

EURUSD ↓ 1.2179
 At 19:38 Dp 1.2174 HI 1.2174 Value 3/21/06
 Market Currency 1/4
 Range 3/17/05 - 3/17/06
 Upper Chart: Market Price
 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 Y mid/trd

DATE	PRICE	DATE	PRICE
F 3/17	1.2179	F 2/24	1.1878
T 3/16	1.2174	T 2/23	1.1878
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	1.1881
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

(6 - 10 April 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 Bankinvest, discusses the company's investment strategy and its focus on technology and healthcare.

ICAP's Smith: U.S. and Fed Policy
 ICAP's Smith discusses the impact of U.S. and Fed policy on the market.

China Airlines' Wei: Fleet Reorganization, Earnings Outlook
 China Airlines' Wei discusses the company's fleet reorganization and earnings outlook.

Bear Stearns Teleconference: Fiscal First Quarter Profit
 Bear Stearns Teleconference: Fiscal First Quarter Profit

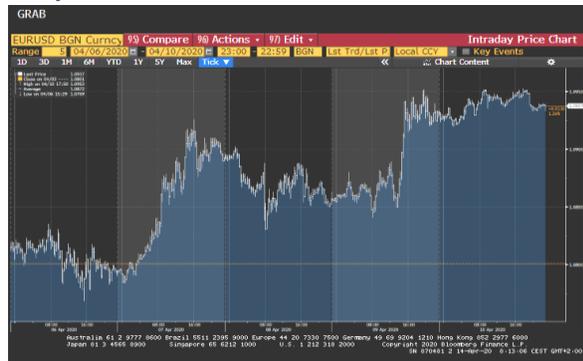
Microsoft's Ballmer: Stock Performance, Strategy, Product
 Microsoft's Ballmer: Stock Performance, Strategy, Product

LIVE <GO> Events

Event	Date	Time	Language	Type
Legal & General Teleconference: Full-Year Earnings	3/17	Now Playing	English	CF
UBS Warburg's Hickson: Outlook for Steel Industry				

FX NEWS

EUR/USD



Source: Bloomberg LP

The EUR/USD exchange rate did not change significantly on Monday. It rose sharply on Tuesday as investors' risk appetite increased after Italy began to consider loosening measures, China announced no coronavirus deaths, and the White House began to plan how to relaunch the economy. German Chancellor Angela Merkel said, "The coronavirus is the European Union's biggest ever challenge, and member states must show greater solidarity so that the bloc can emerge stronger from the economic crisis unleashed by the pandemic." She also stated that we had a big health challenge that was affecting all member states. Output in Germany rose 0.3% in February, exceeding expectations, noting that the figures reflect a period before the coronavirus had a significant impact on Europe's largest economy. The country's Ministry of Economy has warned of the impending collapse in this sector due to tightening measures that have led to the numerous activities' closure. On Wednesday, the course had a mixed trend as EU leaders failed to agree on an aid package and postponed video conference call to Thursday. On Thursday afternoon the exchange rate rose again after EU finance ministers managed to reach a 590 billion USD deal to be used to curb COVID-19 (this deal is yet to be confirmed by EU leaders). On the other hand, the Fed announced its 2.3 trillion USD aid package to boost local government and SMEs, which helps to preserve the US economy in the coronavirus pandemic crisis. On Friday, the course was slightly volatile due to the Easter holidays celebration.

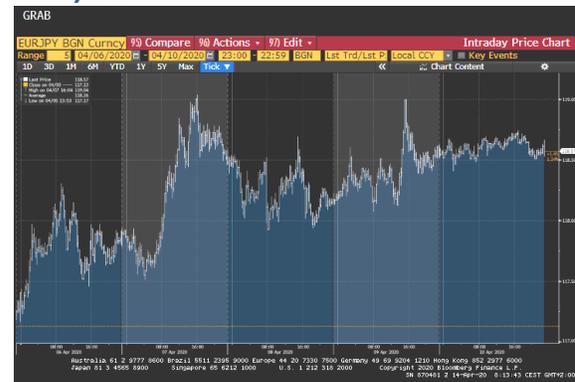
EUR/GBP



Source: Bloomberg LP

The EUR/GBP exchange rate depreciated on Monday due to rising expectations that Prime Minister Boris Johnson would soon return to work after releasing news on the Prime Minister's transfer to hospital. (The First Secretary of State, Dominic Raab, currently is replacing the Prime Minister). The UK Deputy Prime Minister said the fight against coronavirus was under control, despite the high death toll on Tuesday. In a sign of a "healthy" appetite for UK funds, Britain's government bonds attracted a large number of investors on Tuesday (recording the highest demand since 2005). For the first time, Britain held two bond auctions in a day to sell a record 45 billion pounds in government bonds during this month. Rabo Bank analysts said investors should remain prudent about the challenges governments will face in designing exit strategies to be implemented due to the coronavirus spread (referring primarily to measures that will "shut down" the economy and the aftermath). On Wednesday, sterling appreciated against the euro amid hopes that the UK Prime Minister would recover despite an increased death toll in the UK. On Thursday, the EUR/GBP exchange rate did not fluctuate significantly. Many market participants are worried about the uncertainty about how the current UK Prime Minister's condition will affect the economy and Brexit policy over three to six months. On Friday, markets in Britain were closed due to the Easter holidays.

EUR/JPY



Source: Bloomberg LP

The EUR/JPY exchange rate appreciated this week as investors' risk appetite recovered, depreciating the yen against the euro. The demand for secure funds reduced after announcing over the weekend that the IMF was likely to "launch" an assistance program to help offset the USD shortage in the market. Yen also depreciated amid traders' growing expectations that the Japanese government would provide massive incentive programs for the country. On Tuesday, Prime Minister Shinzo Abe announced a 108 trillion JPY (1 billion USD) aid programme that will be more than enough to recover the economy (intended for households and businesses). This amount of assistance is almost twofold compared to one provided when the 2008-2009 crisis occurred, and significantly higher than market expectations. The considerable and timely fiscal measures will also not prevent Japan from recession. Personal spending in Japan dropped in February, however, less than expected as households increased their use of protective masks, hygiene products and essential foods in the wake of the pandemic.

Table 1 - Exchange rates of the most important currencies

	06.04.2020 ¹	10.04.2020 ²	% Change
EUR/USD	1.08010	1.0937	1.26
EUR/GBP	0.87944	0.87802	-0.16
EUR/JPY	117.130	118.57	1.23
EUR/AUD	1.79917	1.72303	-4.23
EUR/CHF	1.05620	1.05696	0.07
USD/JPY	108.550	108.47	-0.07
GBP/USD	1.22690	1.2455	1.52

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%	30 April 2020
Federal Reserves	Federal Funds Target Rate	0.25%	29 April 2020
Bank of Japan	Overnight Call Rate	-0.10%	28 April 2020
Bank of England	Official Bank Rate	0.10%	7 May 2020
Swiss National Bank	Libor Target Rate	-0.75%	18 June 2020
Bank of Canada	Target Overnight Rate	0.25%	15 April 2020
Reserve Bank of Australia	Cash Rate Target	0.25%	5 May 2020

This week the Central Bank of Australia held a meeting at which it decided not to change the interest rate.

Table 3 – Eonia and Euribor

	06.04.2020 ¹	10.04.2020 ²	Change in basis points
Eonia	-0.449	-0.4500	-0.10
Euribor 1W	-0.518	-0.507	1.10
Euribor 1M	-0.438	-0.387	5.10
Euribor 3M	-0.341	-0.220	12.10
Euribor 6M	-0.277	-0.179	9.80
Euribor 12M	-0.149	-0.087	6.20

¹ Opening market value on Monday.

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on German 10-year government bonds rose on Monday due to recovery in stock prices and demand for riskier assets. In the first week after the activation of the PEPP (Pandemic Emergency Purchase Programme), the ECB purchased around 30.2 billion euros of bonds. During the week, the bonds' trend was volatile and ranged from -0.40% to -0.29%. Demand for secure German bonds was current during the joint video conference of EU ministers, which lasted for more than 16 hours, yet failed to agree on an aid package to be provided to countries severely affected by the coronavirus. This news mostly hit the bonds of peripheral countries. The market expects assistance from EU institutions (European Investment Bank, European Commission, European Stability Mechanism). Bond prices rebounded on Thursday after agreeing a 590 billion USD aid package by EU finance ministers to combat the "economic downturn" caused by the global pandemic, thus lessening concerns that the bloc would not be able to unite. According to initial information, the European Stability Mechanism (ESM) will be a cornerstone, i.e. the one offering credit lines worth as much as 250 billion euros. Note that this deal requires the "green light" of EU leaders who should discuss, refine, and ultimately approve the plan, which could happen next week. There were no significant fluctuations in yield movements on Friday, which stood at -0.302% at the end of Friday.

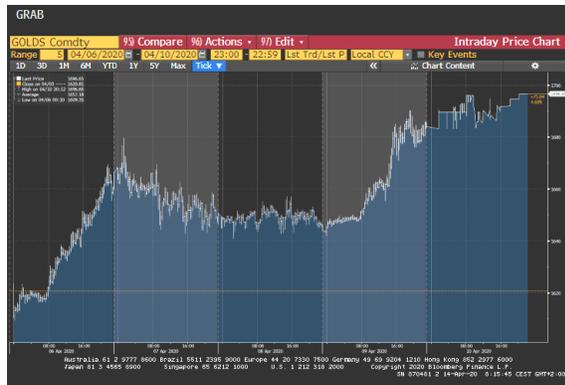
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on US 10-year bonds rose early this week as the US President and his Deputy said they saw stabilisation of the pandemic in the USA. After that, the yield dropped slightly as stock prices lost some value on the stock exchanges. The mid-week announcement that Russia was ready to cut oil production by 1.6 million barrels a day caused the fuel price to rise, leading to higher yields on long-term US bonds at the end of that day. On Thursday, US 10-year bond prices rebounded, as the Fed announced a 2.3 trillion USD package of measures aimed at SMEs and local government strengthening. The Fed announced that it would buy bonds of about 30 billion USD next week compared to 50 billion this week. Markets were closed on Friday due to public holidays.

GOLD



Source: Bloomberg LP

The price of gold rose on Monday as investors sought refuge in this precious metal amid fears of a further global economic downturn caused by the coronavirus pandemic. Subsequently, the demand for gold decreased, leading to a slight price decline. On Thursday, the price of gold recorded a sharper increase after the Fed announced a package of measures to support the US economy. The price of gold rose slightly on Friday, as well.

OIL



Source: Bloomberg LP

Oil prices fluctuated during this reporting period. Early this week, there was concern about coordinating the global production of this energy, i.e. reducing output to preserve the market from the glut. According to the Energy Information Administration (EIA), oil prices will average to some 23 USD/bbl in Q2. On Wednesday, the oil price rebounded slightly after a report showing Russia was ready to cut oil production by 1.6 million bbl/day. There OPEC its allies are now under a strong pressure to reach a broader agreement that will lead to further production cuts that everyone will comply. Oil prices also rose on Thursday amid speculation that global oil producers are near an agreement to cut output. On Friday, the market was closed for the holidays. The world's largest oil producers reached a historic agreement on Sunday to cut global oil production by almost ten percent, ending a devastating price war that knocked the energy industry to its knees. After a weeklong marathon reflected in the calls, video conferences of OPEC ministers and its allies, an agreement was reached finally to address the pandemic impact on oil demand. OPEC will reduce output volume by 9.6 million bbl/day, which is slightly lower than the initial 10 million bbl/day. Production cuts will not be activated before 1 May.

Table 4 - Economic indicators (6 - 10 April 2020)

Current value	Previous value	Period	Expected value	Current value	Previous value
Great Britain	Industrial output It measures the output of the energy, factories, and mines sectors. This indicator is significant in the short term as it shows the UK industrial activity's strength. Rising industrial production points to output increase and economic expansion, which is "healthy" for sterling.	February MoM% (YoY%)	0.1% (-3.0%)	0.1% (-2.8%)	-0.1% (-2.9%)
	PMI Manufacturing Monthly survey on output and its outlook. A higher index measuring this activity indicates a more optimistic economic outlook.	February MoM% (YoY%)	0.1% (-4.0%)	0.5% (-3.9%)	0.2% (-3.6%)
Italy	Retail Sales This indicator measures changes in retail sales in Italy.	February MoM%	-0.5%	0.8%	0.0%
	Industrial output It measures the output volume in the mining and industrial sectors of Italy. Industrial output responds significantly to business cycle changes and can often predict trends in employment rates, earnings, and personal income.	February MoM%	-1.7%	-1.2%	3.7%
France	Industrial output It measures the output volume in the mining and industrial sectors of France. Industrial output responds significantly to business cycle changes and can often predict trends in employment rates, earnings, and personal income.	February MoM% (YoY%)	0.0% (-2.5%)	0.9% (-1.4%)	1.2% (-2.8%)
Germany	Factory Orders This index points to a change in the number of orders from domestic manufacturers. Factory orders are an early indicator of the overall consumption in an economy, which affects economic growth.	February MoM%	-2.5%	-1.4%	5.5%
	Industrial output It measures the output volume in the mining and industrial sectors of Germany. Industrial output responds significantly to business cycle changes and can often predict trends in employment rates, earnings, and personal income.	February MoM%	-0.8%	0.3%	3.0%
USA	Initial Jobless Claims Measures the number of people who receive unemployment benefits.	April 4 K=1.000	5500 K	6606 K	6648 K
	Consumer price index (CPI) This indicator estimates the changes in the cost of living, measuring changes in the price level of the basket of consumer goods and services purchased by an average household.	March MoM% (YoY%)	-0.3% (1.6%)	-0.4% (1.5%)	0.1% (2.3%)
Japan	Machinery orders The indicator reflects the investment level of firms and business activities.	February MoM%	-2.9%	2.3%	2.9%
	Producer Price Index (PPI) This indicator measures the change in the price paid by domestic producers. The indicator rise is an early inflation indicator.	March MoM% (YoY%)	-0.6% (-0.1%)	-0.9% (-0.4%)	-0.4% (0.8%)

Source: Bloomberg