

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	1.1878
T 3/16	1.2050	T 2/22	1.1911
W 3/15	1.2050	T 2/21	1.1914
T 3/14	1.2016	M 2/20	1.1946
M 3/13	1.1934	F 2/17	1.1909
F 3/10	1.1894	T 2/16	1.1909
T 3/ 9	1.1909	W 2/15	1.1904
W 3/ 8	1.1928	T 2/14	1.1897
T 3/ 7	1.1889	M 2/13	1.1902
M 3/ 6	1.1996	F 2/10	1.1919
F 3/ 3	1.2025	T 2/ 9	1.1974
T 3/ 2	1.2012	W 2/ 8	1.1944
W 3/ 1	1.1913	T 2/ 7	1.1974
T 2/28	1.1923	M 2/ 6	1.1962
M 2/27	1.1853		

**International Financial Market Report**

(25 - 29 May 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. Longshore Senator Walker: Fiscal Policy and Deficit  
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 Japanese mobile-phone unit and L'Oreal SA's purchase of Body Shop International Plc.

LIVE <GO> Events

Event	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 7930 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

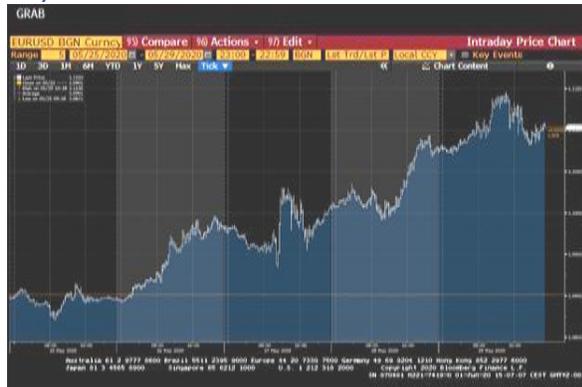
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR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

# FX NEWS

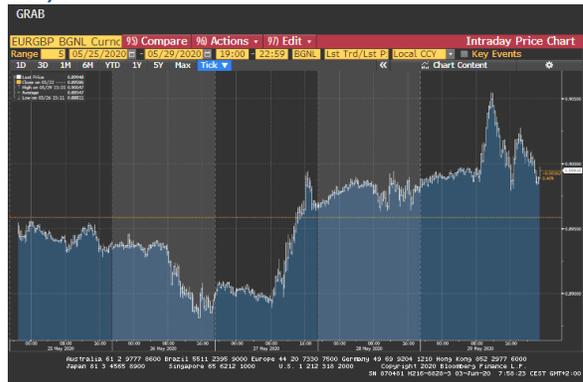
## EUR/USD



Source: Bloomberg LP

This week, **the EUR/USD exchange rate** trended up. On Monday, it was stable due to holidays in the USA and Great Britain (Memorial Day, Spring Bank Holiday) resulting in the trade volume decrease. The USD depreciated against the euro on Tuesday as the market's appetite for risk returned due to signs that the worst blow of the pandemic might have passed (an increasing number of countries were easing measures). In the middle of the week, the EUR/USD exchange rate depreciated slightly due to the escalated tensions between the USA and China, as the US Secretary of State Mike Pompeo stated that the USA confirmed that Hong Kong was no longer politically independent from China. Later this week, the EUR/USD exchange rate continued to appreciate, as the USD depreciated due to data showing that US economy shrank in Q1 more than initially forecasted (GDP recorded 5% decline in Q1 compared to expected 4.8%). Moreover, new orders for durable goods also declined (orders dropped by 17.2% in April compared to a 14.7% decline in the previous month). The European Commission also announced a proposal for a fiscal plan to help European economies, which further strengthened the euro. On the last day, the EUR/USD exchange rate appreciated after Donald Trump conference criticising China for the Coronavirus and Hong Kong. At this conference, he announced to terminate cooperation with the World Health Organization, calling it only a China's "puppet", and to revoke Hong Kong's preferential treatment. On the same occasion, the US President said the working group would conduct a study of Chinese companies that are on the US list.

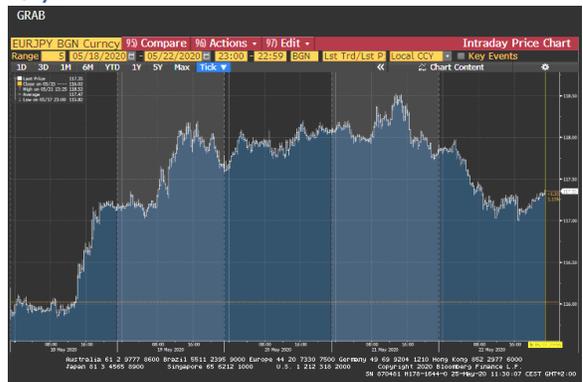
## EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** depreciated slightly during the first two days of this reporting period as the UK Finance Minister approved an aid plan for companies considered strategically important. In the middle of the week, this exchange rate appreciated sharply, as the Financial Times announced that Great Britain would record a 5% fiscal deficit next year as it was combating the aftermath of the Coronavirus. This exchange rate continued its mild appreciation during the rest of the week after releasing that business confidence in the UK had reached its nadir since 2008.

## EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** appreciated during this reporting week. Early this week, the optimism that reigned in the market due to the "unlocking" of the economy was the reason for decreased demand for safe funds. The Bank of Japan (BoJ) provided a 280 billion USD program for small businesses affected by the Coronavirus to prevent the economy from collapsing. It also extended measures introduced earlier this year to make money available to companies. Japanese Finance Minister Aso and the Governor of the BoJ, Kuroda, promised to allocate all necessary assets for fiscal and monetary policy in the combating the increasingly visible economic downturn caused by the coronavirus pandemic. Prime Minister Abe said reviving the economy in recession was now a top priority and that his government would decide on another additional budget to help people and businesses. At the end of the week, the exchange rate appreciated due to tensions between China and the United States.

**Table 1 - Exchange rates of the most important currencies**

	25.05.2020 <sup>1</sup>	29.05.2020 <sup>2</sup>	% Change
EUR/USD	1.0901	1.1101	1.83
EUR/GBP	0.89586	0.89948	0.40
EUR/JPY	117.32	119.77	2.09
EUR/AUD	1.66776	1.66710	-0.04
EUR/CHF	1.05919	1.06745	0.78
USD/JPY	107.64	107.83	0.18
GBP/USD	1.2173	1.2343	1.40

**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%	4 June 2020
Federal Reserves	Federal Funds Target Rate	0.25%	10 June 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%	3 June 2020
Reserve Bank of Australia	Cash Rate Target	0.25%	2 June 2020

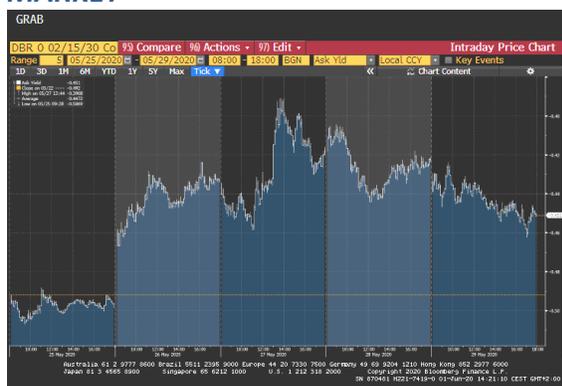
**Table 3 - Eonia and Euribor**

	25.05.2020 <sup>1</sup>	29.05.2020 <sup>2</sup>	Change in basis points
Eonia	-0.454	-0.455	-0.1
Euribor 1W	-0.528	-0.511	1.7
Euribor 1M	-0.473	-0.482	-0.9
Euribor 3M	-0.279	-0.307	-2.8
Euribor 6M	-0.154	-0.158	-0.4
Euribor 12M	-0.093	-0.085	0.8

<sup>1</sup> Opening market value on Monday.

<sup>2</sup> Closing market value on Friday

## EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

On the first day of this reporting week, the return on 10-year German government bonds did not change significantly. The return on these bonds increased until the middle of the week resulting from reduced demand for safe funds and speculations about the package size and the European Commission's plan for the economy's recovery after the health crisis. In the second part of the week, the return on German government bonds decreased slightly, after announcing the European Commission's package of measures that will serve in combating the unprecedented recession of the EU. The European Commission presented a proposal for a recovery plan for all EU members. It proposed creating a new recovery instrument called Next Generation EU amounting to 750 billion euros, of which 500 billion euros in the form of grants to the Member States, and 250 billion euros could be available in the form of loans. To finance the necessary investments, the EC will issue bonds on the financial markets on behalf of the EU.

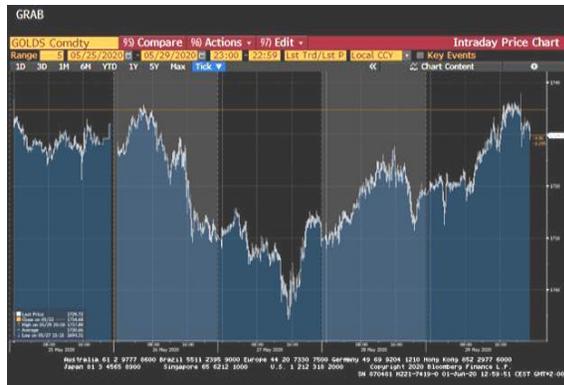
## US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

On the first day of this reporting week, US markets were closed due to the holidays. The next day, the return on 10-year US government bonds rose due to rising US stock prices. In the middle of the week, the return on US bonds decreased slightly, after the statement of the US President Donald Trump administration it would no longer be able to recognise Hong Kong's political autonomy from China. On Thursday, the Chinese Parliament adopted the proposal of the Law on National Security of Hong Kong, which would jeopardise the semi-autonomous status of that city relative to China. By the end of this reporting period, the return on 10-year US bonds trended down slightly, standing at 0.626% at the end of the week, following President Trump's statement that the USA would suspend cooperation with the World Health Organization.

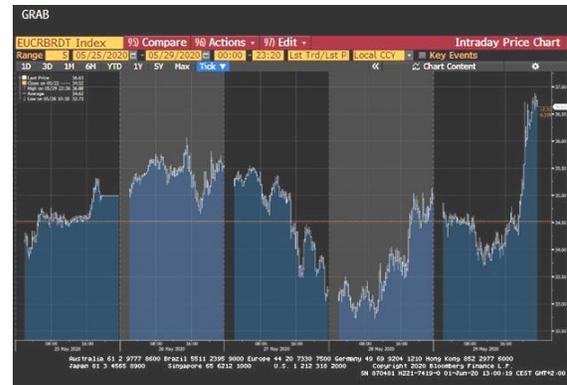
## GOLD



Source: Bloomberg LP

The gold price did not change significantly on Monday. Still, it dropped on Tuesday, as stock prices rose due to optimism of economies opening around the world, which briefly suppressed Beijing-Washington tensions. The gold price recovered on Wednesday afternoon after the USA stated could no longer confirm that Hong Kong was politically independent of China, thus increasing tensions between the two strongest powers. China has warned that it will “retaliate” if the USA imposes sanctions on Hong Kong or interferes in their relations. The next day, the growing trend in the gold price continued as China was determined to impose a new law on security in Hong Kong, which threatens its status as an independent territory. Although being a part of China, Hong Kong functions as an independent state with its laws, currency, sports teams, and with border crossings and customs collection towards the rest of China. Hong Kong has a different political system than China. The gold price rose during Friday, due to concerns about deteriorating USA-China relations.

## OIL



Source: Bloomberg LP

Early this week, the oil price rose due to the International Energy Agency’s forecast that the demand for fuels exceed the level before the global pandemic (this Agency’s director said that oil consumption did not reach its peak). The easing of measures across countries has further boosted demand for fuel, which continued to increase the oil price. On Wednesday, an unexpected rise in oil inventories in the USA the week before brought down the oil price (crude oil stocks rose by 8.73 million barrels). On Friday, the oil price increased, driven by a massive stocks decrease by producers around the world (the number of oil wells in the USA recorded the 11th consecutive week decrease). The price of this fuel is still lower than the one recorded at the beginning of the year (71.62 USD/BBL).

**Table 4 - Economic indicators (25 - 29 May 2020)**

Current value	Previous value	Period	Expected value	Current value	Previous value
<b>Germany</b>	<b>Gross domestic product (GDP)</b> 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.	Q1 QoQ%	-2.2%	-2.2%	-2.2%
	<b>Consumer price index (CPI)</b> It measures changes in the prices of retail products and services (typically used by the British household), including food products and gas. The CPI is a key measure of inflation in the United Kingdom, and the BoE uses it to make interest rate decisions.	May MoM%	-0.1%	-0.1%	-0.1%
<b>France</b>	<b>Consumer price index (CPI)</b> It measures changes in the prices of retail products and services (typically used by the British household), including food products and gas. The CPI is a key measure of inflation in the United Kingdom, and the BoE uses it to make interest rate decisions.	May MoM% (YoY%)	0.1% (0.3%)	0.0% (0.2%)	0.0% (0.3%)
	<b>Gross domestic product (GDP)</b> 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.	Q1 QoQ%	-5.8%	-5.3%	-5.4%
<b>USA</b>	<b>Initial Jobless Claims</b> Measures the number of people who receive unemployment benefits.	May 23 K=1.000	2100 K	2123 K	2438 K
	<b>New Home Sales</b> The indicator shows the sale of newly built properties in the United States. The figure is a temporary indicator of the housing market calculating the sale of houses when housing contracts have been signed.	April MoM%	-23.4%	0.6%	-15.4%

Source: Bloomberg