



Podgorica, 6 August 2025

## Weekly overview of short news

- The gold price rose this week from 3,336.45 to 3,363.48 USD/oz.tr., the most on the last day as data from the US labour market for May and June were revised downwards.
- The oil price rose from 68.58 to 70.80 USD/bbl., due to concerns about the supply of this energy product, and due to threats by the US President to punish India for buying Russian oil.
- The Fed kept interest rates unchanged for the fifth straight time, but faced a rare dissent from two officials who called for a cut. Officials kept their benchmark interest rate in the range between 4.25% and 4.5%.
- The BoC and the BoJ kept interest rates unchanged.
- The euro area's GDP of the rose unexpectedly in the second quarter, due to better than expected results in France and Spain. GDP rose by 0.1%, on a quarterly basis, and was expected to amount to 0%. At the annual level, GDP grew by 1.4%, also higher than expected, by 1.2%.
- The US president has imposed new tariffs on dozens of trading partners, with some countries faring significantly worse than others. Brazil is one of the countries most affected by Trump's policies with announced tariffs of 50%. A customs duty of 35% was introduced to Canada, instead of the previously announced 25%, and to Switzerland 39%, compared to the previously proposed 31%. Unlike them, Mexico managed to negotiate a 90-day suspension of tariffs. Measures against China will not be introduced if Beijing reaches a long-term trade deal with the Trump administration by 12 August.

## EUR/USD



The **EUR/USD exchange rate** has been depreciating for most of this week. At the start of the week, the exchange rate depreciated as the US and the EU reached a trade deal that imposes a 15% tariff on most EU exports, dashing Europe's expectations of a tariff-free deal. Over the next two days, the exchange rate continued to depreciate as the regular Fed meeting took place. The Fed kept interest rates unchanged at the meeting. Additionally, the exchange rate depreciation was due to the better than expected GDP data in the USA. Namely, the US GDP grew by 3% in the second quarter, which was significantly better than the expected 2.4%. During Thursday, the exchange rate did not change much, but on Friday it recorded a sharp appreciation. This appreciation resulted from the publication of data on the number of nonfarm payrolls (NFP), which showed that 73 thousand people were employed, which was less than the expected 104 thousand. However, the main news of that day was that the data for the previous two months were revised downwards, so NFPs were reduced by 258 thousand. This means that the NFP figures for May and June have been revised to 19k and 14k respectively.

## EUR/GBP



The **EUR/GBP exchange rate** depreciated slightly this week. Despite the trade agreement between the EU and the USA, the exchange rate had a downward trend until Thursday. The initial optimism about the conclusion of the agreement soon subsided, as investors estimated that the agreement could harm the economy of the euro area, which caused the euro to weaken. Discontent from key euro area members, including Germany and France, added to the negative tone, fuelling concerns about the block's unity on the issue. However, on Thursday and Friday, the exchange rate appreciated. Sterling was under pressure due to fiscal uncertainty in Great Britain and expectations that the BoE will cut interest rates on 7 August, while the euro was supported by July inflation and PMI data in the euro area. According to preliminary data, inflation remained stable at 2%, while final data confirmed that the production index rose to 49.8.

## EUR/JPY



The **EUR/JPY exchange rate** depreciated during the first three days of this week. The exchange rate depreciated as the demand for safe assets increased. On Tuesday, a powerful earthquake struck the region around Kamchatka, Russia, triggering a tsunami and evacuation warnings in areas of the US, Japan and Hawaii. Also, the Japanese currency strengthened against the euro and as expected the regular meeting of the BoJ. At the meeting that took place on Thursday, the BoJ kept interest rates at the current level. On Thursday, the exchange rate rose and the BoJ signalled that it would not be in a hurry to increase the interest rate. The exchange rate depreciated on Friday as demand for safe assets increased.

**Table 1 - Exchange rates of the most important currencies**

	28.07.2025 <sup>1</sup>	01.08.2025 <sup>2</sup>	% Change
EUR/USD	1.1742	1.1587	-1.32
EUR/GBP	0.87390	0.87257	-0.15
EUR/JPY	173.36	170.79	-1.48
EUR/AUD	1.78835	1.78890	0.03
EUR/CHF	0.93358	0.93159	-0.21
USD/JPY	147.69	147.40	-0.20
GBP/USD	1.3438	1.3279	-1.18

**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%	11.09.2025
Federal Reserves (Fed)	Federal Funds Target Rate	4.50%	17.09.2025
Bank of Japan (BoJ)	Overnight Call Rate	0.50%	19.09.2025
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%	17.09.2025
Reserve Bank of Australia (RBA)	Cash Rate Target	3.85%	12.08.2025

At the Fed meeting, the benchmark interest rate was kept in the range of 4.25% to 4.50%, despite pressure from the White House and disagreements between the two officials. Michelle Bowman and Christopher Waller called for a 25bp cut due to weakness in the labour market, the first double dissent in more than 30 years. President Powell described the labour market as solid and inflationary risks under control, but stressed the need for careful management as there are still uncertainties associated with tariffs imposed by President Trump. Powell also emphasized the importance of collecting additional data before making new decisions.

The Bank of Canada kept its benchmark interest rate at 2.75%, citing uncertainty caused by US tariffs, but left the door open for further cuts if the economy weakens.

The BoJ kept interest rates at 0.50% and raised its inflation outlook for fiscal years 2025, 2026 and 2027. Governor Ueda signalled a cautious approach to further rate hikes, stressing the need to assess whether rising food prices are affecting inflationary expectations, as well as the economic effects of US tariffs.

**Table 3 – ESTR and Euribor**

	28.07.2025 <sup>1</sup>	01.08.2025 <sup>2</sup>	Change in basis points
ESTR	1.9230	1.9270	0.2
Euribor 1W	1.909	1.866	-2.6
Euribor 1M	1.883	1.893	1.7
Euribor 3M	1.995	1.994	2.3
Euribor 6M	2.049	2.070	1.7
Euribor 12M	2.065	2.147	8.9

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

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

**Table 4 - Economic indicators (28 July – 1 August 2025)**

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	<b>Economic Confidence</b> This indicator combines the assessments and expectations arising from surveying companies and consumers, whereas these surveys include different components of economy: industry, consumers, construction, and retail trade.	July	94.5	95.8	94.2
	<b>GDP S.A.</b> Measures the final market value of all products and services produced within the country. This is the most commonly used indicator of economic activity.	Q2 QoQ% YoY%	0.0% 1.2%	0.1% 1.4%	0.6% 1.5%
	<b>Unemployment Rate</b> The percentage of individuals on the labour market and unemployed, but actively looking for a job.	June	6.3%	6.2%	6.2%
	<b>CPI estimate</b> This is an early euro area estimate. 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.	July Preliminary data YoY%	1.9%	2.0%	2.0%
	<b>Consumer price index (CPI Core)</b> This index tracks price changes in the basket of consumer goods and services used by the average household, but excludes items subject to frequent price changes - food, energy, alcohol and cigarettes.	July Preliminary data YoY%	2.3%	2.3%	2.3%
USA	<b>JOLTS Job Openings</b> Vacancies generally include either newly created or unfilled positions (or soon-to-be-vacant positions) that the employer is taking particular action to fill.	June k=thousand	7500k	7437k	7712k
	<b>Conference Board Consumer Confidence</b> This index tracks confidence among households or consumers. The results are obtained by conducting surveys on a random sample of households.	July	96.0	97.2	95.2
	<b>PCE Price Index</b> This index monitors total changes in prices of goods and services purchased by consumers.	June MoM% YoY%	0.3% 2.5%	0.3% 2.6%	0.2% 2.4%
	<b>Initial Jobless Claims</b> The indicator shows the number of persons who submitted claims for the first time.	26 July k=thousand	224k	218k	217k
	<b>Change in non-farm payrolls</b> The report shows the total number of newly employed workers by economy industries. It does not include employees in farms, some government agencies, self-employed individuals and NGOs.	July k=thousand	105k	73k	14k
	<b>ISM Manufacturing</b> This indicator assesses the state of US industry by questioning executors about their expectations in terms of production, new orders, employment, raw materials deliveries and inventory.	July	49.5	48.0	49.0
	<b>U. of Mich. 1 Yr Inflation</b> Inflation expectations monitor the percentage by which consumers expect that price of goods and services will change in the next 12 months	July Final data	4.4%	4.5%	4.4%

## EUROPEAN GOVERNMENT BONDS MARKET



The yield on 10-year German government bonds fluctuated during most of the week and no major changes were recorded (from Monday to Thursday the yield ranged between 2.67% and 2.71%). At the very beginning of the week, the prices of European government bonds rose slightly as the focus was on the economic consequences of customs tariffs on the EU after the trade agreement with the USA. On Wednesday, the prices of European government bonds were mostly stable after data showed that the economy of the euro zone unexpectedly recorded growth in the second quarter. On Friday, intraday yields fell after weaker employment data in the US, and data also showed that inflation in the euro zone remained at 2%. At the beginning of the week, the yield stood at 2.71%, and at the end of the week at 2.67%.

## US GOVERNMENT BONDS MARKET



The yield on 10-year US government bonds did not register major changes on Monday. The next day, the yield fell, as the auction of 7-year bonds attracted a lot of demand - the value of the auction was 44 billion USD. On Wednesday, the yield first rose due to better-than-expected US economic data, but after the Fed meeting, it weakened slightly, as there was a disagreement among the governors. Namely, Christopher Waller and Michel Bowman were in favour of reducing the interest rate, unlike the other governors (the Fed kept the rates at the same levels during the regular interest rate meeting). At the very end of the week, the yield recorded a decline after the data from the US labour market were revised downwards, which fuelled speculations that the Fed could reduce the interest rate already at the next meeting. At the beginning of the week, the yield was at the level of 4.39%, and at the end of the week at the level of 4.21%.

## GOLD



This week, the gold price rose from 3336.45 to 3363.48 USD/oz.tr. At the very beginning of the week, the gold price weakened after the US and the EU announced a customs agreement, which alleviated fears of a possible trade war between the two largest economies of the West. The very next day, it rose slightly as investors focused on the upcoming Fed meeting. However, after the Fed decided to keep the interest rate unchanged on Wednesday, and the published economic data from the USA exceeded expectations (GDP growth of 3% in the II quarter), the gold price dropped again - as market expectations of an imminent reduction in interest rates were reduced. During Thursday, the gold price rose slightly as investors turned to safe investments, while on Friday it achieved a sharp increase as the data from the US labour market for May and June were revised downwards.

## OIL



The oil price rose 68.58 to 70.80 USD/bbl. this week. During the first three days, it had a constant increase. At the very beginning of the week, the price rose due to concerns about the supply of this energy product. The US President said he would give Russia's president 10 or 12 days to reach a ceasefire with Ukraine or face more economic pressure from the US, raising concerns that crude supplies from OPEC+ producers could be disrupted. Additionally, the rise in oil price was influenced by the US President's threat to punish India for buying Russian oil. During the last two days of this week, the price had a downward trend, still not big enough to cancel the growth from the first part of the week. The decline was prompted by concerns that US tariffs could limit economic activity and reduce global demand for energy. Also, the news that oil stocks increased in the US last week by 7.7 million barrels caused the price of oil to weaken further, as well as the news that OPEC agreed to increase production by 547 thousand barrels during the next month.

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