

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	1.2179	F 2/24	1.1978
T 3/16	1.2174	T 2/23	1.1978
W 3/15	1.2050	W 2/22	1.1911
T 3/14	1.2016	T 2/21	1.1914
M 3/13	1.1934	M 2/20	1.1946
F 3/10	1.1894	F 2/17	1.1909
T 3/ 9	1.1909	T 2/16	1.1911
W 3/ 8	1.1928	W 2/15	1.1884
T 3/ 7	1.1889	T 2/14	1.1897
M 3/ 6	1.1996	M 2/13	1.1902
F 3/ 3	1.2025	F 2/10	1.1919
T 3/ 2	1.2012	T 2/ 9	1.1974
W 3/ 1	1.1913	W 2/ 8	1.1944
T 2/28	1.1923	T 2/ 7	1.1974
M 2/27	1.1853	M 2/ 6	1.1962

International Financial Market Report

(9 - 13 September 2019)

BLOOMBERG NEWS AUDIO/VIDEO

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

Bankinvest's Broby: Softbank, L'Oreal, Body Shop
 ICAP's Smith, U.S. Fed Policy, Fed Reserve
 Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy
 Bear Stearns Teleconference: Focal First-Quarter Profit
 F.Maria's Bennett: U.S. Fed Policy, Euro
 Commodities, Bank of America's Thurlkill: Oil Prices, Iraq
 China Airlines' Wei: Fleet Reorganization, Earnings Outlook
 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 19:12:28

USD INTEREST RATE SWAPS					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	-.17
4) 4 YR	5.0620	5.0740	5.0680	+0.0250	24) 4 YR	44.38	45.63	45.00	-.10
5) 5 YR	5.0860	5.0920	5.0890	+0.0235	25) 5 YR	48.25	49.25	48.75	+.25
6) 6 YR	5.1100	5.1130	5.1105	+0.0170	26) 6 YR	49.50	50.50	50.00	+.30
7) 7 YR	5.1300	5.1350	5.1325	+0.0170	27) 7 YR	50.50	51.50	51.00	+.40
8) 8 YR	5.1470	5.1530	5.1500	+0.0160	28) 8 YR	51.13	52.13	51.63	+.33
9) 9 YR	5.1620	5.1680	5.1640	+0.0135	29) 9 YR	51.75	52.75	52.25	+.45
10) 10 YR	5.1780	5.1830	5.1805	+0.0175	30) 10 YR	52.25	53.25	52.75	+.50
11) 15 YR	5.2370	5.2430	5.2400	+0.0145	31) 15 YR	57.00	58.00	57.50	+.50
12) 20 YR	5.2670	5.2720	5.2690	+0.0130	32) 20 YR	58.63	59.88	59.25	+.15
13) 30 YR	5.2750	5.2840	5.2795	+0.0190	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, 18 September 2019

FX NEWS

EUR/USD



Source: Bloomberg LP

In the beginning of this reporting week, the **EUR/USD exchange rate** did not record significant change, and it averaged to some 1.1040. On Wednesday, it recorded mild depreciation due to favourable data on the US economy (increased production prices in August), and the US President Trump's Tweeter announcement on postponing tariffs on Chinese products until 15 October. On Thursday, as the ECB meeting was getting closer, the euro first depreciated to recover after the meeting ended. The ECB decided to maintain the main interest rate on the same level, while it decreased interest rate on deposits by 10 base points, and it now amounts to -50 base points. Moreover, it was decided to reactivate the purchase of bonds at the monthly level of 20 billion euros, starting from 1 November. On Friday, the euro additionally appreciated relative to USD.

EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** depreciated at the beginning of the week, as the UK Prime Minister, Boris Johnson, did not get the majority for extraordinary parliamentary elections. Next week, the British Parliament is supposed to adopt the law demanding from Prime Minister Johnson to ask the deadline extension for Brexit from the EU after 31 October. In the middle of the week, this exchange rate did not change significantly and averaged to 0.89382. On Thursday, it appreciated again mostly due to ECB decision. On the last day, the exchange rate recorded sharp decline (from 0.89745 to 0.88615), due to media announcement that the largest political force in the Northern Ireland agreed to accept some EU rules after Brexit.

EUR/JPY



Source: Bloomberg LP

During the beginning of the week, the **EUR/JPY exchange rate** recorded mild appreciation, as the tensions between the USA and China eased, and after the announcement that China will introduce some measures attempting to mitigate adverse effects from trade war with the USA, resulting in decreased demand for safe funds. After the ECB decision on Thursday, this exchange rate continued to grow, maintaining such trend until the end of the week.

Table 1 - Exchange rates of the most important currencies

	9 September 2019 ¹	13 September 2019 ²	% Change
EUR/USD	1.10290	1.10730	0.40
EUR/GBP	0.89788	0.88615	-1.31
EUR/JPY	117.890	119.720	1.55
EUR/AUD	1.61133	1.60679	-0.28
EUR/CHF	1.08918	1.09679	0.70
USD/JPY	106.92	108.090	1.09
GBP/USD	1.2283	1.25010	1.77

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%	4 October 2019
Federal Reserves	Federal Funds Target Rate	2.25%	18 September 2019
Bank of Japan	Overnight Call Rate	-0.10%	19 September 2019
Bank of England	Official Bank Rate	0.75%	19 September 2019
Swiss National Bank	Libor Target Rate	-0.75%	19 September 2019
Bank of Canada	Target Overnight Rate	1.75%	4 October 2019
Reserve Bank of Australia	Cash Rate Target	1.00%	3 September 2019

On the meeting held this week, the ECB decided to maintain the key benchmark interest rate on the current level (0.0%) as well as the marginal interest rate charged to banks borrowing funds from the ECB (0.25%), while it decreased the interest rate on deposits, which is now deeper into the negative zone (-0.50%). The ECB decided to introduce bonds and asset purchase programme at a monthly pace of 20 billion euros as from 1 November. The purpose of this was to increase the quantity of money in circulation and to speed up the inflation to the target level of 2%. The asset purchase programme is expected to run for as long as necessary to reinforce the accommodative impact of its policy rates, and to end shortly before it starts raising the key ECB interest rates. In order to support the bank-based transmission of monetary policy and to ease the adverse effect of negative interest rates, the ECB announced that a two-tier system for reserve remuneration will be introduced, in which part of banks' holdings of excess liquidity will be exempt from the negative deposit facility rate, with the application as of 30 October.

Table 3 - Eonia and Euribor

	9 September 2019 ¹	13 September 2019 ²	Change in basis points
Eonia	-0.362	-0.369	-0.70
Euribor 1W	-0.403	-0.425	-2.20
Euribor 1M	-0.452	-0.438	1.40
Euribor 3M	-0.437	-0.400	3.70
Euribor 6M	-0.423	-0.377	4.60
Euribor 12M	-0.358	-0.325	3.30

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

During this reporting week, the yields on German 10-year government bonds increased with sharp short-term value decline on Thursday. The uptrend was mostly the result of news on introducing fiscal stimulus in Germany, as the country faced serious challenge of upcoming recession and cheaper loans. This minimum value was the result of the announced decision of the ECB to decrease the value of the deposit interest rate. The value drop was rather short term, as the market has already calculated the given rather expected change. Prior to the ECB meeting, the yields on German 10-year annual bonds stood at -0.64%, to recover to -0.512% immediately after the decision.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

This week, the yields on the US 10-year annual bonds trended up, as the demand for safer funds depreciated. This was mostly due to optimism on the outcome of trade negotiations, additionally supported by China's statement on releasing 25% of tax on import of US products, and the decision of the ECB to decrease the value of the deposit interest rate. This week, the striking news was the US President's decision to oust his national security adviser John Bolton, claiming that he "strongly disagreed with many of his suggestions, and that his services were no longer needed". The yield on 10-year bonds continued to grow, and it stood around 1.784% on Friday.

GOLD



Source: Bloomberg LP

The value of gold was very volatile during this reporting week. An eleven-month minimum of the value was recorded in the first days of the reporting week as the ECB meeting was getting near, while the maximum value was recorded after the investors' expectations to see stronger signals that the global economic recovery was under control. Current lower interest rates make gold more attractive for investing than other resources bearing negative or significantly lower value of the interest rate. Due to improved relations between the USA and China, and announced stimuli aimed at assisting the failing economies, the price of golds dropped on Friday.

OIL



Source: Bloomberg LP

The value of oil was trending up in the beginning of the reporting week, reaching its maximum monthly value after the investors' assurance by the OPEC and its allies on continued output volume to balance the global oil market. The drop in the value of the black gold resulted from the dismissal of national security adviser, John Bolton. Considering his, until then, strong support to war operations and interventions, his dismissal probably eased the concern that the USA could start such actions, as the tensions at the Middle East and in Asia are not dying down.

Table 4 - Economic indicators (9 - 13 September 2019)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	ECB Main Refinancing Rate (announcement of the ECB reference interest rate) The ECB meets on every first Thursday in month.	12 September	0.00%	0.00%	0.00%
	ECB Deposit Facility Rate (ECB Deposit interest rate) Deposit interest rate given to banks for depositing funds with the ECB.	12 September	-0.50%	-0.50%	-0.50%
Germany	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.	August F MoM% (YoY%)	-0.2% (1.4%)	-0.2% (1.4%)	-0.2% (1.4%)
USA	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.	August MoM% (YoY%)	0.1% (1.8%)	0.1% (1.7%)	0.3% (1.8%)
France	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.	August MoM% (YoY%)	0.5% (1.1%)	0.5% (1.0%)	0.5% (1.1%)
Great Britain	Industrial output Measures the production output of the energy sectors, factories and mines. In the short term, this indicator is of high significance because its shows the intensity of the UK's industrial activities. Growing industrial output points to increased production and economic expansion, which is "healthy" for the sterling.	July MoM% (YoY%)	-0.3% (-1.1%)	0.1% (-0.9%)	-0.1% (-0.6%)

Source: Bloomberg