



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

(27 September – 1 October 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.M.A.'s Bennett: U.S. Dollar, Fed Policy, Euro
- U.S. Longshore Investor 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
- Daniel Broby, chief investment officer at Japanese mobile-phone unit and L'Oreal SAs purchase of Body Shop International Plc.
- Microsoft's Ballmer: Stock Performance, Strategy, Produce

Bloomberg TV Live | Bloomberg Radio Live | 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) AVG 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. 6615-301-3 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 fIYC1 I2
For US swap Curve, type fIYC1 I52 <G

Podgorica, 06 October 2021

FX NEWS

EUR/USD



Source: Bloomberg LP

During this reporting period, the **EUR/USD exchange rate** depreciated as the return on US government bonds grew. The euro was under pressure due to the political situation in Germany and concerns that months could pass after establishing the Government following the elections in this country. The end of the month and taking the traders' position in the market was also why investors increased the demand for safe funds. However, the daily exchange rate depreciated on Thursday primarily due to the Fed Chair for Chicago's statement. He expected that the central bank would start reducing the bond purchase programme by the end of this year. The EUR/USD exchange rate appreciated on Friday due to the USD depreciation awaiting and later releasing the US inflation data. Although a bit more than expected, these data failed to stop taking profits from the previous USD appreciation.

EUR/GBP



Izvor: Bloomberg LP

At the beginning of the week, the **EUR/GBP exchange rate** depreciated, expecting that the UK inflation would soon exceed those in other markets. The sterling further boosted the growth of the country's bonds return, supporting the expectations

about the inflation growth and the possibility of forcing the central bank to raise interest rates. On Tuesday, the euro appreciated against the sterling due to the energy crisis in the UK, which arose as many gas stations ran out of fuel, and fuel prices reached their peak in eight years. In the middle of the week, the exchange rate fluctuated slightly, to depreciate towards the very end, as the quarterly GDP of Great Britain was better than expected and recorded 5.5% growth in Q2 compared to the expected 4.8%. The EUR/GBP exchange rate depreciated fell on Friday after UK GDP data revised upwards, so the sterling appreciated. The annual GDP growth rate for Q2 was revised from 22.2% to 23.6%. Sterling also appreciated due to the release of better-than-expected data on the UK's production index in September.

EUR/JPY



Izvor: Bloomberg LP

The **EUR/JPY exchange rate** appreciated in the first half of the week as the Japanese currency depreciated against the euro and a basket of leading currencies, the rising energy costs that boosted US government bond returns, and the US currency. The EUR/JPY exchange rate also appreciated as the last Bank of Japan meeting minutes pointed to the risk of economic recovery delaying. The measures to combat the coronavirus affected the population's consumption adversely. In the second half of the week, the exchange rate depreciated as the business confidence of the leading manufacturers in Japan hit its highest level since 2018 (the business confidence index rose to 18 from the previous 14). The EUR/JPY exchange rate fluctuated on Friday and depreciated daily. The main reason was the yen's appreciation due to falling stock prices on Asian stock exchanges and the falling return on US government bonds.

Table 1 - Exchange rates of the most important currencies

| | 27.09.2021¹ | 01.10.2021² | % Change |
|---------|-------------------------------|-------------------------------|-----------------|
| EUR/USD | 1.1720 | 1.1596 | -1.06 |
| EUR/GBP | 0.85706 | 0.85587 | -0.14 |
| EUR/JPY | 129.77 | 128.79 | -0.76 |
| EUR/AUD | 1.61377 | 1.59703 | -1.04 |
| EUR/CHF | 1.08338 | 1.07882 | -0.42 |
| USD/JPY | 110.73 | 111.05 | 0.29 |
| GBP/USD | 1.3679 | 1.3546 | -0.97 |

Table 2 - Overview of the reference interest 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% | 28 October 2021 |
| Federal Reserves | Federal Funds Target Rate | 0.25% | 3 November 2021 |
| Bank of Japan | Overnight Call Rate | -0.10% | 28 October 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% | 27 October 2021 |
| Reserve Bank of Australia | Cash Rate Target | 0.10% | 4 October 2021 |

Table 3 – Eonia and Euribor

| | 27.09.2021³ | 01.10.2021⁴ | Change in basis points |
|-------------|-------------------------------|-------------------------------|-------------------------------|
| Eonia | -0.484 | -0.4860 | -0.20 |
| Euribor 1W | -0.567 | -0.562 | 0.50 |
| Euribor 1M | -0.553 | -0.557 | -0.40 |
| Euribor 3M | -0.543 | -0.547 | -0.40 |
| Euribor 6M | -0.523 | -0.526 | -0.30 |
| Euribor 12M | -0.488 | -0.488 | 0.00 |

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

During this reporting week, the return on 10-year German government bonds fluctuated and recorded a weekly growth of 1 basis point. It started to grow on Monday, following the US bond market trends. The growing trend was current the next day when the return reached -0.174%, the maximum level for this week. In the middle of the week, the return withdrew after the ECB President spoke at a panel attended by the Fed, the BoE, and the BoJ governors. She said current price pressures in the euro area were temporary. Everyone agreed that the short-term economic outlook was encouraging. Still, they warned that supply-side delays lasted longer than estimated, risking slowing growth and higher prices. Preliminary data on the consumer price index in Germany published on Thursday (4.1% annual growth in September) caused a rise in returns to -0.18%. However, returns fell again on Friday to -0.225% due to stock markets fluctuations and concerns about the economic growth slowdown, which turned some investors to bonds.

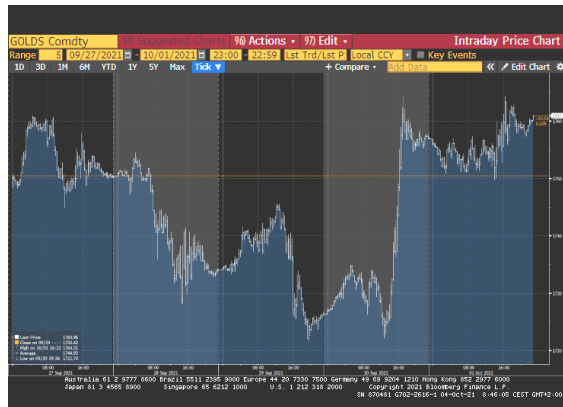
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The US government bonds return trend was also uneven in this reporting week, standing the same as at the beginning of the week (1.46%). The return grew during the first two days and exceeded 1.50% for the first time since this June. The company's reopening, strong consumer demand and the decline in coronavirus cases boosted investors' optimism about the US economy's outlook, which affected their growth along with the potential Fed's monetary policy tightening. As the week continued, the returns fluctuated due to expectations concerning the possible Fed's interest rate increase timing to trend down since Thursday afternoon. Namely, it was published that the US initial jobless claims increased by 362 thousand during the previous week compared to the expected increase of 330 thousand. The data on US personal spending were revised downwards in July, raising concerns about the economic growth slowdown in Q3.

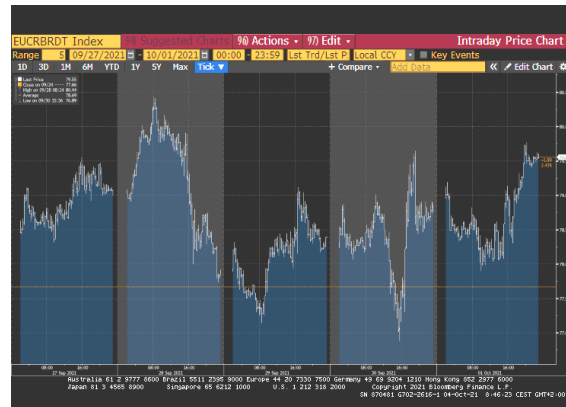
GOLD



Source: Bloomberg LP

During most of the reporting week, the gold price trended down. The price drop was mainly due to the USD appreciation and the growth of returns on US government bonds to the 3-month maximum level. Moreover, the Fed's comment on the bond purchase programme reduction from November to the middle of next year put pressure on the gold price. However, the price rose sharply on Thursday, as the USD depreciated after releasing weaker-than-expected data on new applications for initial jobless claims in the USA. The gold price also grew due to a slight USD depreciation and falling returns on US government bonds. Observed weekly, the price recorded a weekly increase of about 10 USD/oz. (from 1750 to 1760 USD/oz.).

OIL



Source: Bloomberg LP

The oil price also recorded a mild weekly growth. Early this week, it rose amid concerns about this fuel's global stocks that almost reached the pre-pandemic level. However, on Tuesday, the price fell as USD appreciated, and the US Government report showed that the crude oil stocks increased by 4.6 million barrels for the first time in the last eight weeks. Prices recovered on Thursday afternoon as China ordered its state-owned companies to secure energy supplies at all costs as the energy crisis deepens. The price also rose on Friday, awaiting the OPEC+ group meeting.

Table 4 – Economic indicators (27 September - 4 October 2021)

| Country | Indicator | Period | Expected value | Current value | Previous value |
|----------------------|--|-----------------------------|-----------------|-----------------|-----------------|
| Euro area | 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. | September MoM% (YoY%) | -0.1% (2.2%) | -0.2% (2.1%) | 0.6% (1.9%) |
| Germany | Consumer Confidence It represents consumers' expectations of the economy. | October | -1.5 | 0.3 | -1.2 |
| | Imports Price IndexGE The index shows changes in import prices over a month. This is an inflation indicator. Since the CPI calculation takes into account prices of imported goods and services, this characterises the role of import prices in the overall picture of changes in retail prices in the basket of goods and services. | August MoM% (YoY%) | 0.9% (16.0%) | 1.4% (16.5%) | 2.2% (15.0%) |
| | Retail Sales It measures changes in retail trade in Italy. | August | 1.5% | 1.1% | -5.1% |
| Italy | Unemployment rate Percentage of unemployed labour active population. | August | 9.2% | 9.3% | 9.3% |
| Great Britain | Gross domestic product (GDP) It measures the value of products and services produced within the country. GDP is the most comprehensive measure of economic output and provides a key insight into the main drivers of an economy. | Q2 MoM% (YoY%) | 4.8% (22.2%) | 5.5% (23.6%) | 4.8% (22.2%) |
| USA | Durable Goods Orders This is an indicator of consumer safety that reflects their expectations and the ability to spend money. Its positive growth reflects the condition of the economy, it also helps to strengthen the currency. Its fall leads to the opposite result. The DGO index is a very good indicator for the future. Many manufacturers plan their production on the basis of available orders, the decline in the DGO precedes the decline in production and vice versa. | August | 0.7% | 1.8% | -0.1% |

Source: Bloomberg