

EURUSD ↓ 1.2179
 At 19:38 Op 1.2174 HI 1.2179 Value 3/21/06
 Market Price
 Range 3/17/05 - 3/17/06
 Upper Chart: 3 Market Price
 Currency 1/4
 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	1.1925
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**

(6 - 10 May 2019)

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

Microsoft's Ballmer, Stock Performance, Strategy, Products

Bear Stearns Teleconference: Fiscal First-Quarter Profit

General's Miyazaki, BOJ Policy, Japan Rate, Economy

Legal & General Teleconference: Full-Year Earnings

UBS Warburg's Hickson, Outlook for Steel Industry

European Commission: Daily News Conference

Egypt's Mohamed, Sale of State-Owned Businesses

Borders Group Teleconference: 4th-Qtr Results

AIG Teleconference About Fourth-Quarter Results

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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

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

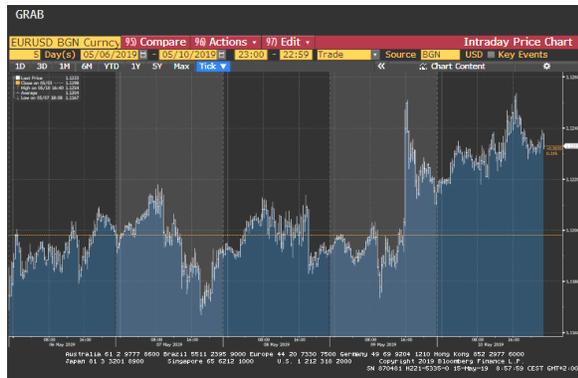
Change on day
 IYC4 I52<GO>
 Change on Month
 IYC6 I52<GO>

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

Podgorica, 15 May 2019

FX NEWS

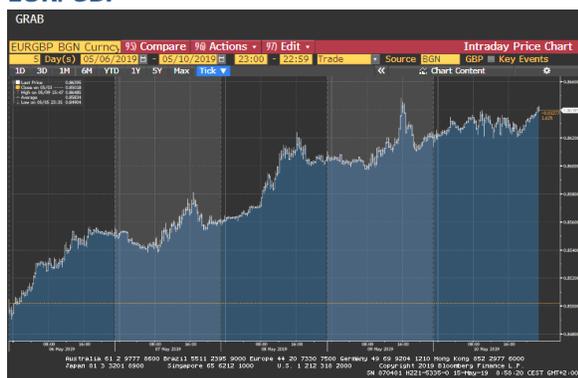
EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** fluctuated slightly over most of the week. The exchange rate fell in the second half of Tuesday, following a decision by the European Commission to revise lowering forecasts for euro area economic growth. Namely, the European Commission expects growth in the euro area to be 1.2% instead of 1.3% in 2019, the growth of merely 0.5% (vs. 1.1%) is expected for Germany, while it is being projected to 0.1% (vs. 0.2%) for Italy. The EC also gave new forecasts for the Italian fiscal deficit, which it believes will increase to 3.5% of the annual GDP in 2020, being above the EU standard. The euro was stronger against the dollar on Thursday afternoon, as a meeting of the leading powers, the US and China, was expected, and good figures on the German economy were also released (both imports and the trade surplus increased in March). The exchange rate uptrend continued on Thursday, as new customs tariffs on Chinese goods went up, and consumer price figures in the US did not meet market expectations.

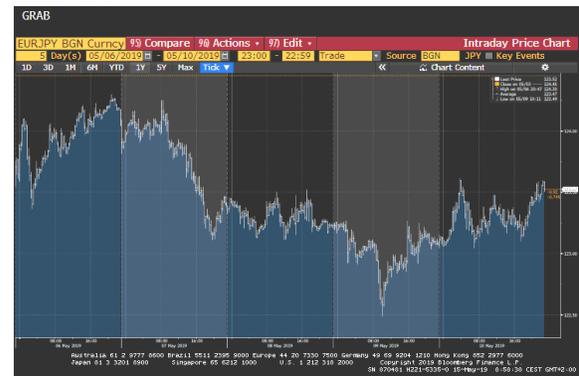
EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** was on an uptrend this week. The strengthening of the European currency against sterling came as a result of the constant uncertainty regarding Brexit as the UK parties could not agree on future steps, as well as the growing challenges that Prime Minister Theresa May faces regarding her position. The EUR/GBP exchange rate rose from 0.85018 to 0.86395 during this period.

EUR/JPY



Source: Bloomberg LP

At the beginning of the week, the **EUR/JPY exchange rate** fluctuated slightly to fall on Tuesday as a result of the worsened forecasts of the European Commission concerning the euro area economic growth. Investors retreated to the Japanese currency as a safe means of investment, fearful of the escalation of the US and China trade war. The exchange rate recovered at the end of the week as increased tariffs on Chinese imports came into force.

Table 1 - Exchange rates of the most important currencies

	6 May 2019 ¹	10 May 2019 ²	% Change
EUR/USD	1.1198	1.1233	0.31
EUR/GBP	0.85018	0.86395	1.62
EUR/JPY	124.450	123.52	-0.75
EUR/AUD	1.59553	1.56045	-2.20
EUR/CHF	1.13876	1.13689	-0.16
USD/JPY	110.100	109.95	-0.14
GBP/USD	1.31730	1.2998	-1.33

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%	6 June 2019
Federal Reserves	Federal Funds Target Rate	2.50%	19 June 2019
Bank of Japan	Overnight Call Rate	-0.10%	20 June 2019
Bank of England	Official Bank Rate	0.75%	20 June 2019
Swiss National Bank	Libor Target Rate	-0.75%	13 June 2019
Bank of Canada	Target Overnight Rate	1.75%	29 May 2019
Reserve Bank of Australia	Cash Rate Target	1.50%	4 June 2019

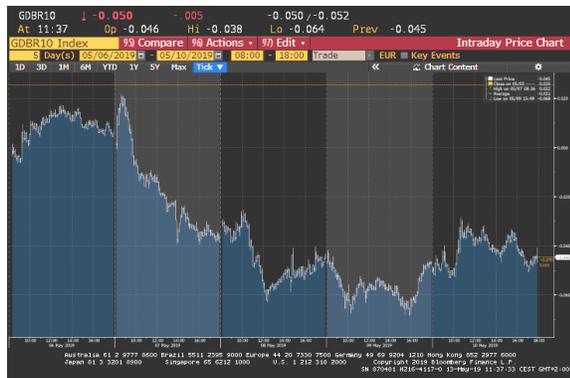
Table 3 - Eonia and Euribor

	6 May 2019 ¹	10 May 2019 ²	Change in basis points
Eonia	-0.356	-0.365	-0.9
Euribor 1W	-0.376	-0.381	-0.5
Euribor 1M	-0.365	-0.367	-0.2
Euribor 3M	-0.309	-0.309	0.0
Euribor 6M	-0.230	-0.231	-0.1
Euribor 12M	-0.114	-0.118	-0.4

¹Opening market value on Monday

²Closing market value on Friday

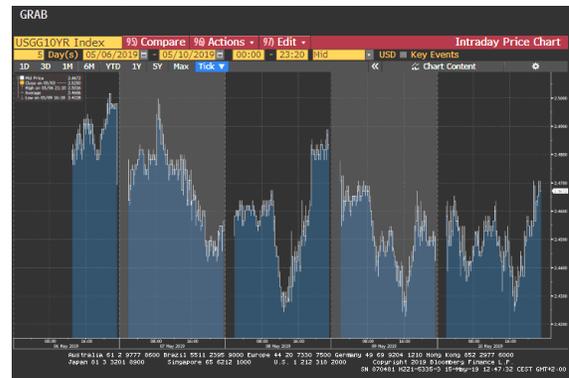
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on German 10-year government bonds rose slightly at the very beginning of this reporting week, standing above the zero level, when a weekly maximum of 0.025% was also recorded. The yields on these bonds fell in the rest of the week. The yields on German 10-year bonds fell, after the European Commission revised forecasts for economic growth in 19 countries using the euro, and projected a larger fiscal deficit of 3.5% for Italy in 2020. Current trade tensions between the US and China prompted investors to invest in safer funds like German bonds, while share prices have fallen. The yields on 10-year German bonds stood at -0.045% on Friday. On the other hand, the yields on Italian bonds rose as the leaders of that country clashed with the EU over new estimates for a deficit, which could lead to new conflicts in terms of the budget. Italy's Deputy Prime Minister, Matteo Salvini, said that taxes in Italy should be reduced, even if the EU's limit on the GDP deficit and the limit of 3% were exceeded.

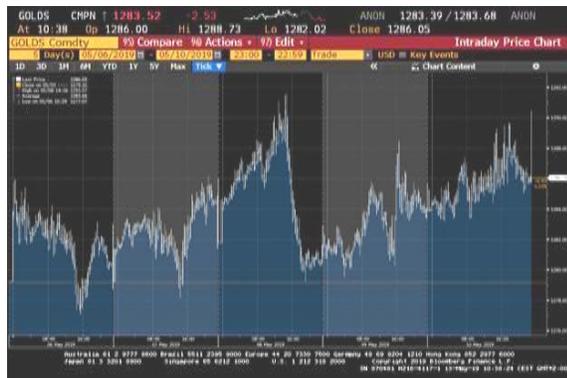
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on 10-year US government bonds recorded downward trend during the reporting week. At the beginning of the week, the US Trade Representative, Robert Lighthizer, said the US is planning to increase tariffs on Chinese goods imports on Friday, 10 May. The yields on these bonds continued to weaken ahead of the trade negotiations (9 and 10 May) and rising tensions between the US and China. The United States increased tariffs from 10% to 25% on imports of Chinese goods worth over USD 200 billion. The tariffs increase measure came into force before the second and crucial day of negotiations on a trade agreement between the United States and China. China responded it will strike back with equal measures, but not specifying how, still hoping that the issues in negotiations with the United States will be resolved through mutual cooperation. The yields on 10-year US bonds equalled 2.46% on Friday.

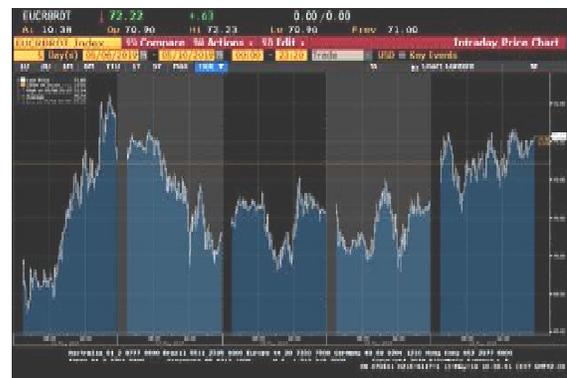
GOLD



Source: Bloomberg LP

In the first two days of the reporting week, the price of gold did not record any major changes, but fell shortly on Wednesday due to the strengthening of the dollar exchange rate. The price of this precious metal had a slightly rising trend for the past two days as a result of increased tensions in the market, as the US President and Vice President of China met to resolve trade issues, which also reflected to the decline in stock prices. The new tariffs on Chinese imports worth USD 200 billion were activated on the last day of the week, which was also a reason for the rise in gold prices.

OIL



Source: Bloomberg LP

The price of oil rose at the beginning of the week, amid rising tensions in the Middle East, which plunged US plans to increase customs tariffs on Chinese goods. Due to the embargo on oil exports, Iran has threatened to block the Strait of Hormuz, and in response to this confrontation, the US sent bombers towards Iran as a warning sign. The oil prices fluctuated from \$ 69.79 to \$ 71.67 per barrel in the rest of the week. At the very end of the week, the price of this fuel had a mild uptrend as the US President activated the announced tariffs on Chinese imports. Market participants remained worried about the potential violation of economic growth, as the two leading economic powers failed to reach a trade agreement. However, negotiations were not completed on this occasion, but will continue in the upcoming period.

Table 4 - Economic indicators (6 - 10 May 2019)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro Area	<p>Euro-zone Retail sales This indicator measures activity related to retail trade volume (not applicable to motor cars and motor cycles).</p>	March MoM% (YoY%)	-0.1% 1.8%	0.0% 1.9%	0.4% (2.8%)
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>Trade Balance It represents the relationship between the amount of the price of goods exported outside the country and the price of goods imported into the territory of that country, i.e. the difference between exports and imports. If the amount of goods exported exceeds the amount of the imported goods, then the trade balance is active (positive balance), if the import exceeds the export - then it becomes passive (negative balance).</p>	March MoM%	1.4%	0.6%	-4.2%
USA	<p>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.</p>	April K=1,000	220K	228K	230K
Great Britain	<p>Gross domestic product (GDP) One of the 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>	I Quarter QoQ%	0.5%	0.5%	0.3%

Source: Bloomberg