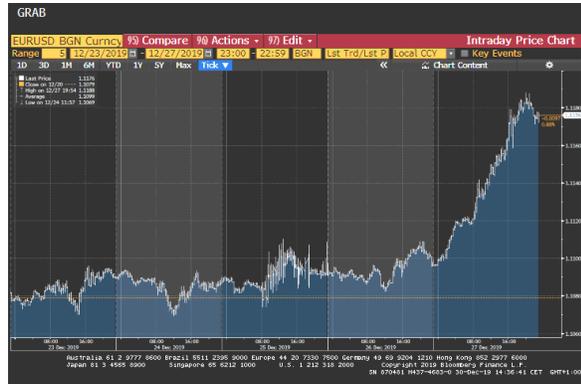


FX NEWS

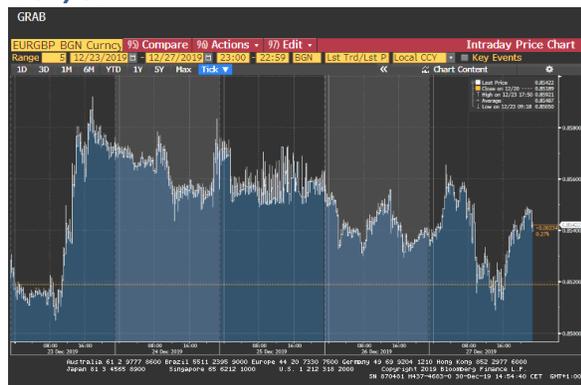
EUR/USD



Source: Bloomberg LP

During most of this reporting week, the **EUR/USD exchange rate** did not record any significant changes, due to the slowdown in market activity on the eve of Christmas holidays. It appreciated on Friday, as demand for secure funds declined amid expectations that the USA - China trade agreement would soon be signed, and since optimism on global growth increased.

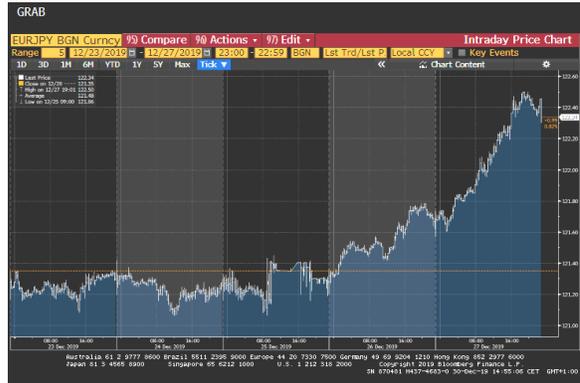
EUR/GBP



Source: Bloomberg LP

During the first day of this reporting week, the **EUR/GBP exchange rate** rose after investors' concern about the outcome of the UK officially leaving the EU. Over the next few days, this exchange rate depreciated slightly, yet ranged in the narrow range between 0.8590 and 0.8520 due to the holidays.

EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** was stable during the first three days of the week due to reduced trading volume on the eve of the holidays. During the last two days, this exchange rate appreciated after lower demand for safe funds as the first phase of the trade agreement between the USA and China is expected to be signed soon.

Table 1 - Exchange rates of the most important currencies

| | 23.12.2019.¹ | 27.12.2019.² | % Change |
|---------|--------------------------------|--------------------------------|-----------------|
| EUR/USD | 1.1079 | 1.1177 | 0.88 |
| EUR/GBP | 0.85188 | 0.85434 | 0.29 |
| EUR/JPY | 121.35 | 122.21 | 0.71 |
| EUR/AUD | 1.60572 | 1.60090 | -0.30 |
| EUR/CHF | 1.08840 | 1.08921 | 0.07 |
| USD/JPY | 109.44 | 109.44 | 0.00 |
| GBP/USD | 1.2999 | 1.3078 | 0.61 |

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% | 29 January 2020 |
| Federal Reserves | Federal Funds Target Rate | 1.75% | 23 January 2020 |
| Bank of Japan | Overnight Call Rate | -0.10% | 21 January 2020 |
| Bank of England | Official Bank Rate | 0.75% | 30 January 2020 |
| Swiss National Bank | Libor Target Rate | -0.75% | 19 March 2020 |
| Bank of Canada | Target Overnight Rate | 1.75% | 22 January 2020 |
| Reserve Bank of Australia | Cash Rate Target | 0.750% | 4 February 2020 |

Table 3 – Eonia and Euribor

| | 23.12.2019.¹ | 27.12.2019.² | Change in basis points |
|-------------|--------------------------------|--------------------------------|-------------------------------|
| Eonia | -0.455 | -0.457 | -0.20 |
| Euribor 1W | -0.477 | -0.513 | -3.60 |
| Euribor 1M | -0.449 | -0.444 | 0.50 |
| Euribor 3M | -0.388 | -0.390 | -0.20 |
| Euribor 6M | -0.339 | -0.325 | 1.40 |
| Euribor 12M | -0.253 | -0.247 | 0.60 |

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

At the beginning of this reporting week, yield on 10-year German government bonds trended up due to increased investment in stocks. After that, the bonds market in Europe was closed due to Catholic Christmas holiday. On Friday, yield on long-term German bonds did not change much and averaged around - 0.249%.

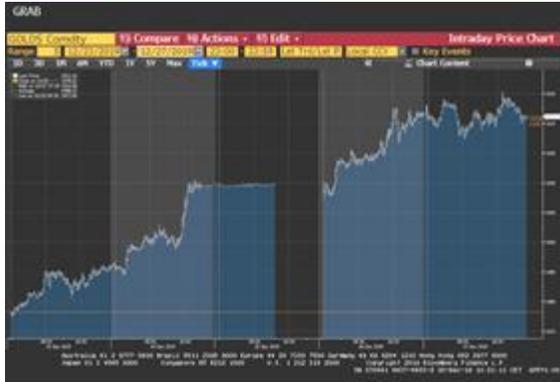
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

At the beginning of the week, yield on 10-year US bonds did not register any major changes, to fall on Tuesday as the auction of 5-year US bonds attracted high demand (on Tuesday, 41 billion USD of 5-year bonds were sold at a yield of 1.756%). In the middle of the week, the US market was closed for the holidays. After the opening of the market, the yield did not fluctuate significantly, to fall on Friday due to the weakening of the stock prices on the US stock exchanges.

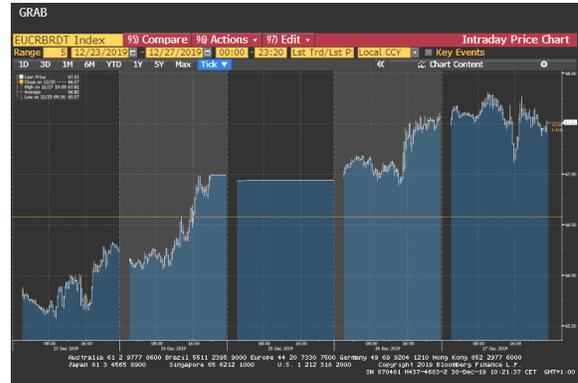
GOLD



Source: Bloomberg LP

The price of gold trended up during the first two days of this reporting period, due to investors' concerns about the slowdown in the global economy, and to unfavourable data on orders for durable goods in the USA. The price increase of this precious metal was also influenced by the decline in the S&P 500 index. In the middle of the week, the gold market was closed due to the holidays, and during the last two days of this week, the price of gold registered a slight increase as the dollar depreciated against other currencies.

OIL



Source: Bloomberg LP

During the first two days of this reporting week, the price of oil increased due to signs that the stocks of this energy generating product dropped by 1.7 million barrels during the previous week. The US President's statement that the preliminary agreement with China on the first phase of the trade agreement has been completed resulted in additional rise in the price of this energy product. During the last two days, oil trading was interrupted due to the holidays, to record a slight increase during the last two days.

Table 4 - Economic indicators (23 - 27 December 2019)

| Country | Indicator | Period | Expected value | Current value | Previous value |
|---------|---|----------------------------|-----------------|-----------------|------------------|
| Germany | <p>Imports Price Index The index shows changes in import prices over a month. This is an inflation indicator. Since the CPI calculation takes into account prices of imported goods and services, this characterises the role of import prices in the overall picture of changes in retail prices in the basket of goods and services.</p> | November MoM% (YoY%) | 0.4% (-2.3%) | 0.5% (-2.1%) | -0.1% (-3.5%) |
| USA | <p>Durable Goods Orders This is an indicator of consumer safety that reflects their expectations and the ability to spend money. Its positive growth reflects the condition of the economy, it also helps to strengthen the currency. Its decline leads to the opposite result. the DGO is a good indicator of future.</p> | November | 1.5% | -2.0% | 0.2% |
| | <p>New Home Sales The indicator shows the sale of newly built properties in the United States. The figure is a temporary indicator of the housing market calculating the sale of houses when housing contracts have been signed.</p> | November K=1.000 | 732 K | 719 | 710 K |
| | <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> | 21 December K=1.000 | 220 K | 222 K | 235 K |

Source: Bloomberg