

EURUSD ↓ 1.2179  
 At 19:38 Dp 1.2174 HI 1.2179 Value 3/21/06  
 Market Price  
 Range 3/17/05 - 3/17/06  
 Upper Chart: 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 D Daily  
 Market mid/trd

DATE	PRICE	DATE	PRICE
F 3/17	1.2179	F 2/24	1.1878
T 3/16	1.2174	T 2/23	1.1911
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	1.1909
W 3/ 8	1.1928	W 2/15	1.1904
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**

(2 - 6 March 2020)

BLOOMBERG NEWS AUDIO/VIDEO

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

Bankinvest's Broby, Softbank, L'Oreal, Body Shop  
 Daniel Broby, chief investment officer at Japanese mobile-phone unit and L'Oreal's purchase of Body Shop International Plc.

ICAP's Smith, U.S. and Fed Policy, Europe  
 ICAP's Smith, U.S. and Fed Policy, Europe

Maguire, BOJ Policy, Japan Rate, Economy  
 Societe Generale's Maguire, BOJ Policy, Japan Rate, Economy

Bear Stearns Teleconference, Fiscal First Quarter Profit  
 Bear Stearns Teleconference, Fiscal First Quarter Profit

China Airlines' Wei, Fleet Reorganization, Earnings Outlook  
 China Airlines' Wei, Fleet Reorganization, Earnings Outlook

Microsoft's Ballmer, Stock Performance, Strategy, Produce  
 Microsoft's Ballmer, Stock Performance, Strategy, Produce

Bloomberg TV Live | Bloomberg Radio Live | All Audio/Video Reports

LIVE <GO> Events	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 Mohamed: 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 7530 7500 Germany 49 69 920410  
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 218 2000 Copyright 2006 Bloomberg L.P.  
 6615-311-3 17-Mar-06 19:27:28

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

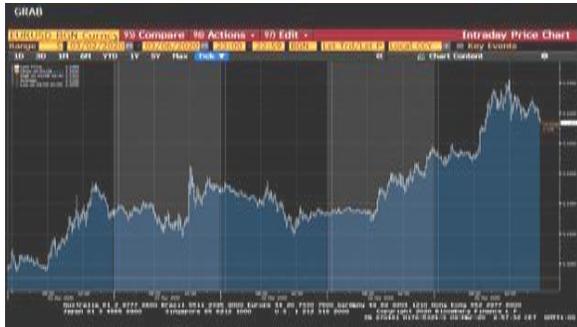
RATE SWAPS				
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.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 I48<GO>  
 For US Govt Yield Curve, type {IYC1 I2  
 For US swap Curve, type {IYC1 I52 <G

Podgorica, 12 March 2020

## FX NEWS

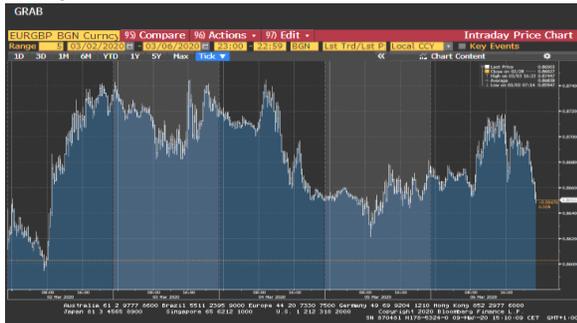
### EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** appreciated on Monday after the fear of coronavirus resulting in US government bonds' yield decline and the speculations that the FED could cut the reference interest rate to support the economy. The next day, the Fed unexpectedly cut its interest rate by 50 base points, with the speculation that a regular March meeting could bring a new cut in interest rates to respond to the negative impact of the coronavirus on the economy, leading to a fall in demand for the dollar. Such a move by the Fed sent a signal to other financial institutions to have the same focus while combating economic slowdown. In the middle of the week, the euro depreciated against the dollar amid concerns that some euro area countries might fall into recession due to coronavirus, and after announcing that the number of infected people in Italy had increased again, resulting in school and university closures until 15 March. Still, the EUR/USD exchange rate has been trending up since Friday as many investors abandon investing in USD and turn to the yen and the Swiss franc amid falling yields on US government bonds, as the pandemic threatens the world due to the coronavirus spread pace. At the beginning of the week, the EUR/GBP exchange rate stood at 1.1041, to end the week at 1.1286.

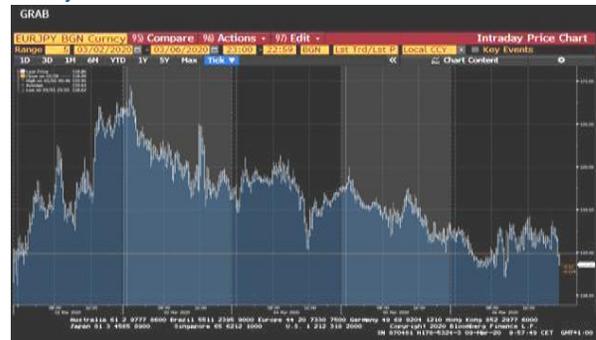
### EUR/GBP



Source: Bloomberg LP

On the first day of this reporting week, the **EUR/GBP exchange rate** gained momentum following the start of EU and UK trade negotiations, which put pressure on the British currency. The Bank of England (BoE) said it would do whatever it takes to maintain price stability, amid global fears of the coronavirus's effects. Yet, this exchange rate stabilised on the next day. The EUR/GBP exchange rate depreciated on Wednesday as the upcoming BoE Governor, Andrew Bailey, said the central bank needed more evidence of the economy's condition before deciding on the next move. (Bailey will take over the position of BoE governor on 17 March). The statement followed an aggressive easing of the monetary policy conducting by the Fed and the Bank of Canada. On Friday, the British currency depreciated against the euro again due to BoE having more room for monetary easing with a benchmark rate of 0.75%, compared to the ECB, which interest rate has been at zero for a long time.

### EUR/JPY



Source: Bloomberg LP

On Monday, the **EUR/JPY exchange rate** rose amid expectations that, along with central banks, the G7 of the most developed countries would consider responding to the effects of the coronavirus outbreak. The EUR/JPY exchange rate was weakening from Tuesday and retained such a trend until the week end. Still, the yen appreciated against the euro and the basket of leading currencies following an urgent and sudden decline in the Fed's interest rate. The EUR/JPY exchange rate was stable on Friday. At the beginning of the week, this exchange rate stood at 120.94, to end the week at 118.86.

**Table 1 - Exchange rates of the most important currencies**

	2 March 2020 <sup>1</sup>	6 March 2020 <sup>2</sup>	% Change
EUR/USD	1.1026	1.1284	2.34
EUR/GBP	0.86027	0.86470	0.51
EUR/JPY	118.99	119.05	0.05
EUR/AUD	1.69164	1.70088	0.55
EUR/CHF	1.06458	1.05865	-0.56
USD/JPY	107.89	105.39	-2.32
GBP/USD	1.2823	1.3048	1.75

**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 March 2020
Federal Reserves	Federal Funds Target Rate	1.25%	18 March 2020
Bank of Japan	Overnight Call Rate	-0.10%	19 March 2020
Bank of England	Official Bank Rate	0.75%	26 March 2020
Swiss National Bank	Libor Target Rate	-0.75%	19 March 2020
Bank of Canada	Target Overnight Rate	1.25%	15 April 2020
Reserve Bank of Australia	Cash Rate Target	0.50%	7 April 2020

During this reporting week, the Fed held an unexpected and urgent meeting where it reduced its benchmark interest rate by 50 basis points, from 1.75% to 1.25%, two weeks before the regular session of the bank, to boost the US economy. The Bank of Australia also lowered its interest rate by 25 base points to a record low of 0.50%. The Central Bank of Canada and Fed have cut their interest rate by 50 base points each, which stand at current 1.25%, opening the possibility for additional easing if needed as the result of coronavirus's adverse impact on the economy. The market expects that this bank will make a new interest rate cut at the April meeting (the current likelihood is 70%).

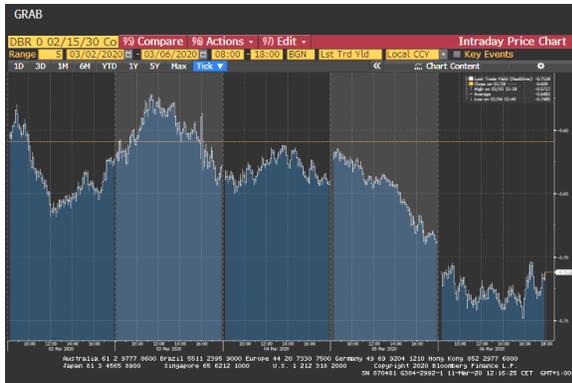
**Table 3 - Eonia and Euribor**

	02.03.2020 <sup>1</sup>	06.03.2020 <sup>2</sup>	Change in basis points
Eonia	-0.455	-0.456	-0.10
Euribor 1W	-0.518	-0.520	-0.20
Euribor 1M	-0.488	-0.501	-1.30
Euribor 3M	-0.424	-0.473	-4.90
Euribor 6M	-0.386	-0.427	-4.10
Euribor 12M	-0.311	-0.348	-3.70

<sup>1</sup> Opening market value on Monday

<sup>2</sup> Closing market value on Friday

## EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yield on German 10-year government bonds rose on the first day of the week, showing a steady decline for the rest of the week. Yields fell in the first part of the reporting period as the Fed cut rates, fuelling speculation that the ECB would take the same measures. The yields decline also resulted from the significant increase in demand for safe assets as the coronavirus continued to spread. At the end of the week, the yield on 10-year bonds dropped to -0.72%.

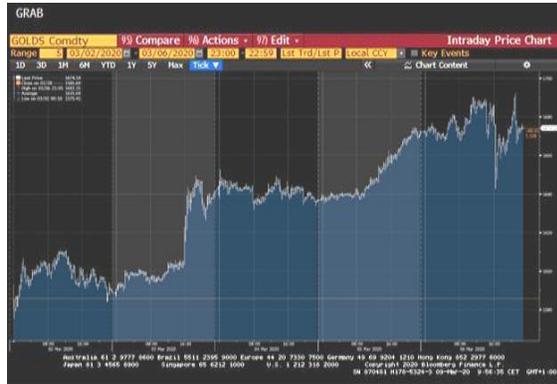
## US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

Yields on 10-year US government bonds declined during the reporting week. The yield decline resulted from the Fed cutting its interest rate by 50 base points to 1.25% at an extraordinary meeting. The yield decline was also due to the increased number of people affected by the coronavirus increase and investors who increased the demand for safe assets. This week, the US 10-year bonds yield dropped to 0.76%.

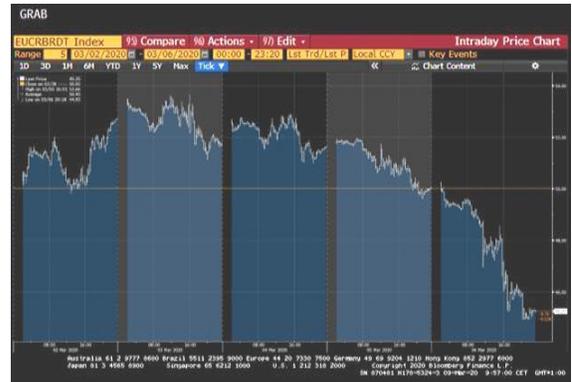
## GOLD



Source: Bloomberg LP

During this reporting week, the gold price trended up. The gold price rose on Tuesday afternoon the day after the Fed suddenly decided to cut its interest rate by 50 base points to fuel the economy. The global spread of the coronavirus resulted in the growing demand for secure funds until the end of the week, raising expectations that the central banks of the world will further ease monetary policy.

## OIL



Source: Bloomberg LP

During the most of the week, crude oil price fluctuated slightly, to drop sharply over the last two days as OPEC conditioned further oil production reduction only if Russia joined the deal (as the meeting between OPEC and its allies in Vienna was approaching). On Friday, the price lost some 31% of its value, which it has not seen over the last 30 years (the price dropped from 50.28 to 45.25 USD/bbl). The price drop came after Russia declined to agree to an OPEC proposal to reduce production globally by 1.5 million bbl/day as the coronavirus outbreak slowed the demand for oil. Russia believes that the lower price of this raw material will remove the US competition as well as companies struggling to survive. On the other hand, Saudi Arabia responded to Russia by reducing its oil sales price by 6-7 USD/bbl, and it would increase its April output above 10 million bbl/day. Russia has told its oil producers to produce as much as they can. The move by both countries was interpreted as an "oil war". Analysts speculate that the actions that took place over the weekend may be "games" between Saudi Arabia and Russia that will end when the two countries reach a compromise.

**Table 4 - Economic indicators (2 - 6 March 2020)**

Country	Indicator	Period	Expected value	Current value	Previous value
<b>Germany</b>	<p><b>Factory Orders</b> Shows change in the number of orders with domestic producers. The data show the demand for German industrial products. Factory orders are an early indicator of the overall consumption in the economy, which affects economic growth.</p>	January MoM% (YoY%)	1.3% -5.2%	5.5% -1.4%	-2.1% -8.9%
<b>Euro area</b>	<p><b>Unemployment rate (Euro Area Unemployment Rate)</b> The percentage of individuals on the labour market and unemployed, but actively looking for a job. Higher unemployment rate generally weakens the economy and results in lower personal spending.</p> <p><b>Markit Eurozone Composite PMI</b> PMI surveys tracks opinion among purchasing managers at manufacturing, construction and/or services firms. The index is calculated from the survey results on production, orders, inventories, employment, prices, etc.</p>	January  February	7.4%  51.6	7.4%  51.6	7.4%  51.6
<b>Italy</b>	<p><b>Gross domestic product (GDP)</b> 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>	IV Quarter QoQ% (YoY%)	-0.3% 0.0%	-0.3% 0.1%	-0.3% 0.1%
<b>USA</b>	<p><b>ILO Unemployment Rate</b> Every month, the specialised unit of the Department of Labour collects information and compiles the Household survey. The number of interviewed units is 60,000. This report is probably the most powerful of all “market drivers”.</p>	February	3.6%	3.5%	3.6%

Source: Bloomberg