

EURUSD ↓ 1.2179
At 19:38 Dp 1.2174 HI 1.2174 Value 3/21/06
1.2179/1.2180 TTOL



CENTRALNA BANKA
CRNE GORE

Range 3/17/05 - 3/17/06
Upper Chart: Market Price



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	1.2181	T 2/16	1.1881
W 3/15	1.2050	W 2/15	1.1884
T 3/14	1.2016	T 2/14	1.1897
M 3/13	1.1934	M 2/13	1.1902
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

(7 - 11 March 2022)

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. Long-Term Growth: 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

Daniel Broby, chief investment officer at Bankinvest, discusses the company's investment strategy and recent acquisitions.

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 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 I52<GO>

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, 16 March 2022

FX NEWS

EUR/USD



Source: Bloomberg LP

The **EUR/USD exchange rate** was stable at the very beginning of this week to appreciate on Tuesday and Wednesday. Since Ukraine's President no longer insisted on NATO membership, it somewhat increased expectations that the situation could calm down. The second news that the EU could issue joint bonds to finance energy and defence influenced the growing demand for the European currency. ECB held a regular meeting on Thursday. Still, despite its decisions and announcements, the exchange rate depreciated after announcing that the US inflation rate reached a 40-year high. Over Friday, the EUR/USD exchange rate continued to depreciate as Ukraine's foreign minister said there was no progress in negotiations with Russia.

EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** was growing trend during the first three days of this week. The euro was backed by the news that the EU could

issue a potentially significant amount of bonds to finance energy and defence spending but with other unknown details. Also, the exchange rate grew amid optimism of a possible new round of Ukraine-Russia negotiations in this period. During Thursday and Friday, the exchange rate growth stopped after announcing that the UK's GDP in January reached a pre-pandemic level and achieved a 0.8% growth compared to December.

EUR/JPY



Source: Bloomberg LP

During the first three days, the **EUR/JPY exchange rate** showed a growth trend after the news that the EU could issue joint bonds. Moreover, demand for riskier investments grew due to indications that a new round of negotiations between Ukraine and Russia could take place. However, this course did not change much from Thursday until the end of the week.

Table 1 - Exchange rates of the most important currencies

	07.03.2022 ¹	11.03.2022 ²	% Change
EUR/USD	1.0928	1.0912	-0.15
EUR/GBP	0.82595	0.83703	1.34
EUR/JPY	125.55	127.96	1.92
EUR/AUD	1.48269	1.49664	0.94
EUR/CHF	1.00239	1.01945	1.70
USD/JPY	114.82	117.29	2.15
GBP/USD	1.3230	1.3037	-1.46

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%	14 April 2022
Federal Reserves	Federal Funds Target Rate	0.25%	16 March 2022
Bank of Japan	Overnight Call Rate	-0.10%	18 March 2022
Bank of England	Official Bank Rate	0.50%	17 March 2022
Swiss National Bank	Libor Target Rate	-0.75%	24 March 2022
Bank of Canada	Target Overnight Rate	0.50%	13 April 2022
Reserve Bank of Australia	Cash Rate Target	0.10%	5 April 2022

At this week's meeting, the ECB decided to end the pandemic emergency purchase programme (PEPP) in March and continue the regular asset purchase programme (APP) of 40 billion euros in April, 30 billion euros in May and 20 billion euros in June. ECB officials said that "if the incoming data support the expectation that the medium-term inflation outlook will not weaken even after the end of its net asset purchases, the Governing Council will conclude net purchases under the APP in the third quarter." The ECB also changed the "wording" of the interest rate increase timing, stating that "Any adjustments to the key ECB interest rates will take place sometime after the end of the Governing Council's net purchases under the APP and will be gradual". Earlier, they said that purchases of funds will end "shortly before" the interest rate change.

Table 3 – ESTR and Euribor

	07.03.2022 ¹	11.03.2022 ²	Change in basis points
ESTR	-0.577	-0.577	0.00
Euribor 1W	-0.567	-0.565	0.20
Euribor 1M	-0.546	-0.548	-0.20
Euribor 3M	-0.520	-0.502	1.80
Euribor 6M	-0.482	-0.414	6.80
Euribor 12M	-0.359	-0.268	9.10

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

This reporting week, the return on 10-year German government bonds rose from -0.10% to 0.31%. At the beginning of the week, the return was at a minimum level of -0.10%. It reached a positive territory of 0.01% on Tuesday due to releasing a report that the EU was considering a joint bond issue. The EU should announce a plan for the joint issuance of bonds to finance energy consumption and defence, as the block faced the Russian invasion of Ukraine consequences. The proposal could be made after an informal summit of EU leaders in Versailles, France. Officials are still working on how the bond sale will take place and how much money it intends to raise. On Wednesday, the return on 10-year German government bonds rose as the ECB's regular meeting approached. After the ECB meeting, the return on 10-year German government bonds rose to 0.276% at the end of the day. The ECB's meeting announced a faster end to the regular asset purchase programme. It signalled more significant concerns about record-high inflation than weaker economic growth. At the end of the week, the return did not change much and stood around 0.25% expecting the Fed, BoE and BoJ meetings.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year US government bonds had a growing trend this reporting week. At the very beginning of the week, the growth was caused by growing expectations that inflation would accelerate since fuel prices were rising due to the situation in Ukraine. The return on 10-year US government bonds rose on Tuesday as the US banned oil imports from Russia and the return also grew due to fears of further inflation rise. The growing trend continued on Wednesday, as investors hoped there was hope that a resolution on the conflict in Ukraine would be reached. At the end of the week, the return on long-term bonds increased (around 2%), expecting the Fed to increase the interest rate by 25 basis points at the next session.

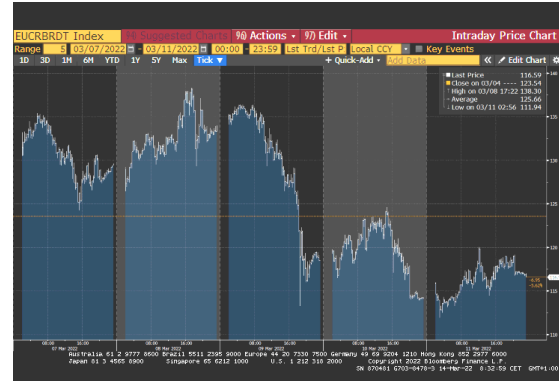
GOLD



Source: Bloomberg LP

The gold price was relatively stable at the very beginning of this reporting week. It rose on Tuesday due to growing concerns about stagflation, increasing the demand for safe funds. The next day, President Biden announced that the USA would ban the import of energy from Russia, causing stock prices on US stock exchanges to fall. The rise in prices was also supported by the announcement that the UK was joining the US. On Wednesday, the gold price fell as the risk appetite recovered slightly after speculation that Ukraine was ready for a diplomatic solution with Russia. The next day, the price was volatile, achieving a slight daily increase as Ukraine-Russia negotiations did not lead to progress in stopping the conflict. Although the gold price moved away from the previously reached maximum (2,070 USD/oz. tr.), there were still concerns about inflation shocks globally. On Friday, the gold price fluctuated between 1,958 and 1,990 USD/oz. tr. The reasons were investors who estimated the possibility that the Fed would raise interest rates at the next meeting and the Ukraine situation development.

OIL



Source: Bloomberg LP

At the very beginning of the reporting week, the oil price first rose and then fell after Germany announced that it had no plans to stop importing oil from Russia. This fuel's price soon began to recover, as the USA was a step closer to banning oil imports from Russia. On Tuesday, the news of the ban on fuel imports from Russia by the USA caused growing concerns about supply, leading to an oil price jump (the price was around 133 USD/bbl.). The next day, the oil price fell as the United Arab Emirates called on OPEC+ to increase oil production faster. However, the country's energy minister later softened the message by stressing that rising oil prices resulted from geopolitical tensions, not oil shortages. On Thursday, the oil price rose in the first part of the day to fall in the second part after announcing that the US inflation rate reached a 40-year high in February. Hence, there were growing concerns that rising prices would accelerate deteriorating demand. The oil price continued to rise on the last day as the situation with Ukraine continued to harm the energy market.

Table 4 - Economic indicators (7 – 11 March 2022)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<p>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.</p>	IV Quarter YoY%	4.60%	4.60%	4.60%
Germany	<p>Retail Sales This indicator measures the volume of sales of personal and household goods.</p>	January MoM%	1.90%	2.00%	-5.50%
	<p>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).</p>	January MoM%	0.50%	2.70%	-0.30%
	<p>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.</p>	February YoY%	5.10%	5.10%	5.10%
USA	<p>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.</p>	February YoY%	7.90%	7.90%	7.50%
Great Britain	<p>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.</p>	IV Quarter YoY%	6.50%	4.60%	5.40%

Source: Bloomberg