

EURUSD 1.2179
 At 19:38 Op 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	1.2174	T 2/16	1.1881
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	1.1881
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

25 - 29 October 2021

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 sectors.

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.

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, Produce
 Microsoft's Ballmer discusses the company's stock performance, strategy, and product offerings.

Bear Stearns Teleconference: Fiscal First Quarter Profit
 Bear Stearns Teleconference: Fiscal First Quarter Profit

Societe Generale's Maguire: BOJ Policy, Japan Rate, Economy
 Societe Generale's Maguire discusses BOJ policy, Japan rate, and economy.

U.S. Longshore's Walker: Fiscal Policy and Deficit
 U.S. Longshore's Walker discusses fiscal policy and deficit.

Commerzbank's Thurlall: Oil Prices, Iraq
 Commerzbank's Thurlall discusses oil prices and Iraq.

LIVE <GO> Events

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

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 17-Mar-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

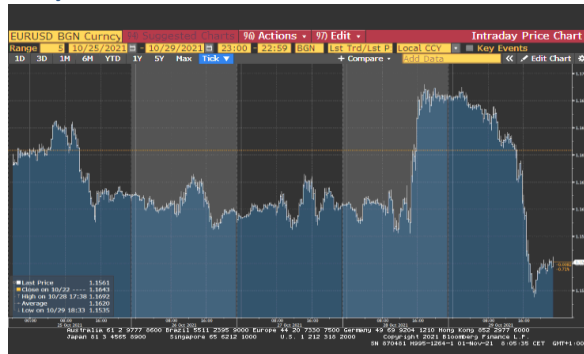
Ticker	Bid	Ask	Mid	Chng
US SPREADS				
22) 2 YR	42.88	44.13	43.50	--
23) 3 YR	41.50	42.75	42.13	-.17
24) 4 YR	44.38	45.63	45.00	-.10
25) 5 YR	48.25	49.25	48.75	+.25
26) 6 YR	49.50	50.50	50.00	+.30
27) 7 YR	50.50	51.50	51.00	+.40
28) 8 YR	51.13	52.13	51.63	+.33
29) 9 YR	51.75	52.75	52.25	+.45
30) 10 YR	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 November 2021

FX NEWS

EUR/USD



Source: Bloomberg LP

The EUR/USD exchange rate depreciated at the very beginning of the week. Even though the USD had a mixed trend due to rising energy prices and stock prices, the exchange rate depreciated due to announced business confidence decline in Germany and the investors' positioning awaiting the ECB meeting. The exchange rate did not change significantly from Tuesday until Thursday afternoon (it was around 1.1604). The awaiting of the ECB meeting outcome on Thursday and other central banks the following week "made" the market tense, causing the USD to appreciate. Mixed data on the US economy were published on Wednesday, causing the exchange rate to be without a defined trend (durable goods orders fell less than expected while trade deficit increased). On Thursday, after the meeting, the exchange rate appreciated sharply. The US report showed that GDP did not meet expectations (it grew by only 2% compared to the expected 2.6%). The euro also appreciated as ECB President Christine Lagarde failed to refrain the market from expected rising interest rates after Spanish data showed the most considerable price increase in three decades. The EUR USD exchange rate depreciated on Friday as the return on long-term US bonds fell due to inflation and monetary easing concerns.

EUR/GBP



Source: Bloomberg LP

During the first two days of this week, the EUR/GBP exchange rate depreciated. It resulted from the sterling's appreciation due to rising returns on British government bonds. At the same time, weaker German IFO Institute data caused the euro to depreciate. HM Treasury announced that the Chancellor of the Exchequer, Sunak, would unfreeze salaries in the public sector when presenting the budget, causing sterling to appreciate. The salary increase will depend on the salary audit body's recommendations that determine the first-line

workers' salaries. The UK budget was announced on Wednesday. The Chancellor of the Exchequer announced the country's more substantial economic growth and less public borrowing, considering that the situation improved. He committed himself to protect households from rising inflation that could approach 5% next year. In a budget statement, Sunak said economic growth would reach 6.5% this year, more than the March forecast (4%). He also announced billions of pounds of investment to help Prime Minister Johnson fulfil his spending promises. New projections showed that the world's fifth-largest economy was expected to grow 6.5% in 2021, compared to a 4.0% forecast given in March, when Britain was still in coronavirus isolation. The EUR/GBP exchange rate appreciated on Thursday following the ECB's decision. It fell on Friday as the BoE was expected to reduce some incentive measures it adopted to reduce adverse pandemic effects at its next meeting this week.

EUR/JPY



Source: Bloomberg LP

This week, the EUR/JPY exchange rate was volatile. On Monday, it appreciated in the morning to depreciate after the publication of German IFO Institute data. The next day, the EUR/JPY exchange rate appreciated for most of the day to depreciate slightly towards the end of the day. Yamagiwa, the Minister of Economy, said the Japanese Prime Minister Kishida would draft an aid package in early November to mitigate the pandemic's impact on the economy, which strengthened the yen. The proposal will also include a "road map" of long-term priorities, such as building more robust supply chains, promoting innovation, and distributing wealth to low-income households. At the BoJ meeting, nothing changed concerning the monetary policy conduct. At the same time, economic growth and inflation forecasts for the current fiscal year were reduced. Overall, the exchange rate depreciated as the yen appreciated due to a more prudent market approach and the investors' positioning at the end of the month. At the end of the week, the EUR JPY exchange rate appreciated during the day after the ECB's decision and due to rising stock prices on the market. BoJ Governor Kuroda said Japan was unlikely to experience rapid inflation as other countries, including the USA, amid a global supply chain problem. Price trends in Japan slowed due to slower demand recovery, Kuroda said. He added that Japanese companies maintained the employment level during the pandemic and resumed production quickly, contributing to stable prices. On Friday, the exchange rate depreciated.

Table 1 - Exchange rates of the most important currencies

	25.10.2021 ¹	29.10.2021 ²	% Change
EUR/USD	1.1643	1.1558	-0.73
EUR/GBP	0.84649	0.84459	-0.22
EUR/JPY	132.18	131.770	-0.31
EUR/AUD	1.55957	1.53755	-1.41
EUR/CHF	1.06664	1.05838	-0.77
USD/JPY	113.50	113.950	0.40
GBP/USD	1.3755	1.36820	-0.53

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%	3 November 2021
Bank of Japan	Overnight Call Rate	-0.10%	17 December 2021
Bank of England	Official Bank Rate	0.10%	4 November 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%	2 November 2021

The ECB did not change interest rates at its October meeting, which was expected. The ECB President, Christine Lagarde, claims that inflation will fall again next year, and market expectations on interest rate increase do not follow future ECB guidelines. Lagarde confirmed that the PEPP programme would end next March, i.e. she “strongly believed” that the PEPP would be over by then. The bank’s strategy is to postpone the official announcement until December. It could then also publish its plans on how purchases will develop within the APP after the PEPP. The announcement of the ended PEPP programme without more precise instructions on APP upset markets.

The Bank of Japan also decided to keep the interest rate unchanged, in line with expectations. The Bank of Canada did the same.

Table 3 - Eonia and Euribor

	25.10.2021 ³	29.10.2021 ⁴	Change in basis points
Eonia	-0.484	-0.493	-0.90
Euribor 1W	-0.568	-0.561	0.70
Euribor 1M	-0.563	-0.557	0.60
Euribor 3M	-0.549	-0.553	-0.40
Euribor 6M	-0.534	-0.527	0.70
Euribor 12M	-0.471	-0.455	1.60

¹ Opening market value on Monday

² Closing market value on Friday

³ Opening market value on Monday

⁴ Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year German government bonds declined during the first three days of this week. The German government lowered its economic growth forecast for this year from 3.6% to 2.6% due to supply problems delaying Europe's most extensive economy's recovery. In addition, the declined return on these bonds resulted from the awaiting of the regular ECB meeting and the central bank's possible announcements concerning future actions, so investors were cautious awaiting the meeting. After the meeting, the returns also increased as the ECB President's statement after the meeting increased the investors' expectations that the ECB could increase borrowing costs over the next year. On Friday, the growing trend of the returns on 10-year German bonds continued. They stood at -0.11% at the very end of this reporting period.

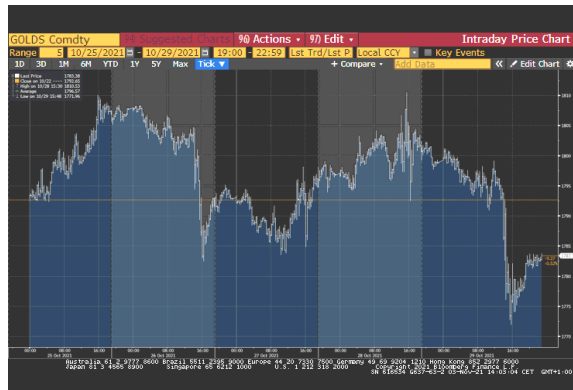
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

At the beginning of this week, the return on 10-year US government bonds recorded a slight downward trend due to concerns about inflation and weakening economic growth. The lower return on these bonds continued until the middle of the reporting week, as investors rebalanced their positions at the month-end. The return on these bonds recovered slightly on Thursday. On Friday, it started weakening amid growing concerns that the global economic recovery would slow after central banks began lifting support measures. At the end of the reporting period, the return on 10-year bonds stood at 1.55%.

GOLD



Source: Bloomberg LP

The gold price rose on Monday due to the inflationary and coronavirus risk. On Tuesday, however, it fell due to the USD appreciation against other currencies. A period of gold price's slight growth began in the middle of the week and lasted until the end of Thursday. During the mentioned period, the gold price rose due to the increased demand for safe funds, as the concerns regarding global economic growth increased. On Friday, the USD appreciation again caused a drop in demand for gold. It resulted in a slightly larger decline in this precious metal's price.

OIL



Source: Bloomberg LP

The oil price was stable during the first two days of this reporting period. In the middle of the week, it dropped as the oil stocks in the USA increased more than expected. On Thursday, the oil price recovered as global demand for this energy source exceeded supply. On Friday, the oil price did not change significantly.

Table 4 - Economic indicators (25 - 29 October 2021)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	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.	October	116.7	118.6	117.8
	GfK Consumer Confidence This index measures the level of households' confidence in terms of economic performance.	November	-0.5	0.9	0.3
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.	October	98.0	97.7	98.8
	Consumer price index (CPI) It estimates the cost of living changes by measuring changes in the price level of market basket of consumer goods and services purchased by an average household. Therefore, it is the key inflation measure in the euro area.	October MoM% (YoY%)	1.2% (4.5%)	2.0% (5.5%)	0.8% (4.0%)
France	Gross domestic product (GDP) It measures the value of products and services produced inside the country. GDP is the most comprehensive measure of economic output and provides a key insight into the main drivers of an economy.	Q3 QoQ% (YoY%)	2.2% (2.4%)	3.0% (3.3%)	1.1% (18.7%)
USA	Durable Goods Orders () This is an indicator of consumer safety that reflects their expectations and the 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.	September	-1.1%	-0.4%	1.8%
	New Home Sales 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.	September MoM%	2.2%	14.0%	1.5%
	Gross domestic product (GDP) It measures the value of products and services produced inside the country. GDP is the most comprehensive measure of economic output and provides a key insight into the main drivers of an economy.	Q3	2.6%	2.0%	6.7%
Japan	Retail Sales This indicator measures changes in retail sales in Japan.	September MoM% (YoY%)	1.5% (-2.4%)	2.7% (-0.6%)	-4.1% (-3.2%)

Source: Bloomberg