

EURUSD 1.2179
 At 19:38 Dp 1.2174 HI 1.2174 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 Daily
 Market mid/trd

DATE	PRICE	DATE	PRICE
F 3/17	1.2181	F 2/17	1.1878
T 3/16	1.2050	T 2/16	1.1909
W 3/15	1.2050	W 2/15	1.1904
T 3/14	1.2016	T 2/14	1.1897
M 3/13	1.1934	M 2/13	1.1902
F 3/10	1.1894	F 2/10	1.1919
T 3/ 9	1.1909	T 2/ 9	1.1974
W 3/ 8	1.1928	W 2/ 8	1.1944
T 3/ 7	1.1889	T 2/ 7	1.1974
M 3/ 6	1.1996	M 2/ 6	1.1962
F 3/ 3	1.2025		
T 3/ 2	1.2012		
W 3/ 1	1.1913		
T 2/28	1.1923		
M 2/27	1.1853		

International Financial Market Report
 (8 - 12 June 2020)

BLOOMBERG NEWS AUDIO/VIDEO

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

- Bankinvest's Broby: Softbank, Vodafone, L'Oreal, Body Shop
- ICAP's Smith: U.S. Dollar, Fed
- F.Mat's Bennett: U.S. Dollar, Fed Policy, Euro
- U.S. Congressional Quarterly Walker: Fiscal Policy and Deficit
- Commerzbank's Thurlall: Oil Prices, Iraq
- Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy
- China Airlines' Wei: Fleet Reorganization, Earnings Outlook
- Bear Stearns Teleconference: Fiscal First Quarter Profit
- Microsoft's Ballmer: Stock Performance, Strategy, Produce

Daniel Broby, chief investment officer at Bankinvest, discusses the company's investment strategy in emerging markets, focusing on sectors like mobile phones and e-commerce. He mentions recent acquisitions of Body Shop International and L'Oreal's mobile phone unit.

LIVE <GO> Events

Event	Date	Time	Language	Type
14) Legal & General Teleconference: Full-Year Earnings	3/17	Now Playing	English	CF
15) UBS Warburg's Hickson: Outlook for Steel Industry	3/17	Now Playing	English	CF
16) European Commission: Daily News Conference	3/17	20:00 - 20:30	English	CF
17) Egypt's Mohamed: Sale of State-Owned Businesses	3/17	21:05 - 21:20	English	CF
18) Bonders Group Teleconference: 4th-Qtr Results	3/17	22:00 - 23:00	English	CF
19) AIG Teleconference About Fourth-Quarter Results	3/17	22:30 - 23:30	English	CF

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 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

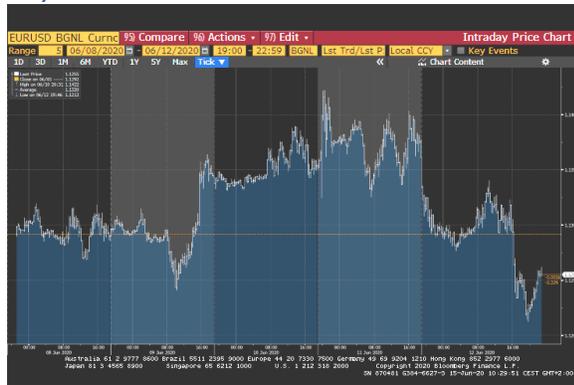
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	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, 17 June 2020

FX NEWS

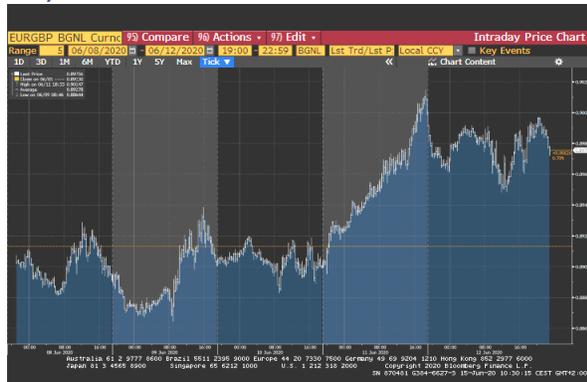
EUR/USD



Source: Bloomberg LP

On the first day of this reporting week, **the EUR/USD exchange rate** was stable, to appreciate slightly on Tuesday in the eve of the Fed meeting. After the meeting, the exchange rate appreciated. The USD depreciated significantly against the euro and a basket of leading currencies, as the Fed's monetary policymakers decided on an unchanged interest rate policy by the end of 2022. The Fed has also committed itself to keep bond purchases around the current level. At the very end of the week, the exchange rate depreciated, as stock prices fell due to signs of Coronavirus second wave in the USA, and due to the still high number of applications for receiving social welfare allowances for the unemployed.

EUR/GBP



Source: Bloomberg LP

In the first half of the reporting week, **the EUR/GBP exchange rate** fluctuated from 0.88600 to 0.89400. At the same time, the

market focus shifted from Coronavirus to Brexit, after no progress in the fourth round of negotiations on Britain-EU relations. According to unnamed sources, EU negotiators rejected a UK's request to replace the mandate of EU chief negotiator Michael Barnier on Wednesday, unanimously supporting his approach to the whole process. This exchange rate recorded a significant change on Thursday when it appreciated to 0.90150, mostly due to concerns about the impact of a potential new Coronavirus wave on global economic recovery, which reduced risk appetite. This exchange rate fluctuated on Friday. On that day, Minister Michael Gove's office confirmed that the UK would not extend the transition period for Brexit, leaving very little room to reach a trade agreement. Moreover, it was also announced that the British GDP in April decreased by 20.4% compared to March.

EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** trended down during this reporting week. The Japanese currency rose due to falling US government bonds return after the Fed committed itself to keep interest rates low for an extended period. The demand for the yen has also increased due to concerns about the second wave of Coronavirus.

Table 1 - Exchange rates of the most important currencies

	08.06.2020 ¹	12.06.2020 ²	% Change
EUR/USD	1.1292	1.12560	-0.32
EUR/GBP	0.89130	0.89760	0.71
EUR/JPY	123.71	120.89	-2.28
EUR/AUD	1.62024	1.63947	1.19
EUR/CHF	1.08646	1.07198	-1.33
USD/JPY	109.59	107.38	-2.02
GBP/USD	1.2668	1.2540	-1.01

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%	16 July 2020
Federal Reserves	Federal Funds Target Rate	0.25%	29 July 2020
Bank of Japan	Overnight Call Rate	-0.10%	16 June 2020
Bank of England	Official Bank Rate	0.10%	18 June 2020
Swiss National Bank	Libor Target Rate	-0.75%	18 June 2020
Bank of Canada	Target Overnight Rate	0.25%	15 July 2020
Reserve Bank of Australia	Cash Rate Target	0.25%	7 July 2020

At its regular meeting, the US Fed decided to keep interest rates at 0-0.25% unchanged and to maintain them at the same level during 2022. It also kept the guidelines for the bond purchase programme (120 billion USD per month or more). Maintaining this target range will be current until the Fed becomes convinced that the economy has overcome recent events and is on track to achieve its maximum goals for employment and price stability. Although the Fed has acknowledged that financial conditions are currently improving, a sharp drop in economic activity in the prior period, job loss, and lower oil prices still keep inflation under pressure. The Fed's monetary policymakers have released a forecast of a 6.5% US GDP decline and an unemployment rate decline by 9.3% by the end of this year.

Table 3 – Eonia and Euribor

	08.06.2020 ¹	12.06.2020 ²	Change in basis points
Eonia	-0.459	-0.461	-0.20
Euribor 1W	-0.519	-0.515	0.40
Euribor 1M	-0.483	-0.482	0.10
Euribor 3M	-0.353	-0.366	-1.30
Euribor 6M	-0.196	-0.199	-0.30
Euribor 12M	-0.120	-0.124	-0.40

¹ Opening market value on Monday.

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on German government bonds trended down during this reporting period. At the very beginning of this period, they dropped as demand for safe funds increased due to the negative outlook concerning global economic growth (the World Bank forecasts that economic growth decline by 5.2% this year). Over the following two days, the return on German bonds was stable, to start declining again on Thursday. Yield declines were driven by growing fears of a second wave of Coronavirus, and due to the Fed's forecast that the US economy could see a 6.5% drop this year. The return on 10-year German bonds dropped from -0.27% to -0.42% this week.

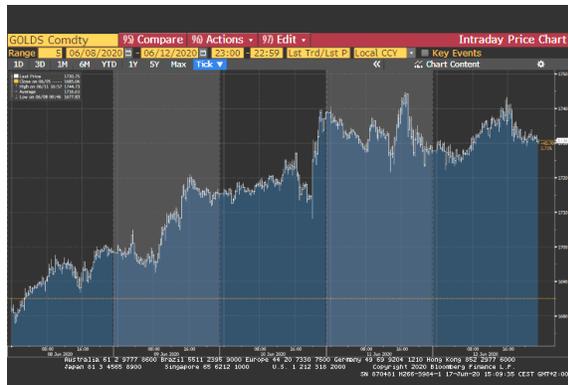
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

This reporting week saw a drop in the return on US government bonds. At the very beginning of the week, they weakened as investors increased demand for safe funds. After that, the yields were weakening in the eve of the regular Fed meeting, to record additional drop after the meeting ended. The decline in return came after Fed's warning that economic activity had slowed sharply in the past and that there had been job losses (US GDP is expected to drop by 6.5% this year and the unemployment rate to rise to 9.3%). Over the last day, the return on US bonds recovered slightly as investors' appetite for riskier assets rose. The return on 10-year US bonds dropped from 0.93% to 0.71%.

GOLD



Source: Bloomberg LP

After a three-week drop, the gold price rose in the last reporting week. The previously mentioned drop brought the price to a level below 1700 USD/oz., which was quite attractive to investors, and the increased demand started to pull the price up at the very beginning of the week. The price also rose due to the Fed meeting, at which, as expected and to mitigate the effects caused by the Coronavirus, Fed announced that the asset purchase program and other incentive measures remain in force until further notice and that interest rates would remain at levels close to zero by 2022. Although price fluctuated on Thursday, the growing trend continued until the end of the week, as fears of a new wave of Coronavirus and the concerns about a longer economic recovery turned investors to safe funds. (World Bank, OECD and IMF forecasts for global economies announced this week were rather discouraging).

OIL



Source: Bloomberg LP

At the meeting held over the weekend, OPEC+ members decided to continue the record output decline. On the other hand, Saudi Arabia announced that these additional reductions in oil production would take another month. (Their production will be reduced more than the agreed quota for a month), which could return hundreds of thousands of barrels to the market. Therefore, the price of this fuel began to drop. In the middle of the week, there was a slight recovery, but the downward trend continued on Thursday. Namely, the EIA (Energy Information Administration) announced that US oil inventories reached their peak in the week preceding this reporting period since 1982 (when Bloomberg began collecting this data). Along with the Fed forecasts that the American economy expects a long road to recovery, especially having in mind the second wave of Coronavirus, this led to an oil price drop. The oil price showed signs of recovery on Friday, but despite that, it recorded a weekly drop for the first time since end-April.

Table 4 - Economic indicators (8 - 12 June 2020)

Current value	Previous value	Period	Expected value	Current value	Previous value
Germany	Industrial output Measures the changes in output of production, service and mining sectors.	April MoM%	-16.5%	-17.9%	-9.2%
Italy	Industrial output Measures the changes in output of production, service and mining sectors.	April MoM%	-24.0%	-19.1%	-28.4%
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 households.	May MoM% (YoY%)	0.0% (0.2%)	0.1% (0.4%)	0.0% (0.2%)
Great Britain	PMI Manufacturing PMI surveys tracks opinion among managers at manufacturing, construction and/or services firms. The index is calculated from the survey results on production, orders, inventories, employment, prices, etc.	April MoM% (YoY%)	-15.6% (19.9%)	-24.3% (-28.5%)	-4.6% (-9.7%)
USA	Initial Jobless Claims Measures the number of people receiving unemployment allowances. It is similar to the applicant. The growing number of jobs accompanies the economic expansion, which could influence inflationary pressures.	May K=1.000	1550 K	1542 K	1877 K
Japan	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 households.	May MoM% (YoY%)	-0.3% (-2.4%)	-0.4% (-2.7%)	-1.5% (-2.3%)

Source: Bloomberg