.323	-0.321	0.20
Euribor 6M	-0.271	-0.269	0.20
Euribor 12M	-0.188	-0.184	0.40

¹Opening market value on Monday

²Closing market value on Friday

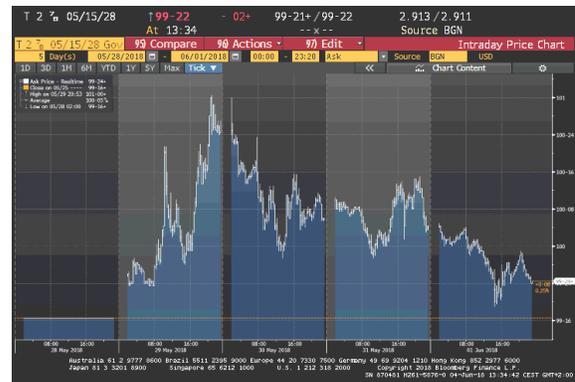
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

Yields on German 10-year government bonds fell at the beginning of the reporting week and stood at 0.188% on Tuesday. The yields on short-term Italian bonds rose at the same time by 100 basis points to a level that was not recorded since September 2013 (yield on 2-year bonds was 1.70%), while yields on 10-year Italian bonds rose to the highest level in the past four years (2.91%). Over the weekend, the Italian President Sergio Mattarella rejected the proposal of the far-right party League and the Five Star Movement to appoint Paolo Savona as the Minister of Finance, thus ending the right-wing attempts to form a new government. The Italian president chose Carlo Cottarelli, the former IMF official, as the new government's prime minister, who will remain in office until the elections only. Yields of 10-year German bonds recovered in the mid-week, being at the level of 0.386% by the end of the week. Italy successfully sold 5-year, 7-year and 10-year bonds at the auction held on Wednesday, bringing relief to the market due to an uncertain situation caused by the political crisis in Italy. Although Cottarelli was nominated for a prime minister and was ready to form a government, both President Mattarella and himself left the room for the Five Star Movement and the right-wingers of the League to negotiate and form a coalition government. The Italian bonds market recovered slightly by the end of the week, as investors became calmer because of the formation of a new government in Italy.

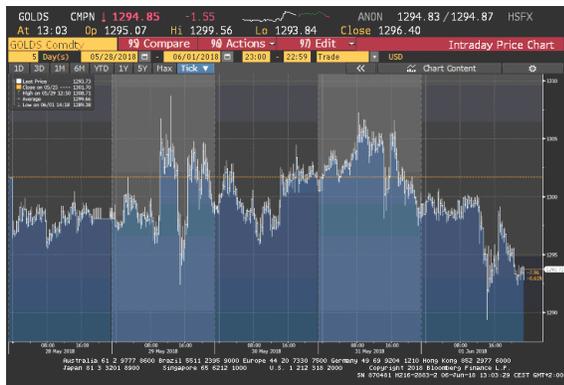
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

Markets in the United States were closed on the first day of the reporting week because of the Memorial Day. The price of US 10-year bonds rose the next day, as investors carefully watched political developments in Italy, the decline in oil prices, the uncertain US and North Korean leaders' summit, and the decline in stock prices. The price of US bonds dropped in the mid-week, as investor concerns over the political situation in Italy were reduced, following the successful auction of 5-year and 10-year bonds in Italy. The prices of US bonds fell further on the last day of this reporting week, due to the release of better than expected May data from the US labour market.

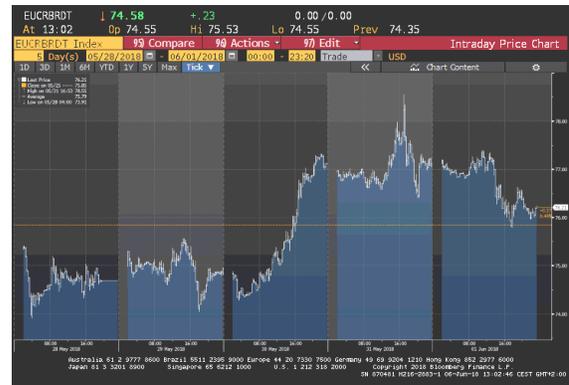
GOLD



Source: Bloomberg LP

For most of the reporting period, gold prices had a slight upward trend due to the unstable political situation in Italy, as well as somewhat lower US economic growth rates. Also, the rescheduling of the summit between the US and North Korea affected the rise in the price of this precious metal. The price of gold sharply declined as the US labour market report on Friday was better than expected, raising expectations that the Fed will increase the interest rate at the June meeting.

OIL



Source: Bloomberg LP

During the first two days of the previous week, oil prices lowered slightly as Saudi Arabia and Russia were considering an increase in oil production, following a statement by the OPEC officials and their allies that the global oversaturation of this raw material was effectively reduced. However, the price of oil increased on Wednesday as it is expected that the exports of this raw material from Venezuela and Iran will be reduced, which OPEC sees as regaining the balance in the market. At the very end of the week, the price of this energy generating product was weakening again as production growth in the United States continued.

Table 4 - Economic indicators (28 May - 1 June 2018)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Consumer price 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.	May YoY%	1.0%	1.1%	0.7%
Great Britain	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.	May	53.5	54.4	53.9
USA	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. Initial Jobless Claims Measures the number of people receiving unemployment allowances. Similar to the applicant, the growing number of jobs is accompanied by an economic expansion that could influence inflationary pressures. Change in nonfarm payrolls This is a report showing the total number of newly employed employees at the monthly level by branches of economy (health care, finance, mining, construction, production, wholesale, retail, transport and storage, IT sector). This report does not include civil servants, non-governmental organizations and the agricultural sector. It serves as the basis for tailoring economic policy and forecasting future economic trends. The most important data in this report is the monthly change in the total number of employees. It represents strong signal of total economic trends in the country, and covers 80% of total number of employees whose income is included in GDP calculation.	May	3.9%	3.8%	3.9%
		26 May K=1,000	228 K	221 K	234 K
		May K=1,000	190 K	218 K	168 K

Source: Bloomberg