

EURUSD ↓ 1.2179
 At 19:38 Op 1.2174 Hi 1.2179 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	1.2179	F 2/24	1.1878
T 3/16	1.2174	T 2/23	1.1911
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	1.1909
W 3/ 8	1.1928	W 2/15	1.1904
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

(27 April - May 2020)

BLOOMBERG NEWS AUDIO/VIDEO

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

- Bankinvest's Broby, Softbank, L'Oreal, Body Shop
- ICAP's Smith, U.S. Federal Reserve and Bank of England
- FIMark's Bennett, U.S. Federal Reserve, European Central Bank
- Pro. Comp. Gen. 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

13) 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

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.
 6615-311-3 17-Mar-06 19:27:28

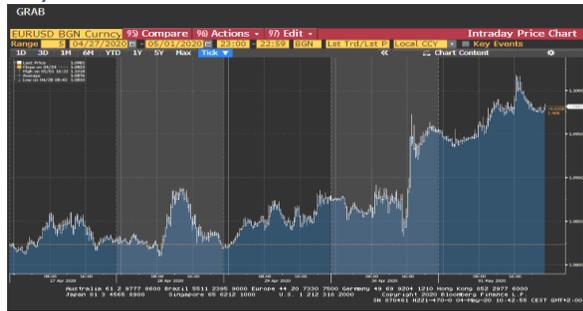
USD INTEREST RATE SWAPS					RATE SWAPS				
Ticker	Bid	Ask	Mid	Chng	Ticker	Bid	Ask	Mid	Chng
US Semi 30/360					US SPREADS				
2) 2 YR	5.0670	5.0800	5.0755	+0.0305	22) 2 YR	42.88	44.13	43.50	--
3) 3 YR	5.0500	5.0720	5.0610	+0.0330	23) 3 YR	41.50	42.75	42.13	-0.17
4) 4 YR	5.0620	5.0740	5.0680	+0.0250	24) 4 YR	44.38	45.63	45.00	-0.10
5) 5 YR	5.0860	5.0920	5.0890	+0.0235	25) 5 YR	48.25	49.25	48.75	+0.25
6) 6 YR	5.1100	5.1130	5.1105	+0.0170	26) 6 YR	49.50	50.50	50.00	+0.30
7) 7 YR	5.1300	5.1350	5.1325	+0.0170	27) 7 YR	50.50	51.50	51.00	+0.40
8) 8 YR	5.1470	5.1530	5.1500	+0.0160	28) 8 YR	51.13	52.13	51.63	+0.33
9) 9 YR	5.1620	5.1680	5.1640	+0.0135	29) 9 YR	51.75	52.75	52.25	+0.45
10) 10 YR	5.1780	5.1830	5.1805	+0.0175	30) 10 YR	52.25	53.25	52.75	+0.50
11) 15 YR	5.2370	5.2430	5.2400	+0.0145	31) 15 YR	57.00	58.00	57.50	+0.50
12) 20 YR	5.2670	5.2720	5.2690	+0.0130	32) 20 YR	58.63	59.88	59.25	+0.15
13) 30 YR	5.2750	5.2840	5.2795	+0.0190	33) 30 YR	57.38	58.63	58.00	+0.20

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, 6 May 2020

FX NEWS

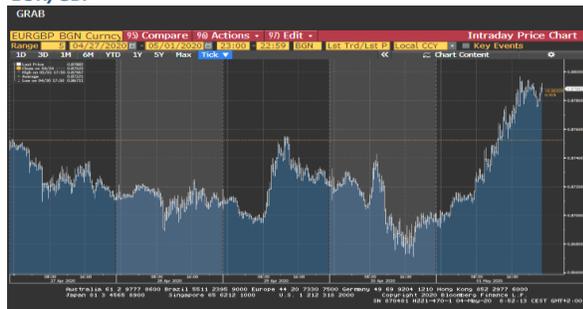
EUR/USD



Source: Bloomberg LP

During the first two days of this reporting week, the **EUR/USD exchange rate** fluctuated slightly between 1.0810 and 1.0888. After that, it appreciated keeping this trend until the end of the week. The demand for the euro stepped up after many economies loosened measures resulting from coronavirus infection slowdown. During this period, the dollar also depreciated after the Fed decided not to change its interest rate, and stated that it would continue to provide tools supporting the US economy. The Fed reiterated that it would continue to buy the bonds “to the extent necessary to support the smooth market functioning.” However, it refrained from giving more precise guidance on the pace of the purchase, stating only that “the Committee would closely monitor market conditions and be prepared to adjust its plans as necessary”. On this occasion, the Fed has lowered market expectations on the country’s rapid recovery. On Thursday, the euro continued to rise as the ECB said at its regular meeting that it was ready to increase bond purchases to support a weakened economy. At its meeting, the ECB cut funding costs for banks in the TLTRO III program from June 2020 to June 2021, kept the PEPP program at 750 billion euros, and urged politicians to provide more fiscal support. The ECB also announced the so-called Pandemic emergency longer-term refinancing operations (PELTROs), which will be launched in May 2020 and mature gradually between July and September 2021, to support liquidity. The ECB expects to remain in crisis management mode until 2021 to cope with the “unprecedented downturn” caused by the coronavirus pandemic, said President Christine Lagarde. On Friday, this exchange rate continued to rise, ranging around 1.0981.

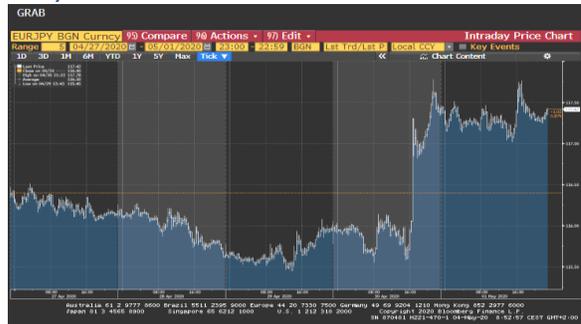
EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** fluctuated slightly in the first two days of this reporting week, averaging around 0.87207. Early this week, the market began to return risk appetite as the number of coronavirus-related deaths declined, and many countries continued plans to ease restrictions on the economy. During the week, the sterling was traded less against the euro, as the UK Prime Minister’s office announced that the Brexit deadline had remained the same and would be teleconferenced, even though many expected negotiations to be delayed or at least extended. This exchange rate was growing, as the UK still showed no signs of loosening measures, despite other European countries were working hard to do so. France, Greece, Italy, Portugal and Spain have already put forward plans to mitigate measures that have “locked” the economy, boosting market optimism for economic recovery. Concerns for the UK economy persist, because of both the economy’s lockout and the stalled Brexit negotiations due to negotiators’ inability to travel. On Friday, the euro appreciated relative to sterling due to the release of unfavourable UK output figures. On the same day, there was concern that Brexit trade negotiations would collapse if the EU did not give up its demands for permanent access to British “fishing” waters. The UK insists that any fishery agreement must be separate from the trade agreement, with an approach agreed annually, similar to Norway’s agreement with the EU. An unnamed source revealed that Britain had stated that it would not change some bases, nor would it go further, adding that an independent state had an independent control over coastal waters.

EUR/JPY



Source: Bloomberg LP

In the first half of the week, the **EUR/JPY exchange rate** depreciated slightly to recover in the second half following an ECB decision to support the euro.

Table 1 - Exchange rates of the most important currencies

	27.04.2020 ¹	01.05.2020 ²	% Change
EUR/USD	1.0823	1.0981	1.46
EUR/GBP	0.87523	0.87805	0.32
EUR/JPY	116.40	117.33	0.80
EUR/AUD	1.69972	1.71007	0.61
EUR/CHF	1.05304	1.05560	0.24
USD/JPY	107.51	106.91	-0.56
GBP/USD	1.2367	1.2506	1.12

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%	7 May 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%	5 May 2020

This week, the BoJ, the ECB, and the Fed held their respective regular meetings. None of these banks changed the interest rate. The Fed said it would continue with tools to support the US economy. It reiterated that it would continue to buy bonds “to the extent necessary to support the smooth market functioning of the market”. However, it has refrained from giving more precise guidance on the pace of the purchase. (The Committee will closely monitor market conditions and be prepared to adjust plans as necessary). At its meeting, the ECB cut funding costs for banks in the TLTRO III program from June 2020 to June 2021, kept the PEPP program at 750 billion euros, and urged politicians to provide more fiscal support. The ECB also announced the so-called Pandemic emergency longer-term refinancing operations (PELTROs), which will be launched in May 2020 and mature gradually between July and September 2021, to support liquidity.

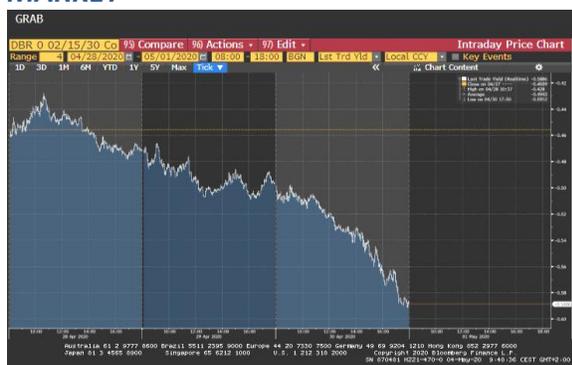
Table 3 – Eonia and Euribor

	27.04.2020 ¹	01.05.2020 ²	Change in basis points
Eonia	-0.454	-0.458	-0.40
Euribor 1W	-0.505	-0.503	0.20
Euribor 1M	-0.418	-0.460	-4.20
Euribor 3M	-0.192	-0.273	-8.10
Euribor 6M	-0.136	-0.170	-3.40
Euribor 12M	-0.083	-0.118	-3.50

¹ Opening market value on Monday.

² Closing market value on Friday

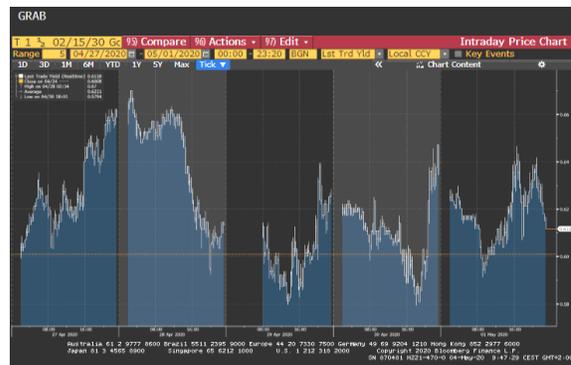
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

During this reporting period, the return on 10-year German bonds was more negative. At the beginning of the week, the US consumer confidence data, which did not meet expectations, affected German bond prices (the index measuring consumer confidence dropped from 120 to 86.9 in April, expecting to drop to 87.0). The second part of the week saw a sharp drop in return on German bonds, following a statement by ECB President Lagarde that the bank was ready to increase the PEPP program and adjust its composition “as (long as) needed”. At the end of the week, the return on 10-year German bonds stood at -0.58%. (The market was closed on Friday due to holidays). The prices of long-term Italian bonds rose at the beginning of the week after Italy managed to avoid lowering its credit rating by the S&P agency for five weeks. The mid-week brought the halt in the recovery of these bond prices as Fitch downgraded Italy’s credit rating to BBB-, which is now just a level above “junk”. The outlook was revised upwards, from “negative” to “stable”. As the main reason, Fitch cited the significant impact of the global pandemic COVID-19 on the Italian economy and its fiscal position. It gave a stable outlook due to the expectation that the ECB’s bond-buying program would “keep” Italian bond returns low, at least in the short term, the agency said. Following the downgrade, the Italian finance minister also said that Italy would launch a reform and investment plan to increase the country’s growth to increase potential while reducing debt. On Thursday, Italian bond prices rebounded after the ECB meeting owing to new ECB liquidity measures (Italian banks are significant beneficiaries of ECB loans).

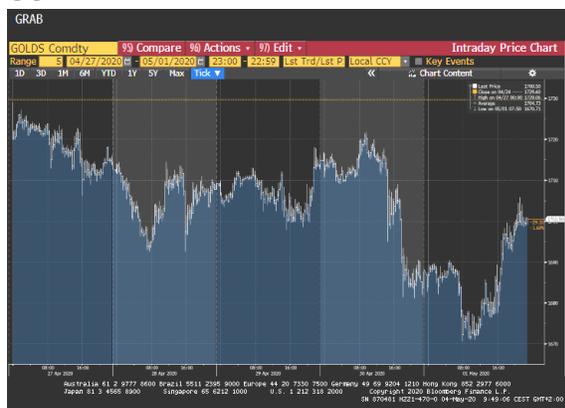
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on US 10-year bonds fluctuated during this period. On Monday, the return on US bonds rose to fall the following day, amid substantial demand for 7-year bonds that day and unfavourable US consumer confidence data. On Wednesday, the return rebounded after a two-day Fed session that the bank would do everything to support the economy facing the COVID-19 pandemic. On Friday evening, the return recovered as output data were better than expected (the index measuring output dropped from 49.1 to 41.5 in April, with expected to be 36.0). At the end of the week, the return on 10-year US bonds stood at 0.611%.

GOLD



Source: Bloomberg LP

On Monday, the gold price slightly declined as some US states and Europe were preparing to loosen their measures and open up the economies and due to the USD depreciation. The gold market was in the “wait and see” mode in the eve of the Fed and ECB meetings. Thus, the trade volume was not significant (investors were waiting for fresh starters and benchmarks). The Fed’s statement that the bank was ready to do more to support the economy and prevent its coronavirus caused collapse caused the gold price to rise slightly (with increasing expectations that the Fed would release new incentives for the economy). Fed President Jerome Powell said the coronavirus crisis would leave a lasting scar on the US economy. An ECB held a meeting later this week resulting in a gold price drop, as this bank’s step to limit the adverse pandemic impact was not as aggressive as expected. (At this meeting, the ECB did not increase the PEPP program, which disappointed many investors who were counting on it). On the other hand, Prime Minister Boris Johnson said that the pandemic peak had passed in the UK, which also reduced the demand for gold. At the end of the week, the gold price stood at 1,700.47 USD/oz.

OIL



Source: Bloomberg LP

The oil price weakened at the beginning of the week as oil storage physical levels continued to increase. Afterwards, the oil price recovered as data showed that the US might not be left with space to store its oil, despite the previous fear. On the same day, the EIA also announced that crude oil stocks rose by 9 million barrels in the previous week, less than the projected 11 million barrels. At the week-end, the optimism arose that consumption could begin to recover gradually as significant producers continued to break down production to alleviate the market’s saturation with this fuel, and governments began to loosen the pandemic measures. On the last day, the oil price stood at 23.46 USD/bbl.

Table 4 - Economic indicators (27 April – 1 May 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 price changes in the basket of consumer goods and services purchased by an average household. Therefore, it is a key measure of euro area inflation.	April P P = Preliminary data	0.1%	0.3%	0.5%
	Economic Confidence This is an economic indicator measuring the consumers' optimism about the overall state of the economy and their financial situation. If the consumer trusts the economy in the immediate and near future, and finance, it will spend more than saved.	April	73.1	67.0	94.5
Germany	Consumer price index (CPI) This indicator estimates the changes in the cost of living, measuring price changes in the basket of consumer goods and services purchased by an average household. Therefore, it is a key measure of euro area inflation.	April MoM% (YoY%)	0.1% (0.7%)	0.3% (0.8%)	0.1% (1.4%)
	Retail Sales This indicator measures changes in retail sales in Germany.	March	-8.0%	-5.6%	1.6%
Italy	Unemployment rate The percentage of unemployed individuals actively looking for a job.	March P P = Preliminary data	10.5%	8.4%	9.7%
Great Britain	Markit UK Manufacturing PMI 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	32.8	32.6	32.9
USA	Initial Jobless Claims Measures the number of people who receive unemployment benefits.	April 25 K=1.000	3500 K	3839 K	4427 K
	ISM Manufacturing This indicator assesses the state of the US industry by surveying executives about their expectations for future production, new orders, inventories, employment and deliveries.	April	36.0	41.5	49.1

Source: Bloomberg