

EURUSD ↓ 1.2179
 At 19:38 Dp 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



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 2/16	1.1878
T 3/16	1.2050	W 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

(21 - 25 February 2022)

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.

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.

Bear Stearns Teleconference: Fiscal First Quarter Profit
 Bear Stearns teleconference discussing fiscal first quarter profit.

Microsoft's Ballmer: Stock Performance, Strategy, Product
 Microsoft's Ballmer discusses stock performance, strategy, and product.

LIVE <GO> Events

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

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, 2 March 2022

FX NEWS

EUR/USD



Source: Bloomberg LP

In the first three days of this week, the **EUR/USD exchange rate** fluctuated between 1.1288 and 1.1390, mainly due to the tense Russia-Ukraine situation. On Monday, Russian President Vladimir Putin decided to recognise two self-proclaimed republics in eastern Ukraine, Donetsk and Luhansk, escalating relations with the West. The decree signed by Putin also contains an order to send “peacekeepers” to these two regions. On Wednesday, the exchange rate depreciated as Russia attacked Ukraine. Putin said that the attack’s goal was Ukraine’s demilitarisation, and it was a special operation to protect the Donbas region. According to his statements, Russia has no plans to occupy Ukraine. He also urged Ukrainian forces to lay down their arms and go home. A state of emergency has been declared in Ukraine, and Russia has begun evacuating its embassy from Kyiv. The West reacted with urgent sanctions against Russia. The USA joined Germany in stopping the Nord Stream 2 natural gas pipeline connecting Germany and Russia. The EU was supposed to hold an emergency summit in Brussels, and the UK announced its intention to introduce additional economic penalties against Russia. At the same time, China refuses to condemn the attack, urging instead to “restrain by all parties”. It reiterated that the USA caused tensions to worsen, and it should be blamed for mentioning the possibility of war in recent days. The euro continued to depreciate against the USD Thursday. Markets reacted to the attack on Ukraine by rising energy prices, falling stock prices and investing in safe funds. The USA imposed the following sanctions on Russia: control of critical technology exports, restrictions on Russian companies in mining, metals, energy, transport and logistics; complete block of VTB Bank; and excluding Russia’s largest bank Sberbank from transactions in USD. The EUR/USD exchange rate fluctuated on Friday morning. Still, it managed to appreciate by the end of the day due to the announcement of Russia’s possible readiness to send a delegation to Minsk to negotiate with Ukraine. The euro was also supported by ECB President Christine Lagarde’s statements that the bank could probably keep the exchange rate towards the monetary policy normalisation.

EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** was volatile this week but recorded a weekly increase. The EUR/GBP exchange rate appreciated on early Monday in the hope of reaching a diplomatic solution between Russia and Ukraine. However, the exchange rate soon began to depreciate, as sterling was supported by the publication of better-than-expected data on the UK’s production and service index in February. Russia’s recognition of the republics in eastern Ukraine also caused this exchange rate to depreciate. In the middle of the week, the exchange rate first depreciated sharply after Russia attacked Ukraine, to record a sharp appreciation after that. Markets lowered their expectations regarding the BoE interest rate increase. Governor Bailey said it was clear that inflationary risks were present in the economy, but likely interest rates rising scale should not “carry away” markets. In contrast, a BoE’s monetary policymaker Silvana Tenreyro said she saw gradual tightening policy conditions. On Thursday, the sterling depreciated against the euro, as it was announced in the UK that large Russian banks would be excluded from this island country’s financial system. The EUR/GBP exchange rate appreciated on Friday due to a possible agreement between Russia and Ukraine.

EUR/JPY



Source: Bloomberg LP

At the beginning of this reporting period, the **EUR/JPY exchange rate** trend was similar to that of the EUR/USD exchange rate. Monday ended with the exchange rate depreciation due to President Putin’s announcement of recognising 2 republics in Ukraine, which caused the increasing demand for safe funds. In the middle of the week, geopolitical tensions intensified the demand for the yen. There were fears in the market that the increased risk of war would further boost inflation and reduce economic growth, as Russia accounted for respective 40% and 30% of the EU’s demand for natural gas and oil. Lack of energy is a factor that has already pushed the euro area’s inflation to 5.1%. The EUR/JPY rose on Friday as the euro managed to recover from announcements that negotiations between Russia and Ukraine could take place, so demand for safe funds weakened.

Table 1 - Exchange rates of the most important currencies

	21.02.2022 ¹	25.02.2022 ²	% Change
EUR/USD	1.1322	1.1268	-0.48
EUR/GBP	0.83326	0.84022	0.84
EUR/JPY	130.22	130.250	0.02
EUR/AUD	1.57731	1.55871	-1.18
EUR/CHF	1.04341	1.04343	0.00
USD/JPY	115.01	115.550	0.47
GBP/USD	1.3589	1.3409	-1.32

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%	10 March 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	0.25%	2 March 2022
Reserve Bank of Australia	Cash Rate Target	0.10%	1 March 2022

Table 3 – ESTR and Euribor

	21.02.2022 ¹	25.02.2022 ²	Change in basis points
ESTR	-0.576	-0.5814	-0.54
Euribor 1W	-0.568	-0.558	1.00
Euribor 1M	-0.557	-0.543	1.40
Euribor 3M	-0.528	-0.528	0.00
Euribor 6M	-0.487	-0.488	-0.10
Euribor 12M	-0.329	-0.348	-1.90

¹ Opening market value on Monday

² Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The return on 10-year German government bonds fell on Monday after the growing demand for safe funds as Russia decided to recognise two republics in eastern Ukraine. Over the next day, the return on these bonds increased. It resulted from an ECB Governing Council member Robert Holzmann's belief that two interest rate increases could be possible this year. In the middle of the week, the return on these bonds was stable for most of the day. It fell sharply just before the market closed due to growing demand for safe funds after Russia's military attack on Ukraine. Over the last two days, the return on these bonds rose due to market participants' expectations that the ECB would abolish quantitative easing at future meetings and after the media announced that Russia and Ukraine could meet to start new negotiations. The return on 10-year bonds was 0.22% at the end of the period.

US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The bond market was closed on the first day of this week due to the US holiday. The next day, the return on US 10-year bonds grew as events in Ukraine reflected more on the European market. At the same time, Fed decisions and inflation played a more significant role in the US bonds trend. In the middle of the week, the return on these bonds was stable. On Thursday, it first saw a sharp drop as the demand for safe funds increased after Russia attacked Ukraine. The returns would soon return to the previous level. On Friday, the return on these bonds rose slightly due to the announcement that negotiations between Russia and Ukraine could occur. The return on 10-year bonds was 1.96% at the end of the week.

GOLD



Source: Bloomberg LP

The gold price was stable during the first three days of this reporting week as investors assessed the Western sanctions on Russia's impact on the US monetary policy tightening prospects. On Thursday, the gold price recorded a sharp jump due to the growing demand for safe funds after Russia invaded Ukraine. However, just before the end of the day, the gold price returned to the previous level after introducing the first severe sanctions against Russia. On Friday, the announcement that Russia could send a delegation to Minsk for negotiations influenced the gold price to weaken slightly. At the beginning of the reporting period, the gold price stood at 1894.45 USD/oz tr. to amount to 1884.80 USD/oz tr. at the end of the reporting week.

OIL



Source: Bloomberg LP

Oil prices rose this reporting week. The oil price rise was due to the worsened situation between Russia and Ukraine after Russia first decided to recognise two self-proclaimed republics in Ukraine, and then Russia attacked Ukraine. This situation caused the oil price to rise above 100 USD/bbl. on Thursday for the first time since 2014. However, shortly after reaching that level, oil prices retreated below 100 USD/bbl. after the US imposed sanctions on Russia. The US President said the country was working with its allies to market strategic oil reserves. During Friday, the oil price dropped slightly. At the beginning of the week, the oil price stood at 97.71 USD/bbl. to amount to 97.68 USD/bbl. at the very end of the week.

Table 4 - Economic indicators (21 – 25 February 2022)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	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. Therefore, it is a key measure of euro area inflation.	January MoM% (YoY%)	0.3% (5.1%)	0.3% (5.1%)	0.3% (5.0%)
	Economic Confidence This economic indicator measures the optimism that consumers feel about the economy's overall state and its financial situation. If the consumer has confidence in the economy's immediate and near future and its finance, it will spend more than saved.	February	113.1	114.0	112.7
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.	February	96.5	98.9	95.7
	GfK Consumer Confidence This index measures the level of households' confidence in terms of economic performance.	March	-6.3	-8.1	-6.7
USA	Initial Jobless Claims It measures the number of people who receive unemployment benefits. It is similar to the applicant. The growing number of jobs accompanies the economic expansion, which could influence inflationary pressures.	February K=1,000	235 K	232 K	248 K
	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.	January	1.0%	1.6%	-0.7%
Great Britain	Markit/CIPS UK Services This index is based on responses of companies from transport and communication, finance, intermediation, business service, personal service, computing and information technology, and hotels and restaurant sectors. The value above 50 points to general expanding of service sector, while the value below 50 points to its general extraction.	February	55.5	60.8	54.1

Source: Bloomberg