

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 mid/trd

DATE	PRICE	DATE	PRICE
F 3/17	1.2181	F 2/17	1.1909
T 3/16	1.2174	T 2/16	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	1.1878
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

7 - 11 September 2020

BLOOMBERG NEWS AUDIO/VIDEO

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

Bankinvest's Broby: Softbank, Vodafone, L'Oreal, Body Shop
 Daniel Broby, chief investment officer at Bankinvest

ICAP's Smith: U.S. Dollar, Fed Reserve
 ICAP's Smith: U.S. Dollar, Fed Reserve

F.Mat's Bennett: U.S. Dollar, Fed Reserve, Euro
 F.Mat's Bennett: U.S. Dollar, Fed Reserve, Euro

U.S. Congressional Budget Walker: Fiscal Policy and Deficit
 U.S. Congressional Budget Walker: Fiscal Policy and Deficit

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

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

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

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

Bloomberg TV Live 10 Bloomberg Radio Live 10 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 7300 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

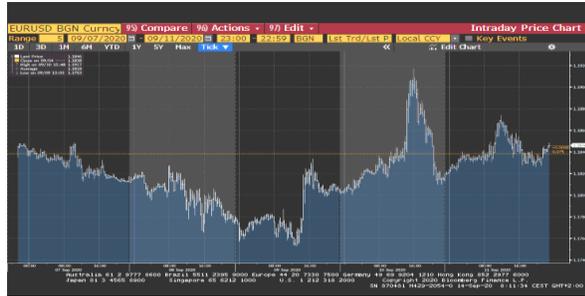
RATE SWAPS				
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.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 fIYC1 I2
 For US swap Curve, type fIYC1 I52 <G

Podgorica, 16 September 2020

FX NEWS

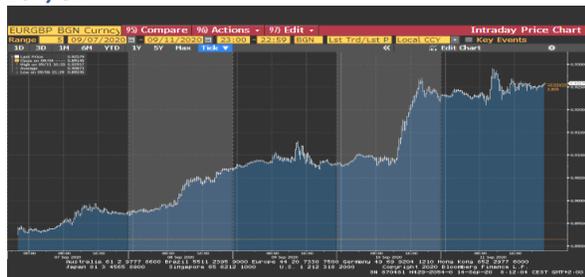
EUR/USD



Source: Bloomberg LP

In the first half of the week, the **EUR/USD exchange rate** depreciated. The USD appreciated due to the positive news from the US labour market the previous week, and due to EU-UK negotiations that have to be regulated by 31 December. The ECB meeting approach put additional pressure on the euro. During this period, tensions between the USA and China intensified, bringing a negative impact on the stock market, especially in technology, and directing investors to invest in safer funds. Namely, the US President Donald Trump said that any American who creates jobs abroad would be punished. Key products would be made in the USA; the labels would say “made in the USA”, which will increase the number of jobs, and impose tariffs on companies that leave the USA to build a business in China. As of Wednesday afternoon, the exchange rate has been trending up. The ECB decided not to change the way its monetary policy is conducted, keeping rates the same. GDP forecasts for 2020 have improved. On Thursday afternoon, the exchange rate depreciated after the ECB President Christine Lagarde stated that there was no need to panic about the strengthening of the euro for now, but about its upcoming trend that could affect the inflation. On Friday, the exchange rate first appreciated as ECB officials’ comments from Thursday continued to have a positive impact on the euro, to depreciate in the second half of the day, after the concerns about the virus reduced demand for risky assets, and after the release of encouraging data on US inflation.

EUR/GBP

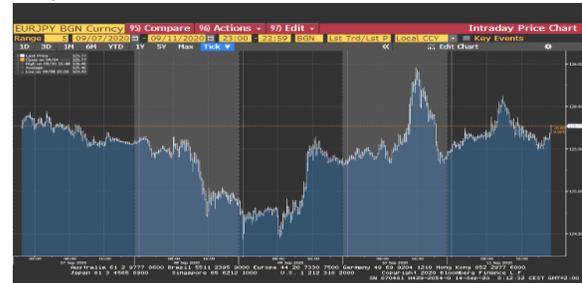


Source: Bloomberg LP

The **EUR/GBP exchange rate** appreciated throughout the period after the news released this week that the UK would provide Brexit without an agreement. Sterling was under pressure as Britain announced legislation to “live” outside the EU, thus questioning trade talks with the euro bloc, saying the new laws would breach international law and “clarify” the agreement signed in January. The UK government said it would breach international law “in a very specific and limited way”, raising concerns that Britain could be kicked out of the

EU single market without a trade agreement. EU officials said that any failure by the UK to implement the agreed protocol on Northern Ireland would disrupt negotiations. The EU Commission has requested conducting an extraordinary meeting of the Joint Committee (the committee that oversees the implementation of the Brexit Agreement) as soon as possible so that the UK could elaborate and respond to strong concerns about the law. Meanwhile, Nancy Pelosi, a member of the US House of Representatives, said the UK could forget Congress’ approval for a free trade agreement with the USA if Britain’s withdrawal from the EU violates an agreement ending the conflict in Northern Ireland. Sterling has also depreciated due to a possible tightening of virus-related measures. On Thursday, the European Commission threatened with legal action if the British Prime Minister did not withdraw controversial clauses from the law on Great Britain’s internal market. The UK minister’s office insisted that the government “cannot and does not want to” withdraw a law allowing Britain to ignore parts of the Brexit agreement that apply to Northern Ireland and were essential to guarantee free trade flow from Northern Ireland to the UK. Michael Howard, a former Eurosceptic Tory leader, told the House of Lords that the law would damage Britain’s reputation. In contrast, former Tory Chancellor Lord Lamont said the government was in terrible disarray. Maroš Šefcovic, the EU’s leading representative in the joint committee, called on the UK government to withdraw these measures from the draft law as soon as possible and in any case by the end of the month. It is now up to the UK government to re-establish shaken confidence. Former British Prime ministers Tony Blair and John Major said on Sunday that Britain has to abandon a “shocking” plan to pass a law breaching its “divorce” agreement with the EU because of not respecting international law.

EUR/JPY



Source: Bloomberg LP

This week, the **EUR/JPY exchange rate** had the similar trend as the EUR/USD exchange rate. At the beginning of the week, it was released that the fall in Japan’s GDP in Q2 was slightly lower than expected. Japan is expecting parliamentary elections after Prime Minister Abe’s resignation. The demand for the yen also increased due to falling stock prices in the technology sector, and the decreasing commodity prices. On Thursday afternoon, the yen appreciated due to the announcement that factory orders in Japan rose 6.3% in July, more than in the previous month, and due to the removed concerns that the euro’s appreciation was excessive. The EUR/JPY exchange rate fluctuated on Friday. The EUR/JPY exchange rate fluctuated slightly on Friday.

Table 1 - Exchange rates of the most important currencies

	07.09.2020 ¹	11.09.2020 ²	% Change
EUR/USD	1.1834	1.1846	0.10
EUR/GBP	0.89146	0.92580	3.85
EUR/JPY	125.650	125.760	0.09
EUR/AUD	1.62519	1.62649	0.08
EUR/CHF	1.08091	1.07667	-0.39
USD/JPY	106.200	106.160	-0.04
GBP/USD	1.31830	1.27960	-2.94

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 October 2020
Federal Reserves	Federal Funds Target Rate	0.25%	16 September 2020
Bank of Japan	Overnight Call Rate	-0.10%	17 September 2020
Bank of England	Official Bank Rate	0.10%	17 September 2020
Swiss National Bank	Libor Target Rate	-0.75%	24 September 2020
Bank of Canada	Target Overnight Rate	0.25%	28 October 2020
Reserve Bank of Australia	Cash Rate Target	0.25%	6 October 2020

On Thursday, the ECB held a meeting at which it decided not to change interest rates until the inflation rate approaches the 2% target, which was in line with market expectations. The Pandemic Emergency Purchase Programme (PEPP) remained at the same level of 1.35 trillion. Following the meeting, the ECB President said that the euro area was experiencing a strong economic recovery from the contraction caused by the pandemic, recording a recovery in the manufacturing and services sectors. The ECB improved its GDP forecasts for 2020, expecting to improve by 0.7%, i.e. GDP in 2020 will fall by 8% instead of 8.7%. It also improved its forecast in June, to increase by 5.0% in 2021 and by 3.2% in 2022. The ECB's inflation forecasts remained unchanged at 0.3% in 2020, 1.0% in 2021 and 1.3% in 2022. As for the euro, it noted that it would monitor incoming information and exchange rate developments due to its impact on the medium-term inflation outlook. The next monetary policy easing is expected in December, and it would include increasing the PEPP program by 500 billion euros.

The Central Bank of Canada did not change its interest rate.

Table 3 – Eonia and Euribor

	07.09.2020 ¹	11.09.2020 ²	Change in basis points
Eonia	-0.467	-0.4680	-0.10
Euribor 1W	-0.530	-0.530	0.00
Euribor 1M	-0.517	-0.516	0.10
Euribor 3M	-0.483	-0.484	-0.10
Euribor 6M	-0.451	-0.455	-0.40
Euribor 12M	-0.401	-0.395	0.60

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year German government bonds dropped for the first two days, driven by weakening stock prices in the technology sector and tightening US-China relations. Later this week, the return recovered after the increased demand for riskier assets in Europe, such as stocks, and after an ECB meeting that concluded a not-exaggeration concerning the euro's appreciation. President Lagarde did not emphasize the urgent need to ease the policy that is stable for now, but that the single currency's trend will be monitored closely due to the impact on inflation. On the last day, the return depreciated as the expectations of further monetary easing in the EU rose.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The market was closed on Monday due to holidays in the USA (Labour Day). The return on 10-year US government bonds weakened after the market opening due to falling stock prices, and the announcement that AstraZeneca has suspended testing of the COVID-19 vaccine it was developing with the University of Oxford after a volunteer fell ill with an unexplained disease. On Wednesday, the return recovered due to rising stock prices. The return on 10-year US government bonds fell about 4 base points on Friday, despite favourable US inflation data as the stock market prices weakened again.

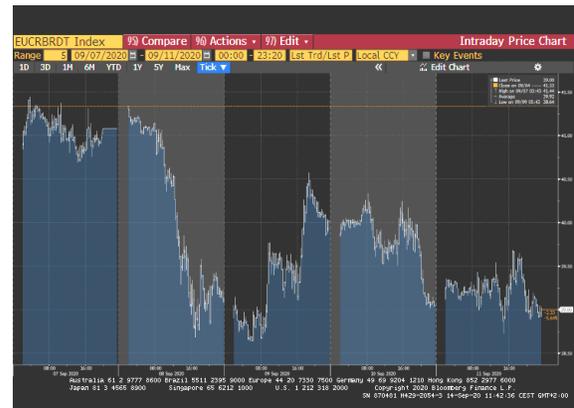
GOLD



Source: Bloomberg LP

At the beginning of the week, the gold price did not change significantly. Later this week, gold prices were mostly on the rise due to concerns about a potential delay in the COVID-19 vaccine development, and later due to the depreciation of the US currency and deteriorating US-China relations. (New trade tensions between the two countries appeared, prompted by President Trump's announcement that it would prevent China's largest companies from accessing Americans' private data). On Thursday, the price rose as the euro appreciated after the ECB decided to maintain the same way of conducting policy, and due to unfavourable data from the US labour market (requests for social assistance increased more than expected). The price was volatile on Friday.

OIL



Source: Bloomberg LP

Oil prices did not change significantly on Monday, to fall sharply on Tuesday due to concerns about the recovery in demand for these fuels, and due to the planned increase in production by OPEC, which threatens to increase market oversaturation. The next day, the price of this fuel recovered and followed the growth of stock prices. On Thursday, the price fell again, after the data showed an increase in domestic stocks and fluctuating demand for fuel. The end of the week ended with a volatile price, which did not change significantly.

Table 4 - Economic indicators (7 – 11 September 2020)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Publishing of ECB main refinancing rate The ECB meets on every first Thursday in month.	Sep 10	0.000%	0.000%	0.000%
Germany	Exports Products and services produced in Germany, sold or pending for sale outside of Germany.	July MoM%	5.0%	4.7%	14.79
	Imports Germany's demand for foreign products. The value of exports and imports is an important input in the calculations of the trade balance, current account and GDP.	July MoM%	3.5%	1.1%	7.0%
Italy	Retail Sales This indicator shows changes in sales. The statistics covers universal shops and supermarkets. It shows the level of consumer shocks and consumer demand.	MoM% (YoY%)	-1.0% (-1.9%)	-2.2% (-7.2%)	12.1% (-2.2%)
	Industrial output It measures the changes in output of production, service and mining sectors.	July	3.5%	7.4%	8.2%
Great Britain	Industrial output It measures the changes in output of production, service and mining sectors.	July MoM% (YoY%)	4.1% (-8.7%)	5.2% (-7.8%)	9.3% (-12.5%)
USA	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.	Sept 5 K=1,000	850 K	884 K	881 K
	Consumer price index (CPI) It estimates the cost of living changes by measuring changes in the price level of market basket of consumer goods and services purchased by an average household. Therefore, it is the key inflation measure in the euro area.	August MoM%	0.3%	0.4%	0.6%
Japan	GDP SA (seasonally adjusted 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 GDP calculation uses the following four components: consumption, investments, government expenditure, and net exports.	Q2	-28.5%	-28.1%	-27.8%

Source: Bloomberg