

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 Daily
 Market mid/trd

DATE	PRICE	DATE	PRICE
F 3/17	1.2181	F 2/17	1.1909
T 3/16	1.2181	T 2/16	1.1981
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	1.1981
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

(24 - 28 August 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, discusses the company's investment strategy and its focus on technology and healthcare.

ICAP's Smith: U.S. Dollar, Fed Policy, Euro
 ICAP's Smith discusses the impact of the Fed's policy on the U.S. dollar and the Euro.

U.S. Companies' Quarterly Earnings: Fiscal Policy and Deficit
 U.S. Companies' Quarterly Earnings: Fiscal Policy and Deficit

Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy
 Societe Generale's Maguire discusses the impact of the BOJ's policy on the Japanese 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 discusses the company's fleet reorganization and earnings outlook.

Microsoft's Ballmer: Stock Performance, Strategy, Products
 Microsoft's Ballmer discusses the company's stock performance, strategy, and products.

LIVE <GO> Events

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

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

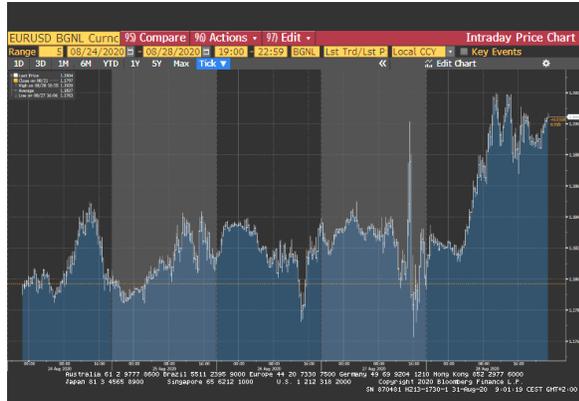
Change on day
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 Change on Month
 IYC6 I48<GO>

Change on day
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 Change on Month
 IYC6 I48<GO>
 For US Govt Yield Curve, type {IYC1 I2
 For US swap Curve, type {IYC1 I52 <G

Podgorica, 2 September 2020

FX NEWS

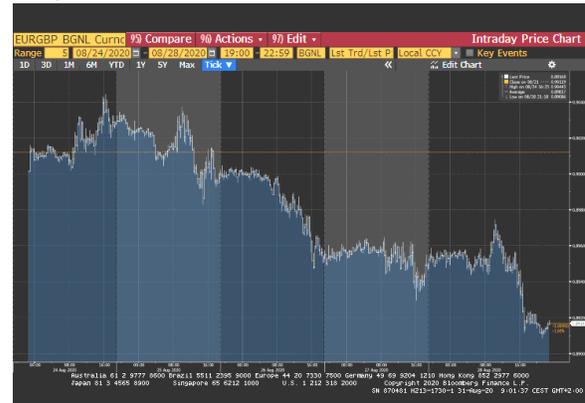
EUR/USD



Source: Bloomberg LP

This week, the **EUR/USD exchange rate** fluctuated slightly and did not change significantly. On Monday, it appreciated awaiting comments on the Fed's monetary policy during the week. The USD also depreciated due to encouraging news about the US-China trade negotiation and due to the released better-than-expected report about Germany's business climate. Later this week, the euro continued to appreciate after the investor's confidence growth in Germany and the confirmation of China and the USA committing to the trade agreement. On Wednesday morning, the EUR/USD exchange rate depreciated briefly. The reason was the report on the US orders for durable goods showing them to be twice as large as expected, which increased the demand for the USD. The next day, the exchange rate had a volatile trend. It first depreciated due to the Fed Chair's statement that it would allow inflation and employment to rise, which met market expectations. After that, it recovered due to the release of encouraging data on investor confidence in the euro area. On Friday, the EUR/USD exchange rate appreciated as the Fed Chairman signalled that interest rates in the USA would remain low for an extended period.

EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** depreciated during this week, despite the uncertainty surrounding Brexit. (The negotiations are expected to continue on 7 September). On Friday, the exchange rate fell from 0.8955 to 0.8908. At a conference of central banks in Jackson Hall, the BoE Governor said that the quantitative easing was successful during the COVID-19 pandemic because the bonds' purchase worked best when done "big and fast". He also emphasized that accurate measurement of this effect was harrowing.

EUR/JPY



Source: Bloomberg LP

During this week, the **EUR/JPY exchange rate** appreciated as the return on US bonds increased. Moreover, there was a general increase in demand for risky assets due to optimistic economic indicators. At the end of the week, this exchange rate depreciated due to the announcement that Japan's Prime Minister resigned due to health issues.

Table 1 - Exchange rates of the most important currencies

	24.08.2020. ¹	28.08.2020. ²	% Change
EUR/USD	1.17970	1.19030	0.90
EUR/GBP	0.90119	0.89158	-1.07
EUR/JPY	124.810	125.390	0.46
EUR/AUD	1.61723	1.61611	-0.07
EUR/CHF	1.07532	1.07635	0.10
USD/JPY	105.800	105.370	-0.41
GBP/USD	1.30900	1.33530	2.01

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%	10 September 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%	9 September 2020
Reserve Bank of Australia	Cash Rate Target	0.25%	1 September 2020

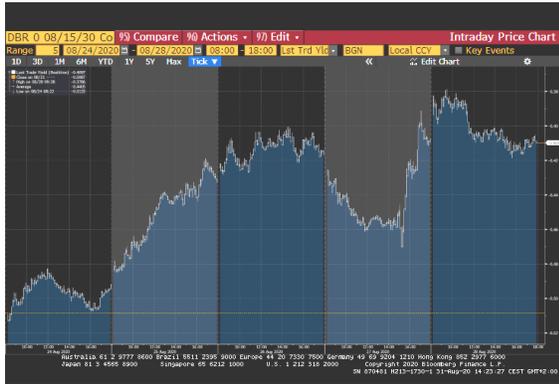
Table 3 – Eonia and Euribor

	24.08.2020 ¹	28.08.2020 ²	Change in basis points
Eonia	-0.469	-0.467	0.20
Euribor 1W	-0.533	-0.538	-0.50
Euribor 1M	-0.517	-0.523	-0.60
Euribor 3M	-0.487	-0.477	1.00
Euribor 6M	-0.441	-0.444	-0.30
Euribor 12M	-0.376	-0.369	0.70

¹ Opening market value on Monday

² Closing market value on Friday

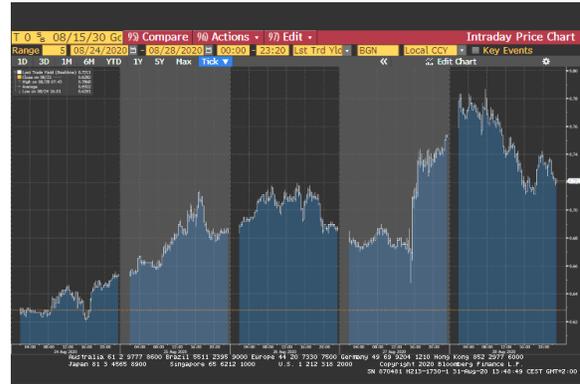
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

During the first three days of this reporting week, the return on 10-year German government bonds trended up. The reason was the stock prices rose following positive news of trade negotiations between the World's two leading economic nations. Besides, the optimism concerning the developing of a vaccine against the Coronavirus resulted in the growing return on German 10-year bonds. In the middle of the week, the return on these bonds was stable, while on Thursday it dropped until the Fed Chair's speech resulting in a more significant jump in 10-year yields. Namely, the Fed Chair's statement that the Fed would strive for a 2% inflation rate caused the increase in the return on German bonds. On Friday, the return on 10-year German bonds fell slightly and stood at -0.40%.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year US government bonds rose slightly during the first three days of this reporting period. It grew as both China and the USA gave conciliatory statements on trade negotiations, and due to optimism on progress in developing a vaccine against the Coronavirus. During a bankers' symposium in Jackson Hole on Thursday, the Fed Chair said inflation was 2% and did not expect interest rates to rise in the near future, causing the return on US 10-year bonds to jump. The return on these bonds fell slightly on Friday and stood at 0.72% at the end of the period.

GOLD



Source: Bloomberg LP

The gold price trended down slightly during the first two days of this reporting week due to speculation that the Coronavirus vaccine development was progressing. An additional factor supporting the gold price drop was the news on China-USA were holding a virtual conference on the trade agreement Phase 1 where both parties agreed to fulfil all the steps necessary for the agreement success. In the middle of the week, the gold price had a more considerable jump as the USD depreciated against most currencies after the release of positive data on orders for durable goods from the USA. During Thursday, the gold price remained relatively unchanged. It rose again on Friday, as the USD depreciated against most currencies making gold more interesting for investors.

OIL



Source: Bloomberg LP

The oil price increased during the first two days of this reporting period. The oil price rise in the mentioned period came as the US oil companies closed the facilities in the Gulf Area. This closure happened because the tropical storm Laura was expected to rage and turn into a hurricane level. In the middle of the week, the oil price began to weaken slightly as Hurricane Laura moved further east, meaning it was significantly less likely to disrupt refineries and the port in the Houston area. On Thursday, Hurricane Laura lost its strength. It was classified to a lower level, i.e. to the tropical storm category, further weakening the oil price. During Friday, the oil price did not change much.

Table 4 - Economic indicators (24 – 28 August 2020)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Consumer Confidence An assessment of consumer confidence in terms of business conditions, employment and personal income. The consumer confidence index is related to personal consumption.	August	-14.9	-14.7	-14.7
	Economic Confidence This economic indicator measures the optimism that consumers feel about the overall state of the economy and their financial situation. If the consumer has confidence in the economy of the immediate and near future and its finance, it will spend more than saved.	August	85.0	87.7	82.3
Germany	IFO Business climate It refers to a survey of German companies on the current conditions (state) of business in Germany, and their expectations for the next six months.	August	92.1	92.6	90.5
	GfK Consumer Confidence Consumer confidence measures the level of household confidence in terms of economic performance.	September	1.0	-1.8	-0.3
France	Business Confidence This indicator provides information on future developments based on opinion polls on the output development, orders and stocks of finished products in the industry sector.	August	88	91	85
USA	Initial Jobless Claims Measures the number of people who receive unemployment benefits.	22 August K=1.000	1000 K	1006 K	1106 K
	Durable Goods Orders An indicator of consumer safety that reflects their expectations and ability to spend money. Its positive growth marks the state of the economy, helping to strengthen the currency. Its decline leads to the opposite result. The DGO index is an excellent indicator for the future. Many manufacturers plan production based on available orders, the decline in DGO precedes the decline in production and vice versa.	July	4.8%	11.2%	7.6%
	Personal Income This indicator combines income from all sources, including salary, rent income, government subsidies, investment income, etc. They are a secondary indicator of future consumer demand.	July	-0.2%	0.4%	-1.1%

Source: Bloomberg