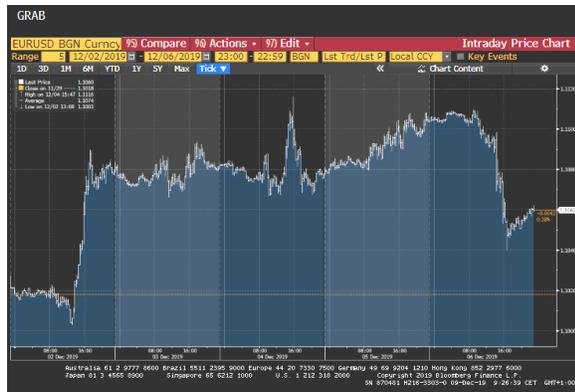


FX NEWS

EUR/USD



Source: Bloomberg LP

On the first day of this reporting week, the **EUR/USD exchange rate** appreciated due to the release of unfavourable US production data and after encouraging data from the EU. (Preliminary data on the euro area production index point to a milder than expected contraction, thus this index reached the level of 46.9, higher than expected (46.6), and slightly higher in relation to the previous measurement, when it stood at 45.9). Over the week, this exchange rate was stable, rising slightly on Thursday, following the release of data that the euro area economy recorded quarterly growth of 0.2% in Q3. On the last day of this reporting week, the EUR/USD exchange rate appreciated, as the USD was supported by strong data from the US labour market.

EUR/GBP

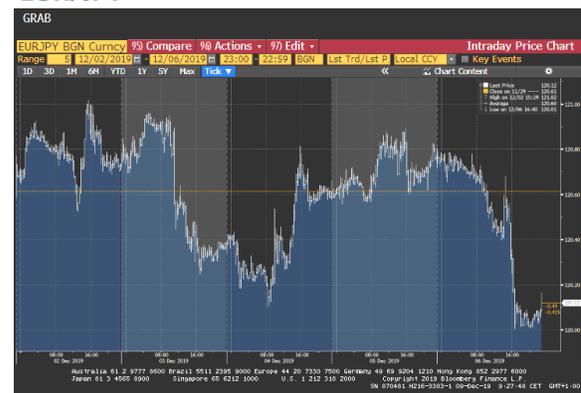


Source: Bloomberg LP

At the very beginning of the reporting week, the **EUR/GBP exchange rate** appreciated slightly as the UK manufacturing index

dropped from 49.6 in October to 48.9 in November. This exchange rate depreciated during the week after election polls showed the strengthened Boris Johnson's leadership. The UK Prime Minister outlined a plan for the first 100 days of a new government if the Conservatives won the general election. During the first 30 days, the government will work on Brexit on 31 January, as well as on other priorities including budgeting, reviewing the state of defence, security and foreign trade policy, and introducing legislation to stop the automatic release of heavy offenders at the halfway point of their sentence. Johnson will insist on achieving the said aims by 22 March.

EUR/JPY



Source: Bloomberg LP

In the beginning of this reporting week, the **EUR/JPY exchange rate** was stable, and it declined on Tuesday after the US President's statement - that the agreement between his country and China could be reached only after the US Presidential election - resulted in growing demand for safe assets. Over the next two days, the exchange rate appreciated slightly, to mark a fall again in the run-up to the UK election, the approaching application of tariffs on Chinese products on 15 December, and the Bank of Japan meeting.

Table 1 - Exchange rates of the most important currencies

	02.12.2019 ¹	06.12.2019 ²	% Change
EUR/USD	1.1018	1.1060	0.38
EUR/GBP	0.85193	0.84171	-1.20
EUR/JPY	120.61	120.18	-0.36
EUR/AUD	1.62934	1.61706	-0.75
EUR/CHF	1.10187	1.09537	-0.59
USD/JPY	109.49	108.58	-0.83
GBP/USD	1.2925	1.3140	1.66

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%	12 December 2019
Federal Reserves	Federal Funds Target Rate	1.75%	11 December 2019
Bank of Japan	Overnight Call Rate	-0.10%	19 December 2019
Bank of England	Official Bank Rate	0.75%	19 December 2019
Swiss National Bank	Libor Target Rate	-0.75%	12 December 2019
Bank of Canada	Target Overnight Rate	1.75%	4 December 2019
Reserve Bank of Australia	Cash Rate Target	0.750%	3 December 2019

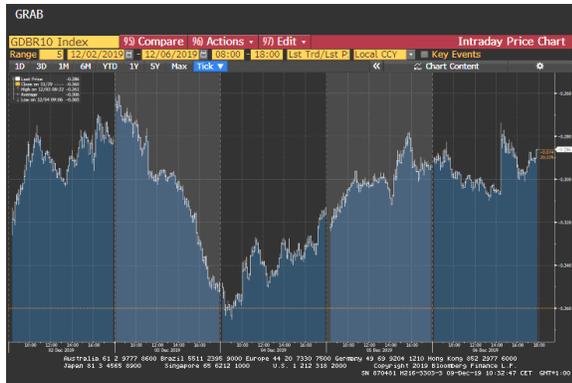
Table 3 – Eonia and Euribor

	02.12.2019 ¹	06.12.2019 ²	Change in basis points
Eonia	-0.447	-0.456	-0.90
Euribor 1W	-0.484	-0.489	-0.50
Euribor 1M	-0.437	-0.456	-1.90
Euribor 3M	-0.401	-0.393	0.80
Euribor 6M	-0.343	-0.333	1.00
Euribor 12M	-0.273	-0.269	0.40

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

Yield on 10-year German government bonds rose on Monday amid positive economic data released in China and in the euro area, which indicated that global economic growth was stabilizing. On the next day, it plummeted by 9 base points (recording the lowest level during the reporting week of -0,351%), as the US Secretary of Commerce Wilbur Ross rejected all deadlines of the trade agreement with China, and started the new attack on the telecom giant Huawei. At the NATO meeting held in London, Trump said that the agreement with China should not be rushed, and that it might be reached the following year, after the presidential election. As the week continued, the yield recovered after the news that the progress in US-China trade negotiations was eventually becoming evident. Encouraging data from the US labour market on Friday have influenced the yield to remain at a relatively “high” level of -0.286%.

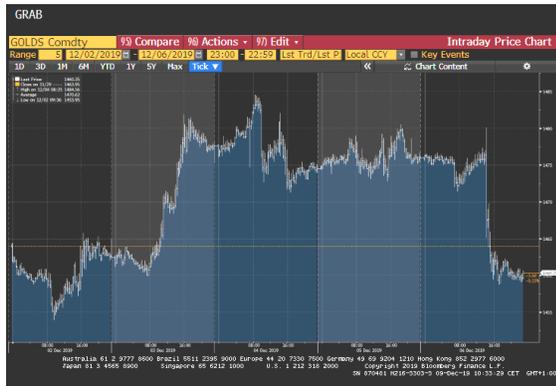
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

At the outset of the week, yield on US 10-year government bonds did not record major changes. It hit its lowest level this week (1.72%) on Tuesday, as the US President said he was prepared to make a trade deal with China wait, even for a year. After that, until the end of the week, yield on 10-year US bonds trended up due to news that China and the US were nearing agreement on the first phase of the trade agreement, despite tensions over protests in Hong Kong, and due to good data on the US labour market.

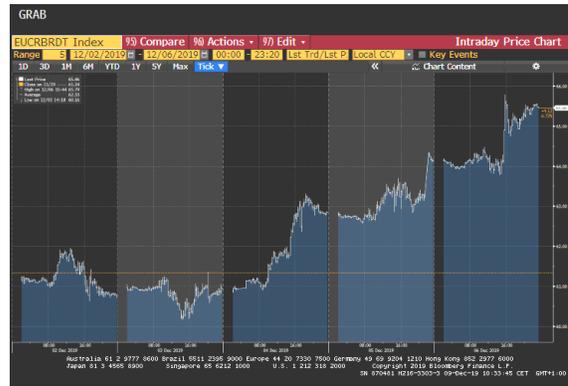
GOLD



Source: Bloomberg LP

At the beginning of this reporting week, the price of gold was stable, to make a bigger jump on Tuesday. During the mentioned period, the price of gold rose as the US President said he was ready to wait and hold elections in the USA in November 2020 before reaching the trade agreement with China. For the rest of the week, until Friday, the price of gold was relatively stable to see a sharp drop over the last day, as positive data from the US labour market arrived.

OIL



Source: Bloomberg LP

The price of oil was stable during the first two days of the reporting week. It trended up from the middle to the end of this reporting period. The increase in the price of oil resulted from the report that stocks of that energy-generating product had fallen in the USA by some 3.72 million barrels during the previous week. Oil price rises have also been fuelled by speculation that OPEC was nearing an agreement to further reduce oil production on a monthly basis, as the Saudi Arabia's decision to cut production more than agreed with OPEC.

Table 4 - Economic indicators (2 - 6 December 2019)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<p>Retail Sales This indicator measures activity related to retail trade volume (not applicable to motor vehicles and motorcycles).</p> <p>Gross domestic product seasonal adjustments (GDP s.a.) One of basic macroeconomic indicators, which represents the calculated value in the market prices of goods and services produced within the country, but excludes the income of citizens and corporations working abroad. The following four components are used to calculate GDP: consumption, investments, government expenditure, and net exports.</p>	October MoM% (YoY%)	-0.5% (2.2%)	-0.6% (1.4%)	-0.2% (2.7%)
		Q3 QoQ% (YoY%)	0.2% (1.2%)	0.2% (1.2%)	0.2% (1.2%)
Germany	<p>Factory Orders Shows change in the 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.</p> <p>Industrial output Measures the production output of the energy sectors, factories and mines. In the short term, this indicator is of high significance because it shows the intensity of industrial activities. Growing industrial output points to increased production and economic expansion.</p>	October MoM% (YoY%)	0.4% (4.7%)	-0.4% (-5.5%)	1.5% (-5.0%)
		October MoM% (YoY%)	0.1% (-3.6%)	-1.7% (-5.3%)	-0.6% (-4.5%)
USA	<p>Change in nonfarm payrolls This report shows monthly total number of new employed persons by economic activities. The report does not include civil servants, non-governmental organisations and the agricultural sector. The most important data in this report is the monthly change in total number of employees.</p>	November K=1.000	180 K	266 K	156 K

Source: Bloomberg