

## Weekly overview of short news

- The price of gold fell from \$3,430.03 to \$3,368.39 per ounce in this reporting week, mostly as a result of belief that a solution could be reached between Israel and Iran through negotiations, as well as due to the Fed's decision to keep the interest rate in the existing range and this monetary institution's warning about inflation.
- The price of oil recorded a slight increase on a weekly basis - from the initial \$75.58, the price rose to \$76.57 per barrel.
- The Bank of Japan kept the interest rate at the current level of 0.50%. The Bank said it will slow down the pace of decreasing its purchases of government bonds at the beginning of the next fiscal year - April 2026. This decision is part of its plan to gradually withdraw the stimulus measures introduced during the pandemic, while preserving market and economic stability.
- The Bundesbank President maintained a cautious tone, stating that inflation in the euro area fell to 1.9% in May, effectively meeting the ECB's target of 2%. He called for a "meeting-by-meeting" approach when making interest rate decisions, citing continued uncertainty about global economic conditions and geopolitical risks.
- The Fed kept the interest rate in the range of 4.25 - 4.50%. The "dot plot" remained unchanged after the meeting, signalling that the Fed will reduce the interest rate by 50bp by the end of the year. At the press conference following the meeting, the Fed President emphasized a patient approach and suggested a focus on medium-term projections due to the difficulty in achieving long-term projections. He emphasized that while they have an existing labour market, and inflation that is decreasing, it is justified to keep rates at the current level. He also added that inflation has been favourable in the past three months, but that he expects that the tariffs will have a greater impact in the coming months and that companies will pass costs on to consumers, stressing that this is the reason why the Fed must be patient.
- The Bank of England kept the key interest rate at 4.25%, whereas 3 out of 9 members of the Monetary Policy Committee voted to cut the rate by 25bp. The BoE maintained guideline that future interest rate cuts would be "gradual and careful".
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- The Swiss Central Bank has reduced the interest rate by 25bp, thus it stands at 0% now.

## FX NEWS

### EUR/USD



The EUR/USD exchange rate increased slightly on the first day of this week. The exchange rate recorded a sharp decline the next day. It fell as the dollar strengthened due to tensions in the Middle East. The exchange rate continued to weaken on Wednesday following the Fed meeting and the decision to keep interest rates within the existing range of 4.25%-4.50%. The U.S. markets were closed for a holiday on Thursday, whereas the exchange rate recorded a growth on Friday as the White House announcement reassured investors about possible U.S. military action against Iran, paving the way for continued negotiations to avoid an escalation of the conflict in the Middle East.

### EUR/GBP



The EUR/GBP exchange rate appreciated in this reporting week. Anticipation of British inflation data and the Bank of England meeting caused sterling to weaken, while better-than-expected data on German investors' expectations supported the euro, so the exchange rate had an upward trend for the first two days of the week. The exchange rate fluctuated on Wednesday, as it was announced that the U.K. inflation rate in May was 3.4%, higher than expected (3.3%). Once this data was announced, expectations regarding the reduction of BoE interest rates were tempered, therefore on Thursday, ahead of, but also after the BoE meeting, sterling strengthened, and the

exchange rate had a downward trend. The BoE kept interest rates at their current level, and maintained a cautious stance regarding future decisions. The sterling weakened on Friday as it was announced that U.K. retail sales in May recorded the largest drop of 2.7% on a monthly basis since 2023. The pound also weakened as uncertainty surrounding the Israeli-Iranian conflict fuelled demand for traditional safe assets.

### EUR/JPY



The EUR/JPY exchange rate rose at the beginning of this week ahead of the regular Bank of Japan meeting. However, the exchange rate fell on Tuesday after the meeting, as the BoJ kept the interest rate at the current level. The Bank said it will slow down the pace of decreasing its purchases of government bonds at the beginning of the next fiscal year - April 2026. This decision is part of its plan to gradually withdraw the stimulus measures introduced during the pandemic, while preserving market and economic stability. The exchange rate continued to weaken in mid-week as demand for safe assets increased due to rising tensions in the Middle East. However, in the last two days of this week, the euro was stronger against the yen due to cautious statements from the ECB officials. Namely, the Banque de France Governor warned that external risks, such as a sharp rise in oil prices or new military developments in the Middle East, could delay the easing of monetary policy, but he emphasized the ECB's readiness to gradually loosen policy if inflationary trends allow it. The Bundesbank Governor supported these statements, calling for a "meeting-by-meeting" approach when making interest rate decisions, highlighting persistent uncertainty regarding global economic conditions and geopolitical risks. The EUR/JPY exchange rate recorded an increase on Friday. The BoJ Governor confirmed that interest rates will rise if the economic outlook is in line with projections. He emphasized the monitoring of economic events due to great uncertainty.

### Exchange rates of the most important currencies

	16-Jun-2025 <sup>1</sup>	20-Jun-2025 <sup>2</sup>	% Change
EUR/USD	1.15487	1.1523	-0.22
EUR/GBP	0.85107	0.85655	0.64
EUR/JPY	166.37	168.34	1.18
EUR/AUD	1.78015	1.78620	0.34
EUR/CHF	0.93694	0.94264	0.61
USD/JPY	144.07	146.09	1.40
GBP/USD	1.3571	1.3451	-0.88

**Table 2 - Overview of the leading central banks' interest rates**

Central Bank	Reference interest rate	Reference interest rate level	Next meeting
European Central Bank (ECB)	ECB main refinancing rate	2.15%	24.07.2025.
Federal Reserves (Fed)	Federal Funds Target Rate	4.50%	30.07.2025.
Bank of Japan (BoJ)	Overnight Call Rate	0.50%	31.07.2025.
Bank of England (BoE)	Official Bank Rate	4.25%	07.08.2025.
Swiss National Bank (SNB)	Libor Target Rate	0.00%	25.09.2025.
Bank of Canada (BoC)	Target Overnight Rate	2.75%	30.07.2025.
Reserve Bank of Australia (RBA)	Cash Rate Target	3.85%	08.07.2025.

**Table 3 - ESTR and Euribor**

	16-Jun-2025 <sup>1</sup>	20-Jun-2025. <sup>2</sup>	Change in basis points
ESTR	1.925	1.923	-0.20
Euribor 1W	1.901	1.906	0.50
Euribor 1M	1.917	1.871	-4.60
Euribor 3M	2.004	2.034	3.00
Euribor 6M	2.054	2.035	-1.90
Euribor 12M	2.084	2.101	1.70

<sup>1</sup> Opening market value on Monday

<sup>2</sup> Closing market value on Friday

**Table 4 - Economic Indicators (16 - 20 June 2025)**

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<b>Consumer Price Index (CPI)</b> It estimates the changes in the cost of living, by measuring changes in the price level of market basket of consumer goods and services purchased by an average household. <b>Consumer Confidence</b> An assessment of consumer confidence in terms of business conditions, employment and personal earnings. The Consumer Confidence Index is tied to personal spending.	May Final data			
		MoM% YoY%	0.0% 1.9%	0.0% 1.9%	0.0% 2.2%
		June Preliminary data	-14.9	-15.3	-15.1
Germany	<b>Producer Price Index (PPI)</b> The index measures the average price change that domestic producers receive for their production.	May MoM% YoY%	-0.3% -1.2%	-0.2% -1.2%	-0.6% -0.9%
Great Britain	<b>Consumer price index (CPI)</b> It estimates the changes in the cost of living, by measuring changes in the price level of market basket of consumer goods and services purchased by an average household. <b>Retail Sales Inc Auto Fuel</b> The indicator tracks sales of new and used goods to the general public for personal or household spending. This concept is based on the volume of goods sold.	May MoM% YoY%	0.2% 3.3%	0.2% 3.4%	1.2% 3.5%
		May MoM% YoY%	-0.5% 1.7%	-2.7% -1.3%	1.3% 5.0%
USA	<b>Industrial Production</b> It measures the changes in output of production, service and mining sectors. <b>Initial Jobless Claims</b> It measures the number of people filing for unemployment benefits for the first time.	May MoM%	0.0%	-0.2%	0.1%
		14 June k=thousand	245K	245K	250K
Japan	<b>Natl CPI ex Fresh Food, Energy</b> It estimates changes in the cost of living, by measuring changes in the goods and services' prices, excluding fresh food and energy. This index measures the change in prices from the consumer's perspective. It is a key way of measuring changes in buying trends and inflation.	May YoY%	3.2%	3.3%	3.0%



## EUROPEAN GOVERNMENT BONDS MARKET



The yield on 10-year German government bonds fell from 2.53% to 2.51% in this reporting week. The prices of European bonds rose in early week, following the Wall Street Journal announcement that Iran is signalling that it wants to de-escalate tensions with Israel. This caused the drop in oil prices, alleviating investor concerns that the conflict would incite global inflationary pressures. The yield on German bonds fell on a daily level on Tuesday, as a result of the growing demand for safe assets. The yield fluctuated the next day, already weakening on Thursday, due to global risk aversion. Towards the end of the day, the yield recovered to the level of 2.52%, where it stood at the beginning of the day. The yield on 10-year German government bonds recorded a slight increase on Friday. The consumer price index in Germany was 2.1% on an annual basis in May, remaining unchanged compared to the data from the previous month.

## U.S. GOVERNMENT BONDS MARKET



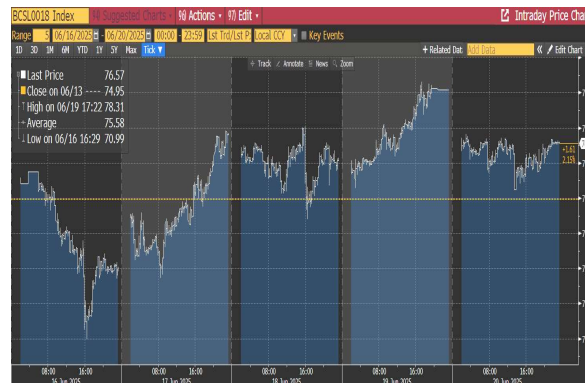
During this reporting week, the yield on 10-year U.S. government bonds dropped from 4.41% to 4.37%. The yield on 10-year U.S. government bonds fluctuated slightly on Monday, only to fall the next day, being 4.39% at the end of the day. Events in the Middle East increased the demand for safe assets. The yield also fell as U.S. economic data fuelled expectations that the Fed would cut interest rates at least once by the end of the year. The yield on 10-year U.S. government bonds first weakened on Wednesday, but after the Fed meeting and the comments of the central bank president that it takes time to fully manifest the effects of tariffs on the economy, the yield recovered slightly. The markets were closed on Thursday for the U.S. holiday. The yield on 10-year U.S. government bonds fell on the last day of the week, once the Fed Governor, Christopher Waller, said that the reduction of interest rates could follow as early as July.

## GOLD



The price of gold fell from \$3,430.03 to \$3,368.39 per ounce in this reporting week. The largest decline was recorded on Monday, as the easing of concerns that the Israeli-Iranian war will draw other countries into the conflict caused demand for safe assets to weaken. The downward trend in gold prices continued in the rest of the week, but at a slower pace. The strengthening of the dollar dragged the price down, but the presence of geopolitical tensions prevented a bigger drop. Another factor that had impact on the weakening of the price was the Fed's decision to keep the interest rate in the existing range and the monetary institution's warning about inflation. Towards the end of the week, the White House announced, President Trump will make a decision on potentially joining Israel's attacks on Iranian in the next two weeks, which fuelled expectations that a solution could be reached through negotiations. The price weakened even on the last day of the week for this reason.

## OIL



The price of oil recorded a slight increase on a weekly basis - from the initial \$75.58 it rose to \$76.57 per barrel. The price of oil fell on Monday. The Israeli-Iranian strikes bypassed key energy infrastructure, but the Strait of Hormuz, through which about 19 million barrels of oil a day pass, remains exposed to potential disruption. Reports that Iran is open to restarting nuclear negotiations further caused oil prices to fall. However, the price of oil had an upward trend in the rest of the week. Rising tensions between Israel and Iran prompted President Trump to meet with his national security team to discuss the conflict, fuelling speculation that the U.S. is close to joining Israel in attacking Iran. The price did not change on Wednesday, but continued to rise on Thursday, due to increased uncertainty regarding disruptions in supply flows. In addition, a Bloomberg report on a possible U.S. strike shook up the markets, but a White House statement offered hope that there was a "significant chance" of a negotiated settlement. Speculations about the potential participation of the USA in Israeli attacks on Iran were eased following this announcement, so the price was at a slightly lower level on the last day of the week.

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