



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

(29 November – 3 December 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 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) 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. 6615-301-3 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

Change on day
IYC4 I52<GO>
Change on Month
IYC6 I52<GO>

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 fIYC1 I2
For US swap Curve, type fIYC1 I52 <G

Podgorica, 8 December 2021

FX NEWS

EUR/USD



Source: Bloomberg LP

Early this week, the **EUR/USD exchange rate** depreciated slightly to increase soon. It appreciated as the USD depreciated due to falling US bond return and stock prices after the Moderna CEO said the existing vaccine might not protect from the new virus strain and it would take months to develop adequate protection. Pfizer's CEO had previously said he believed the vaccine could combat the new virus. However, the exchange rate depreciated even sharper on Tuesday after the Fed Chair said persistent inflation risks were rising. He also said not to use the word "transit" in the inflation context anymore, and traders understood it as a sign of an earlier interest rate increase. Although the exchange rate recovered after this due to the announcement of euro area inflation reaching 4.9%, it fluctuated with a slightly downward trend by the end of the week. On the one hand, investors weighed the Fed monetary policy tightening's likelihood and the uncertainty about the threats of the new virus strain. Unfavourable data on German retail and Chancellor Merkel's warning about imposing restrictions on unvaccinated people and restricting gatherings caused the euro to be under pressure. At the same time, expectations that the Fed would start reducing bond purchases earlier were growing. The Fed Chair confirmed that they would consider accelerating the monetary policy tightening rate to combat inflation at the December session. At the end of the week, weaker than expected data from the US labour market caused a slight USD depreciation. Still, this trend did not continue, as investors believed that these data would not change the Fed's position on monetary policy.

EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** appreciated this reporting week. The slightly downward trend from the beginning of the week was quickly interrupted. The sterling began to depreciate after the announcement that the number of approved mortgages in the UK fell in October from 71.9 thousand to 67.2 thousand. It pointed to the market's slowdown after the abolition of tax facilities to purchase houses. The exchange rate also appreciated as the uncertainty concerning the new coronavirus strain and the Moderna CEO's statement about its resistance to the protection provided by the existing vaccine caused a growing demand for safe assets. In the middle of the week, the exchange rate fluctuated. The index that tracks confidence among procurement managers in UK manufacturing, construction and service firms rose from 57.8 to 58.1 in November, which was positive for sterling. On the other hand, the news published in the Financial Times that the US Department of Commerce was still postponing the agreement on abolishing tariffs on steel and aluminium from Great Britain, due to Washington's concerns about London's threat to change trade rules after Brexit in Northern Ireland, caused the sterling's depreciation. The exchange rate depreciated on Thursday after announcing that UK companies expected higher inflation in 2022, which might affect the Bank of England to raise interest rates at the December meeting. However, the exchange rate had a growing trend again on Friday, as sterling depreciated due to uncertainty about whether the BoE would increase the interest rate now. On Friday, a monetary policy creator Michael Saunders, who voted for its increase in November, said that he needed more information about the omicron virus strain's impact before deciding how to vote at the meeting.

EUR/JPY



Source: Bloomberg LP

The **EUR/JPY exchange rate** fluctuated throughout the week, declining at the period level. This trend is mainly due to uncertainty about the Omicron coronavirus strain. Namely, very little available "knowledge" about the true new strain's potential (in terms of resistance to existing vaccines and the mortality rate it could cause) boosted the demand for safe means, which has appreciated the yen. However, growing expectations that the Fed would decide to tighten monetary policy faster led to speculation that investors would withdraw funds from Japan due to differences in return and Japan's monetary policy' prospects on the one hand and not just the Fed and other leading central banks on the other one. The statement of one of the BoJ board members Hitoshi Suzuki that the BoJ could end the pandemic aid program next March had a positive effect on the yen's trend.

Table 1 - Exchange rates of the most important currencies

	29.11.2021¹	03.12.2021²	% Change
EUR/USD	1.1317	1.1315	-0.02
EUR/GBP	0.84872	0.85490	0.73
EUR/JPY	128.35	127.64	-0.55
EUR/AUD	1.58883	1.61722	1.79
EUR/CHF	1.04399	1.03811	-0.56
USD/JPY	113.380	112.80	-0.51
GBP/USD	1.3337	1.3236	-0.76

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

Table 3 - Eonia and Euribor

	29.11.2021¹	03.12.2021²	Change in basis points
Eonia	-0.488	-0.493	-0.50
Euribor 1W	-0.569	-0.573	-0.40
Euribor 1M	-0.567	-0.569	-0.20
Euribor 3M	-0.572	-0.563	0.90
Euribor 6M	-0.537	-0.537	0.00
Euribor 12M	-0.494	-0.500	-0.60

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on German 10-year government bonds trended down during most of this reporting week. The return decreased. Investors turned to safe funds due to growing uncertainty about the new coronavirus strain's consequences, which negatively impacted stock prices. In the middle of the week, German bonds return recovered slightly. Market participants shifted their ECB interest rate growth projections by 10 basis points from February 2023 to December 2022 even after the ECB President commented it was very likely not the case and the record inflation of the euro area of 4.9% was temporary. By the end of the week, the return on the mentioned bonds weakened again, driven by greater demand for safe funds as the new coronavirus strain was confirmed in the USA for the first time. At the market close on Friday, the return on German 10-year government bonds stood at -0.39%.

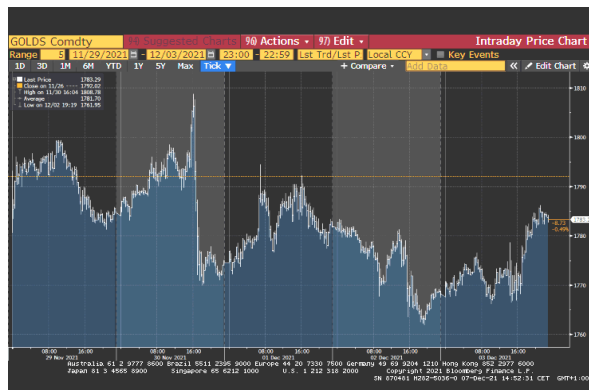
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

Returns on US 10-year government bonds trended down during this reporting week and ranged between 1.473% and 1.333%. Fed Chair Jerome Powell said the new coronavirus strain Omicron posed a potential risk for achieving stable prices and maximum employment. The representatives of the US company Moderna also announced the vaccine would not be as effective to combat the new Omicron strain as was the case with the previous one. The return on these bonds weakened as investors focused on investing in safer assets. Thus, stock prices fell, and the first case of a new strain was detected in California, USA.

GOLD



Source: Bloomberg LP

The gold price fluctuated slightly during this reporting week recorded a weekly drop. At the beginning of the week, it rose due to the growing demand for safe funds as the new coronavirus strain's appeared. Later this week, this precious metal's price dropped evidently, as the Fed Chair suggested that they could cancel the pandemic support programme faster than expected. The gold price's fluctuation resulted from the market participants' assessment of the new strain's spread and the Fed Chair's and the need to limit inflation. At the end of the week, the gold price rose slightly as US labour market data were weaker than expected. It eased expectations that the Fed would accelerate plans to raise interest rates.

OIL



Source: Bloomberg LP

On Monday, the oil price reached a weekly maximum of 75.72 USD/bbl to hover around 69.77 USD/bbl at the market's closing on Friday. Oil prices have weakened during most of this reporting week as investors measured the risks posed by the new coronavirus strain spread and due to numerous statements by drug manufacturers that the world may need a new vaccine. OPEC could potentially respond to the risks of a new coronavirus strain by releasing additional oil if needed. The oil price was growing on Friday morning, as OPEC+ took a flexible stance at the meeting. Namely, the members left the door open to change the decision to increase output at any time, given that the omicron variant's impact on demand is very uncertain. For the present, they kept the decision to raise 400 million barrels per day. However, the price fell in the second part of Friday after the release of disappointing data from the American labour market and the concerns about the virus spread impact on the economy. Thus, this fuel's daily price remained almost the same.

Table 4 - Economic indicators (29 November – 3 December 2021)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<p>CPI estimate Early estimate in Euro area estimate. This index uses available data comparable to a historical trend in order to anticipate changes in consumer prices. Estimates the changes in the consumer prices, by measuring changes in the price level of market basket of consumer goods and services purchased by households, thus representing the key inflation measure in the Euro area. Positive CPI points to price increase.</p>	November YoY%	4.5%	4.9%	4.1%
	<p>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.</p>	October MoM% YoY%	3.8% 19.0%	5.4% 21.9%	2.7% 16.0%
Germany	<p>Retail Sales This indicator measures the volume of sales of personal and household goods.</p>	October MoM%	0.9%	-0.3%	-2.5%
USA	<p>Pending home sales This index monitors the sales of real estate where contracts have been signed, but the sale and/or the transaction is not yet complete. It is the leading indicator of future existing real estate sales and assesses conditions in the US real estate market. Due to the real estate market's sensitivity to business cycles' changes, it can be an important indicator of overall conditions when this market is crucial to the economy.</p>	October MoM%	1.0%	7.5%	-2.3%
	<p>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.</p>	November k=1,000	550k	210k	531k
	<p>Unemployment Rate It shows the number of unemployed persons as a percentage of the total labour force.</p>	November	4.5%	4.2%	4.6%

Source: Bloomberg