



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	1.1911
W 3/15	1.2050	W 2/15	1.1914
T 3/14	1.2016	T 2/14	1.1946
M 3/13	1.1934	M 2/13	1.1909
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

(15 November 2021)

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. Longshore Senator 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 10 Bloomberg Radio Live 10 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 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 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 fIYC1 I2
For US swap Curve, type fIYC1 I52 <G

Podgorica, 10 November 2021

FX NEWS

EUR/USD



Source: Bloomberg LP

The **EUR / USD** exchange rate fluctuated in this reporting week and recorded a very slight weekly appreciation. At the beginning of the week, the exchange rate appreciated as the USD depreciated against most currencies due to the fluctuation of shares on US stock exchanges. The US production report showed that the situation regarding supply chains was still very challenging and that the manufacturing sector's activity slowed in October. On Tuesday and Wednesday, the exchange rate had a downward trend for most of the day. The Fed held a meeting, and the USD appreciated amid the expectation that the US monetary authorities would reduce the pandemic bond-purchase programme, which the meeting confirmed. However, the Fed Chair said he would not rush with the interest rate hike. Hence, the USD weakened after that, and the exchange rate rose on Wednesday afternoon. The next day, this exchange rate depreciated sharply. The ECB President's statement on the low likelihood of interest rates increase in 2022 caused the euro's depreciation. Although stronger-than-expected US non-agricultural sector payroll data was released on Friday, and the EUR/USD exchange rate recovered slightly in the second half of the day. Markets concluded that the data would not accelerate the Fed stimulus withdrawals pace or interest rate hikes.

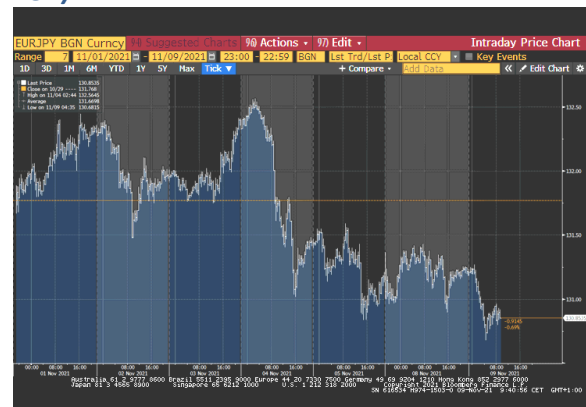
EUR/GBP



Source: Bloomberg LP

The **EUR/GBP** exchange rate appreciated in this reporting week. A survey that showed that the UK factories believed in slowed output growth in October, as they had to deal with the supply process "bottlenecks", reinforced the BoE dilemmas concerning interest rates increase. Therefore, investors became more prudent about the possibility that the BoE could "disappoint" at this week's meeting, so the sterling depreciated against the euro in the first two days. However, in the middle of the week, awaiting the BoE meeting, the sterling appreciated against the euro. However, after the BoE kept the interest rate unchanged at the regular meeting on Thursday against market expectations, the sterling began to depreciate, and the exchange rate recorded a sharp rise. The same trend was maintained on Friday as investors continued to assess the decision.

EUR/JPY



Source: Bloomberg LP

Early this week, the **EUR/JPY** exchange rate was growing trend. Namely, the yen depreciated as the Liberal Democratic Party and its coalition partner won more votes than expected in the parliamentary elections in Japan over the weekend, retaining a majority in the House of Representatives. It ended the uncertainty about the ruling party's future. It made it easier for Prime Minister Kishida to adopt incentive measures to support the economy in the fight against the coronavirus. In addition, the investors' focus shifted from the ECB meeting to the Fed and the BoE meetings, so the yen depreciated. However, this exchange rate had a downward trend on Tuesday as the yen appreciated due to a report that showed that factory activity in Japan increased in October more than expected. In the middle of the week, the exchange rate appreciated again after higher stock prices on the stock exchanges, causing a decreased demand for safe funds. However, in the last two days of this reporting week, the exchange rate has constantly been depreciating as market expectations concerning the interest rates growth declined after the Fed and the BoE meetings. Hence, the demand for the Japanese currency grew.

Table 1 - Exchange rates of the most important currencies

	01.11.2021 ¹	05.11.2021 ²	% Change
EUR/USD	1.1558	1.1567	0.08
EUR/GBP	0.84459	0.85699	1.47
EUR/JPY	131.77	131.19	-0.44
EUR/AUD	1.53755	1.56297	1.65
EUR/CHF	1.05838	1.05525	-0.30
USD/JPY	113.95	113.41	-0.47
GBP/USD	1.3682	1.3498	-1.34

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 December 2021
Federal Reserves	Federal Funds Target Rate	0.25%	15 December 2021
Bank of Japan	Overnight Call Rate	-0.10%	17 December 2021
Bank of England	Official Bank Rate	0.10%	16 December 2021
Swiss National Bank	Libor Target Rate	-0.75%	16 December 2021
Bank of Canada	Target Overnight Rate	0.25%	8 December 2021
Reserve Bank of Australia	Cash Rate Target	0.10%	7 December 2021

The Central Bank of Australia, the Fed and the BoE held regular meetings this week.

The **Central Bank of Australia** kept the interest rate at 0.1%, indicating that the time for a rate increase was still far away.

At its **Fed** meeting, the Fed did not change the interest rate, and its Chair Powell stressed he would not rush with its increase. The Fed announced the beginning of cutting its 120 billion USD monthly bond-purchase programme by 15 billion USD a month starting this month, not the next as the market expected. Under this plan, the bond purchase programme should complete by June 2022. It left room for adjusting the withdrawal pace monthly depending on “the economic outlook changes”. Inflation continues to rise mainly due to factors expected to be “transient” (“bottlenecks” resulting from the economy’s reopening). If this does not prove to be the case over time, the Fed could raise interest rates already in the summer of 2022.

The **BoE** surprised investors by keeping the interest rate at the current level and waiting for additional data on the labour market before increasing it. The BoE said the inflation rise was “probably temporary” and that “pressure on price growth is expected to ease over time”. The BoE expects that inflation will reach a maximum in April 2022 and be around 5%.

Table 3 - Eonia and Euribor

	01.11.2021 ¹	05.11.2021 ²	Change in basis points
Eonia	-0.493	-0.487	0.60
Euribor 1W	-0.561	-0.571	-1.00
Euribor 1M	-0.557	-0.567	-1.00
Euribor 3M	-0.553	-0.567	-1.40
Euribor 6M	-0.527	-0.536	-0.90
Euribor 12M	-0.455	-0.495	-4.00

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

During this week, the return on German 10-year government bonds trended down and ranged from -0.07% to -0.28%. The decline in European bond returns was caused by the ECB's statement that interest rates were unlikely to rise next year.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

During the first two days of this reporting week, the return on US 10-year government bonds did not change significantly. It only rose briefly in the middle of the week and reached a weekly high of 1.61% after Fed President Powell said that interest rates increase would not be rushed. Return growth also resulted from the announced plan to withdraw the purchase of the bonds. However, returns on US bonds fell sharply by the end of the week as leading central banks shifted interest rate timing expectations. At the end of the week, the return on 10-year US bonds stood at 1.45%.

GOLD



Source: Bloomberg LP

The gold price rose due to the USD depreciation on Monday, as market participants awaited a Fed meeting late this week. Over the next two days, this precious metal's price began to weaken, awaiting the Fed meeting to offer more information from the central bank concerning future interest rate increases due to rising inflation expectations. By the end of the reporting week, the gold price recovered following the Fed and the BoE decisions not to change interest rates. On Friday, the gold price hovered around a 2-month high. The report showed that more jobs were created in the USA than expected in October, reducing concerns about the economic recovery uncertainty after the pandemic. The price also rose due to the release of solid trade data from China (higher-than-expected exports).

OIL



Source: Bloomberg LP

On Monday, the oil price rose and trended down over the next two days as the US increased pressure on OPEC to increase oil production (the US president blamed OPEC for inflation "heating"). The oil price also declined due to the publication of the US industrial report showing increased fuel's reserves in the previous week and after negotiations with Iran concerning the nuclear programme that should continue this month. The nuclear deal is seen as a first step towards the potential lifting of US sanctions against Iran. By the end of the week, oil prices fluctuated slightly. OPEC members decided to increase production by 400,000 barrels per day as planned, thus rejecting the US President's proposal to increase production volumes to limit oil price growth.

Table 4 - Economic indicators (1 - 5 November 2021)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	Markit Eurozone Manufacturing PMI This index tracks confidence among managers in manufacturing companies. It is obtained as a result of surveys on production, orders, inventories, employment, prices, etc.	October	58.5	58.3	58.5
	EC Producer Price Index (PPI) This index measures changes in sale prices of goods and services used by producers. Producers transfer higher costs to consumers through retail prices, thus PPI is important as an early inflation indicator.	September MoM% (YoY%)	2.3% (15.4%)	2.7% (16.0%)	1.1% (13.4%)
	Retail Sales This indicator measures the volume of sales of personal and household goods.	September MoM% (YoY%)	0.2% (1.5%)	-0.3% (2.5%)	0.3% (0.0%)
Germany	Factory Orders Shows change in the number of orders with domestic producers. The data shows the demand for German industrial products. Factory orders are an early indicator of the overall consumption in an economy, which affects economic growth.	September MoM%	1.8%	1.3%	-7.7%
	Industrial output It measures the output of industrial enterprises in the following industries: mining and ore mining, production, and public utilities (electricity, gas and water supply).	September MoM%	1.0%	-1.1%	-4.0%
USA	ISM Manufacturing This indicator assesses the state of US industry by questioning executors about their expectations in terms of future production, new orders, inventory, employment, and deliveries.	October	60.5	60.8	61.1
	Change in non-farm payrolls This report shows the total number of newly employed workers on a monthly basis by economy industries. It does not include employees in government services, NGOs, and the agricultural sector. It serves as the basis for tailoring economic policy and forecasting future economic trends.	October k=1,000	450k	531k	194k
	Unemployment Rate It shows the number of unemployed persons as a percentage of the total labour force.	October	4.7%	4.6%	4.8%
Japan	Household Spending This indicator monitors all consumers' expenditures on products and services.	September YoY%	-3.5%	-1.9%	-3.0%

Source: Bloomberg