



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	1.1909
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	1.1864
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

(14 - 18 September 2020)

BLOOMBERG NEWS AUDIO/VIDEO

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- 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

10 Bloomberg TV Live 11 Bloomberg Radio Live 12 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. 6615-301-3 1P-MR-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

Change on day
IYC4 I52<GO>
Change on Month
IYC6 I52<GO>

RATE SWAPS

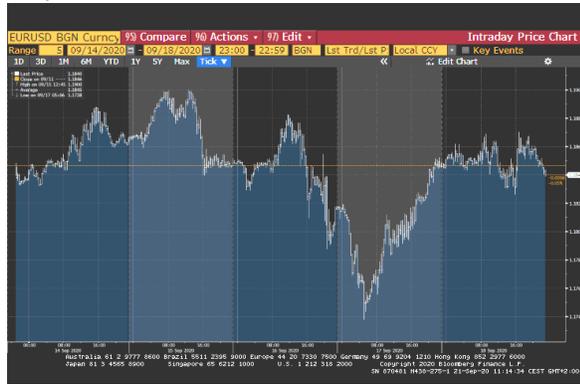
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	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 I48<GO>
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IYC6 I48<GO>
For US Govt Yield Curve, type {IYC1 I2
For US swap Curve, type {IYC1 I52 <G

Podgorica, 23 September 2020

FX NEWS

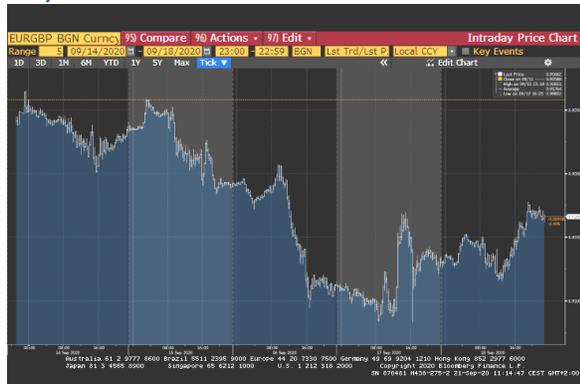
EUR/USD



Source: Bloomberg LP

Early this reporting week, the **EUR/USD exchange rate** appreciated. The USD depreciated against a basket of leading currencies due to the release of better-than-expected economic data from China. It also depreciated awaiting the Fed meeting and the progress in vaccine discovery, all of which boosted investors' appetite for risky assets. In the middle of the week, this exchange rate depreciated briefly. The euro appreciated again against the USD by the end of this reporting period after the Fed meeting and decisions to keep existing monetary policy and interest rates close to zero until 2023.

EUR/GBP

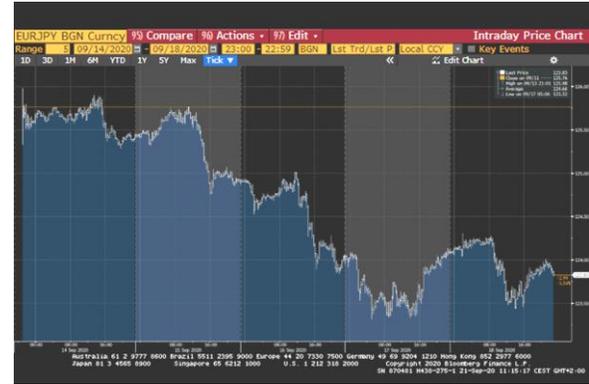


Source: Bloomberg LP

The **EUR/GBP exchange rate** appreciated at the beginning of this reporting week. Sterling was under pressure as the former UK Prime Minister Cameron has already become the third Prime Minister Conservative Party's to show concern and discontent with controversial law adopted at the Parliament to

breach the previously signed Brexit agreement. Later this week, the exchange rate depreciated as better-than-expected China's economic data stimulated the demand for riskier assets. At the end of the week, the EUR/GBP exchange rate recovered slightly following a meeting between the BoE and the officials' statements on discussions about the negative interest rates' effectiveness.

EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** trended down for most of this reporting week. The current Prime Minister's Head of Cabinet and the "face" of Abe's administration, Yoshihide Suga, is poised to become the new Japan's Prime Minister after winning a majority of votes from both Houses of Parliament. Suga will advocate for continuity, strong connections with the central bank and will share the same Abe's attitude on monetary and fiscal policy. At the end of the week, this exchange rate recovered slightly awaiting public holidays in Japan (21 and 22 September).

Table 1 - Exchange rates of the most important currencies

	14.09.2020 ¹	18.09.2020 ²	% Change
EUR/USD	1.1846	1.18400	-0.05
EUR/GBP	0.92580	0.91667	-0.99
EUR/JPY	125.760	123.83	-1.53
EUR/AUD	1.62649	1.62418	-0.14
EUR/CHF	1.07667	1.07927	0.24
USD/JPY	106.160	104.57	-1.50
GBP/USD	1.27960	1.2917	0.95

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%	5 November 2020
Bank of Japan	Overnight Call Rate	-0.10%	29 October 2020
Bank of England	Official Bank Rate	0.10%	5 November 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

The Fed, the BoJ, and the BoE held their respective regular meetings this reporting week. At its meeting, the Fed decided to keep interest rates unchanged until 2023. It will also not “tighten” its monetary policy until the inflation rate reaches 2% and stays around that level for some time, with significant unemployment rate recovery. At the Bank of England meeting, the interest rate (of 0.1%) and the bond repurchase programme (745 billion GBP) also remained unchanged. The press releases after the BoE meeting pointed to this bank’s openness to introduce negative interest rates for the first time in history due to substantial economic challenges facing the UK due to the Coronavirus, while still “threatened” to leave the EU without agreement on the other hand. At its regular meeting, the Bank of Japan kept the interest rate at -0.1% and the unchanged monetary stimulus policy.

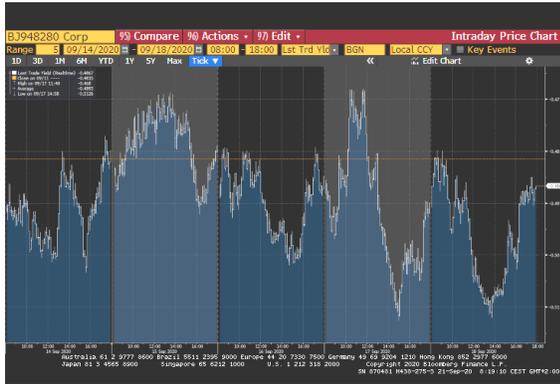
Table 3 – Eonia and Euribor

	14.09.2020 ¹	18.09.2020 ²	Change in basis points
Eonia	-0.468	-0.467	0.10
Euribor 1W	-0.530	-0.534	-0.40
Euribor 1M	-0.516	-0.523	-0.70
Euribor 3M	-0.484	-0.504	-2.00
Euribor 6M	-0.455	-0.468	-1.30
Euribor 12M	-0.395	-0.429	-3.40

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 fluctuated around 4bp throughout the week (the return ranged between -0.512% and -0.468%). The weakening of stock prices on stock exchanges mainly resulted in the demand for safe funds.

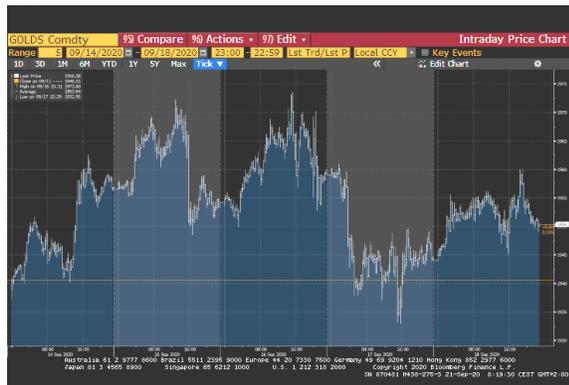
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year German government bonds had a volatile trend this week, similar to the return trend on German 10-year bonds. The return ranged between 0.64% and 0.70%. Early this week, the growth of the return resulted from the encouraging data on the US economy (due to the released increased import prices and industrial output). There were no significant fluctuations in the eve of the two-day Fed meeting. After the meeting, the market did not overreact due to interest rate remaining at the present level, and after releasing that there would be no policy tightening until the inflation rate reaches 2% or slightly lower, which was expected. On Friday, the return on 10-year bonds rose, after releasing (better-than-expected) US consumer confidence data, which eased concerns about the US economic recovery.

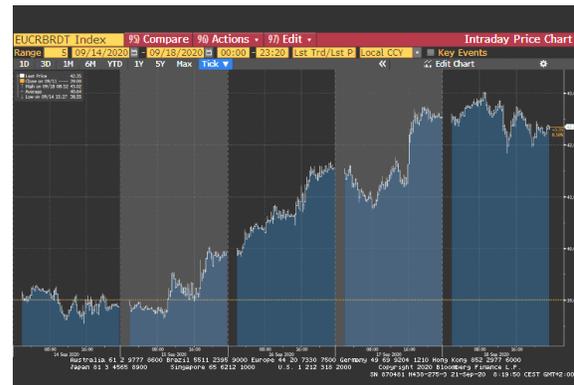
GOLD



Source: Bloomberg LP

Early this week, the gold price rose as the USD depreciated, and market participants were waiting for the Fed's meeting outcome. On Thursday, the gold price dropped due to the USD exchange rate appreciation, as the Fed decided to keep the interest rate at the current level for the next three years and did not announce a new liquidity programme. It rose on Friday after news that financial leaders from China, Japan, South Korea and Southeast Asia would redouble efforts to help the region recover economically from the new Coronavirus wave and defend a multilateral trade and investment system.

OIL



Source: Bloomberg LP

This week, oil prices rose as US and China's economic data spurred optimism to boost factory work (due to rise in retail and industrial output in China and output in the USA), resulting from stocks decline in the USA. The oil price also rose due to Hurricane Sally hitting the Gulf of Mexico, which closed some capacity of refineries that produce oil and natural gas. In the middle of the week, OPEC members and partners held a teleconference resulting in further oil price rise. Saudi Arabia's Minister of Energy called on all members to adhere to the reduced production agreement. He also warned an unnamed partner (suspected to be the UAE) not to adhere to specific quotas but to produce significantly more. On Friday, the oil price lost part of its value after Libyan commander Khalifa Haftar informed on lifting the blockade of oil exports to Libya that had existed since January.

Table 4 - Economic indicators (14 - 18 September 2020)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	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. Therefore, it is a key measure of euro area inflation.	August MoM% (YoY%)	-0.4% (-0.2%)	-0.4% (-0.2%)	-0.4% (-0.2%)
	Consumer price index (CPI Core) Method for measuring core inflation This is the consumer prices index excluding price of energy and food. This method has become used increasingly as food and energy prices can be unstable, and their volatile movements could affect the measure of inflation.	August YoY%	0.4%	0.4%	0.4%
Germany	ZEW Survey Expectations This survey measures expectations regarding the economic growth for the next 6 months. Experts are surveyed on whether they expect an improvement or deterioration, thus the difference between the number of positive and negative responses represents the indicator value.	September	69.5	77.4	71.5
	ZEW Survey Current Situation This indicator focuses on the results of the research on the current soundness of the German economy. It is obtained by collecting estimates of experts on whether the current situation is improving, worsening or remaining unchanged, so the indicator value is obtained as the difference between the number of positive and the number of negative responses. The higher value of the indicators points to strengthening of the economy and a better business climate.	September	-72.0	-66.2	-81.3
Great Britain	ILO Unemployment Rate Unemployment, defined by the International Labour Organization (ILO), represents a situation where people are unemployed but actively looking for a job. Unemployment rate measures the size of unemployment and is obtained as a percentage when the number of unemployed individuals is shared with all individuals currently on the labour market.	July	4.1%	4.1%	3.9%
Italy	CPI – EU Harmonised The harmonized index of consumer prices is an indicator of inflation and price stability, which uses a methodological concept applied by all EU Member States.	August	-0.5%	-0.5%	-0.5%

Source: Bloomberg