



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 | 1.1881 |
| T 3/ 9 | 1.1909 | W 2/15 | 1.1884 |
| 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

(18 - 22 January 2021)

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
- 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
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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>

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

Podgorica, 28 January 2021

FX NEWS

EUR/USD



Source: Bloomberg LP

The EUR/USD exchange rate appreciated from 1.2082 to 1.2172 in this reporting period. At the beginning of the week, it recorded a minimum value of 1.2054, as the euro weakened due to Italy's political instability. At the same time, the USD appreciated due to President Biden's fiscal measures plan. However, this exchange rate began to appreciate very quickly. The easing of Italy's political situation, especially after Prime Minister Conte received the support of both the lower and upper houses of Parliament, has boosted the European currency's value. The euro also appreciated as economic confidence in Germany improved. On the other hand, the USD depreciated. It was the result of President Biden and future Secretary Yellen's ambitious plans for an aid package to the US economy, and her statement to Congress. She said she would not advocate for foreign exchange interventions, and that strong fiscal support is needed. Although the exchange rate began to depreciate in the middle of the week, the ECB meeting interrupted this trend. As expected, the interest rate and the bond purchases volume remained unchanged. The euro continued to grow until the end of the reporting week when this exchange rate reached its maximum value of 1.2190.

EUR/GBP



Source: Bloomberg LP

Although the EUR/GBP exchange rate trend was very volatile during the week, this exchange rate remained almost unchanged at the weekly level. During the first two days, it ranged from 0.88800 to 0.89250 (which was also the maximum value for this reporting period). A more significant movement and a more considerable exchange rate depreciation started on Wednesday, mainly due to the sterling appreciation. This happened after releasing the UK inflation data (consumer prices recorded a 0.6% year-to-year growth in December). Sterling also appreciated due to optimism that the increased vaccinations pace in Britain would stimulate economic growth. However, after the ECB meeting, the euro began to appreciate against the British currency. At the same time, sterling weakened after announcing that the UK output index fell significantly in January. Hence, the EUR/GBP exchange rate stood at the sale level at the beginning of the week.

EUR/JPY



Source: Bloomberg LP

The EUR/JPY exchange rate trend was similar to the EUR/USD exchange rate. On Monday, this exchange rate depreciated slightly, as the weaker investors' risk appetite provided support to the Japanese currency. The next day, it rose from 125.20 to 126.00. The rise came after current US spending plans boosted the risk appetite, resulting in the yen's value depreciation. The exchange rate fell again in the middle of the week. Still, the growth soon continued, as the demand for safe funds decreased after the ECB meeting and the announcement of the aid package in the USA.

Table 1 - Exchange rates of the most important currencies

| | 18.01.2021 ¹ | 22.01.2021 ² | % Change |
|---------|-------------------------|-------------------------|----------|
| EUR/USD | 1.2082 | 1.2171 | 0.74 |
| EUR/GBP | 0.88899 | 0.88982 | 0.09 |
| EUR/JPY | 125.56 | 126.33 | 0.61 |
| EUR/AUD | 1.56809 | 1.57723 | 0.58 |
| EUR/CHF | 1.07608 | 1.07760 | 0.14 |
| USD/JPY | 103.85 | 103.78 | -0.07 |
| GBP/USD | 1.3590 | 1.3686 | 0.71 |

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% | 11 March 2021 |
| Federal Reserves | Federal Funds Target Rate | 0.25% | 27 January 2021 |
| Bank of Japan | Overnight Call Rate | -0.10% | 19 March 2021 |
| Bank of England | Official Bank Rate | 0.10% | 4 February 2021 |
| Swiss National Bank | Libor Target Rate | -0.75% | 25 March 2021 |
| Bank of Canada | Target Overnight Rate | 0.25% | 10 March 2021 |
| Reserve Bank of Australia | Cash Rate Target | 0.10% | 2 February 2021 |

The ECB, the Bank of Japan, and the Bank of Canada Meetings held meetings in the past reporting week. They decided to keep the respective interest rates at the current level. At the ECB meeting, President Lagarde emphasised this institution's readiness to adjust any monetary policy instrument, if necessary. The economic incentive programmes have remained the same. The PEPP program will continue to be used flexibly to ensure stable financial conditions. Lagarde also referred to the Covid situation, especially the arrival of new variants of the virus, and the extending of measures in some economies, which limits economic activity.

Table 3 - Eonia and Euribor

| | 18.01.2021 ¹ | 22.01.2021 ² | Change in basis points |
|-------------|-------------------------|-------------------------|------------------------|
| Eonia | -0.481 | -0.476 | 0.50 |
| Euribor 1W | -0.567 | -0.560 | 0.70 |
| Euribor 1M | -0.557 | -0.557 | 0.00 |
| Euribor 3M | -0.552 | -0.540 | 1.20 |
| Euribor 6M | -0.532 | -0.525 | 0.70 |
| Euribor 12M | -0.508 | -0.498 | 1.00 |

¹ Opening market value on Monday

² Closing market value on Friday

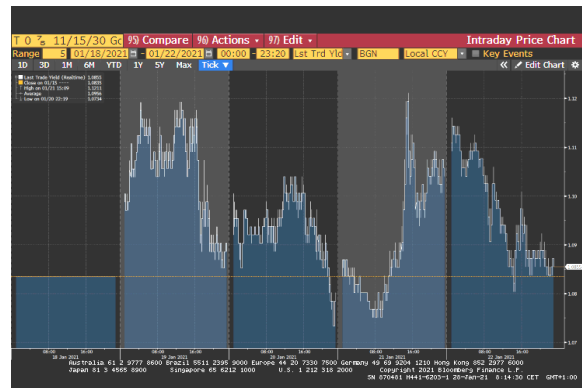
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

During the first day of this reporting week, the return on German 10-year bonds rose as the new US President is expected to introduce additional fiscal stimulus. This spilt over into falling demand for safe funds. Over the next two days, the return on these bonds weakened slightly. On Thursday, it made a more significant jump as the ECB maintained the current monetary policy pursuing. The return on these bonds fell somewhat and stood at -0.51% on Friday.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The bond market was closed at the beginning of this week due to the US holidays. Over the next day, the return on US 10-year bonds fell due to the future Department of the Treasury's statement that the tax for large corporations introduced in 2017 should be abolished. It is necessary to "act big" for the next aid package. In the middle of the week, the return on these bonds weakened. The new US President announced introducing a new plan to help the economy. During the last two days, the return on these bonds first grew after the ECB meeting. It then fell on Friday as investors turned to safe investments due to bad economic news from the EU and Asia.

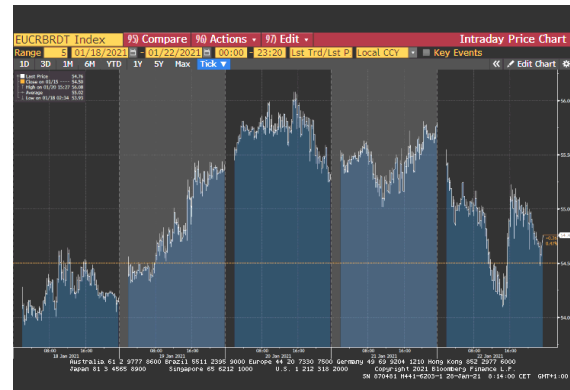
GOLD



Source: Bloomberg LP

During Monday, the gold price recorded a sharp appreciation as investors assessed the USD's outlook and the timeframe when the United States would adopt new fiscal measures to support the economy. In the middle of the week, this precious metal price rose again, as the newly appointed Secretary of the Treasury stated to "act big" with new measures aimed at economic recovery from the pandemic. For the rest of the week, the gold price weakened slightly.

OIL



Source: Bloomberg LP Bloomberg LP

The oil price was stable on Monday, to grow the next day as market participants expected the USA to adopt an additional aid package to support the country's economy. The oil price continued to rise in the middle of the week as the US President asked lawmakers to vote for 1.9 trillion USD aid package. However, from Wednesday noon, this fuel's price had a downward trend until the end of this period. This resulted from the fuel consumption expected to be affected by the new coronavirus spread wave in China, Europe and other parts of the world.

Table 4 - Economic indicators (18 - 22 January 2021)

| Country | Indicator | Period | Expected value | Current value | Previous value |
|---------------|---|---------------|----------------|---------------|----------------|
| Euro area | Consumer Confidence This figure is the result of a survey of euro area consumers in terms of their labour market finances, willingness to save, and expectations regarding the economy. | January | -15.0 | -15.5 | -13.9 |
| | Markit US 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. | January | 54.4 | 54.7 | 55.2 |
| USA | Housing starts It shows a change in the number of new real estates constructed in the USA and is one of the earliest indicators related to the real estate market. This indicator's increase points to a rise in investments and business optimism and is also associated with consumer activity. | December MoM% | 0.8% | 5.8% | 1.2% |
| | Markit US 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. | January | 56.5 | 59.1 | 57.1 |
| | Existing Home Sales It measures the sale of real estate that was previously owned by someone. This indicator provides an accurate assessment of real estate market conditions, and due to the sensitivity of the real estate market to changes in business cycles, can be an important indicator of overall conditions in periods when this market is particularly vital for the economy. | December MoM% | -1.9% | 0.7% | -2.5% |
| Great Britain | 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. | December MoM% | 0.2% | 0.3% | -0.1% |
| | Markit US 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. | January | 53.6 | 52.9 | 57.5 |

Source: Bloomberg