



CENTRALNA BANKA  
CRNE GORE



## Financial and Banking Operations Division - International Reserves Management Department -

EUR EURO SPOT PRICE 1.2181

Range 9/19/05 to 3/17/06 Period D Daily Market Y mid/trd

DATE	PRICE	DATE	PRICE
F 3/17	1.2181	F 2/24	1.1878
T 3/16	1.2174	T 2/23	1.1911
W 3/15	1.2016	T 2/21	1.1914
M 3/14	1.2016	M 2/20	1.1946
T 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 (16 - 20 March 2006)

BLOOMBERG NEWS AUDIO/VIDEO

Search Audio/Video 3/17/06 19:27:27

- Bankinvest's Broby: Softbank, Vodafone, L'Oréal, Body Shop
- ICAP's Smith: U.S. European Bonds, Fed Rates and Strategy
- Folmar's Bennett: U.S. Dollar, Fed Policy, Euro, Yen
- 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 Gallmer: Stock Performance, Strategy, Products

Daniel Broby, chief investment officer at Bankinvest, talks about Softbank Corp.'s agreement to buy Vodafone Group Plc's Japanese mobile-phone unit and L'Oréal SA's purchase of Body Shop International Plc.

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

LIVE <GO> Events

ID	Event	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 Mottelain: Sale of State-Owned Businesses	3/17	21:05 - 21:20	English	☐
18	Borders 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	☐

Podgorica, 25 March 2006

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

## Weekly overview of short news

- The price of gold fell from \$5,006.23 to \$4,492.42 an ounce this week due to rising oil prices and reducing expectations that the Fed will cut interest rates.
- The price of oil rose from \$102.08 to \$106.88 per barrel this week due to the escalation of conflict in Iran.
- Meetings of several central banks were held this week, and almost all of them kept interest rates at existing levels, pointing out to the uncertain impact of the energy crisis from the Middle East. **The ECB**, as expected, left interest rates unchanged, but emphasized that it is closely monitoring the risks to growth and inflation caused by rise in oil prices. President Christine Lagarde said she and her colleagues are well positioned to deal with the growing risks arising from the conflict in the Middle East. The latest inflation forecasts of this monetary institution have been revised upwards, therefore it is expected that inflation will amount to 2.6% this year, it will be 2% in the next year, and 2.1% in 2028. Economic growth forecasts have been revised downwards, so economic growth of 0.9% is expected for this year, 1.3% for 2027, while the projection of 1.4% for 2028 remains the same. **Fed** also kept the interest rate unchanged. President Jerome Powell has made it clear that the Fed will not cut interest rates again until inflation starts to cool. Fed projections point to one interest rate cut this year, higher inflation and stable unemployment. **The BoE** unanimously decided to keep borrowing costs unchanged, faced with inflationary risks caused by the conflict in the Middle East. **The BoJ** left the benchmark interest rate unchanged as uncertainty concerning the conflict in the Middle East blurred the economic outlook. Some of the board members are in favour of increasing the interest rate in the coming period. **The RBA** warned that the conflict in the Middle East represents a significant risk for the domestic economy. Unlike other central banks, the RBA raised interest rates by 25bp for the second meeting in a row. **The SNB** kept the interest rate unchanged and indicated its readiness to intervene in the currency markets in order to limit the recent increase in the currency, which poses a threat to price stability and export competitiveness. **The BoC**, as expected, kept the key interest rate unchanged and warned of a possible rate increase if high energy prices lead to permanent inflation.

## FX NEWS

### EUR/USD



The EUR/USD exchange rate appreciated during this reporting week. The dollar weakened in the first half of the week due to stabilization of oil prices and optimism regarding the restoration of maritime traffic through the Strait of Hormuz. During this period, Trump repeated that the U.S. could end the conflict with Iran in the "near future". The dollar also weakened as the meeting of the Federal Reserve was approaching, where, in line with expectations, the interest rate was not changed. However, on Wednesday, following the news that Iran had promised retaliation after missiles hit the South Pars gas field, which is a key part of Iran's energy system, the dollar strengthened and the exchange rate fell. On Thursday, as the ECB kept interest rates at current levels and highlighted risks related to inflation caused by rising energy prices, the euro strengthened against the dollar as market participants began to raise expectations for future tight monetary policy in the euro area. The exchange rate weakened slightly on the last day of the week, as a result of continued uncertainty regarding geopolitical events.

### EUR/GBP



The EUR/GBP exchange rate appreciated in this reporting week. The exchange rate rose on Monday as sterling weakened following the announcement that British consumer confidence had fallen to its lowest level since January last year. However, the exchange rate was quite stable in the rest of the week, as the meetings of the ECB and the Bank of England were expected. After the BoE meeting on Thursday, at which the interest rate was left unchanged, sterling strengthened, leading to a drop in the exchange rate. The ECB did not change interest rates on the same day either. The exchange rate rose sharply on the last day of the week. The market was ruled by the fear of a global increase in inflation, and the expectations of market participants that the ECB would increase interest rates in the coming period grew, which is the reason of the euro strengthening, whereas the exchange rate had an upward trend.

### EUR/JPY



The EUR/JPY exchange rate trended similarly to the EUR/USD exchange rate this week. The growth of the exchange rate at the beginning of the week was caused by the weakening of the yen in anticipation of the Bank of Japan meeting. The euro was supported by the stabilization of the oil price in the rest of the week, which affects the improvement of the economic prospects of the euro area, therefore this exchange rate had an upward trend in the first half of the week. Although the interest rate was kept at the current level at the BoJ meeting, the BoJ maintained the position that it is necessary to monitor inflationary risks and economic trends, so the yen began to strengthen, which led to a drop in the exchange rate. However, following the ECB meeting, the euro strengthened, supported by increasing market expectations that the ECB will raise interest rates in the coming period, thus this exchange rate had an upward trend throughout the day on Friday.

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

	16-Mar-2026 <sup>1</sup>	20-Mar-2026 <sup>2</sup>	% Change
EUR/USD	1.1417	1.1572	1.36
EUR/GBP	0.86320	0.86738	0.48
EUR/JPY	182.36	184.23	1.03
EUR/AUD	1.63535	1.64776	0.76
EUR/CHF	0.90339	0.91178	0.93
USD/JPY	159.73	159.23	-0.31
GBP/USD	1.3230	1.3341	0.84

**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%	30-Apr-2026
Federal Reserves (Fed)	Federal Funds Target Rate	3.75%	29-Apr-2026
Bank of Japan (BoJ)	Overnight Call Rate	0.75%	28-Apr-2026
Bank of England (BoE)	Official Bank Rate	3.75%	30-Apr-2026
Swiss National Bank (SNB)	Libor Target Rate	0.00%	18-Jun-2026
Bank of Canada (BoC)	Target Overnight Rate	2.25%	29-Apr-2026
Reserve Bank of Australia (RBA)	Cash Rate Target	4.10%	5-May-2026

**Table 3 – ESTR and Euribor**

	16-Mar-2026 <sup>1</sup>	20-Mar-2026. <sup>2</sup>	Change in basis points
ESTR	1.930	1.932	0.2
Euribor 1W	1.898	1.907	0.9
Euribor 1M	1.948	1.919	-2.9
Euribor 3M	2.157	2.111	-4.6
Euribor 6M	2.289	2.406	11.7
Euribor 12M	2.522	2.658	13.6

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

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

**Table 4 - Economic indicators (16 - 20 March 2026)**

Country	Indicator	Period	Expected value	Current value	Previous value	
Euro area	<b>ZEW Survey Expectations</b> This survey measures expectations regarding the economic growth for the next six months. Experts are surveyed on whether they expect an improvement or deterioration, thus the difference between the number of positive and negative responses represents the indicator value.	March	-	-8.5	39.4	
	<b>Consumer price index (Euro-Zone CPI)</b> This indicator estimates the changes in the cost of living, by 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.	February F	MoM% YoY%	0.7% 1.9%	0.6% 1.9%	0.7% 1.9%
	<b>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.	February F	YoY%	2.4%	2.4%	2.4%
Germany	<b>ZEW Survey Expectations</b> This survey measures expectations regarding the economic growth for the next six months. Experts are surveyed on whether they expect an improvement or deterioration, thus the difference between the number of positive and negative responses represents the indicator value.	March	39.2	-0.5	58.3	
	<b>ZEW Survey Current Situation</b> This indicator measures the current health of the economy. Experts are surveyed whether the current situation is improving, worsening or remaining unchanged, so the value of the indicator is obtained as the difference between the number of positive and negative responses. The higher value points to strengthening of the economy and a better business climate.	March	-68.0	-62.9	-65.9	
	<b>Producer Price Index (PPI)</b> It measures changes in the selling 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.	February	MoM% YoY%	0.3% -2.7%	-0.5% -3.3%	-0.6% -3.0%
USA	<b>Empire Manufacturing</b> This survey, conducted monthly by the New York Fed, tracks New York producers' confidence.	March	3.9	-0.2	7.1	
	<b>Producer Price Index (PPI Final Demand)</b> It measures the change in producer prices from the moment they leave the production site. Those are the prices the domestic producers receive for their output either at local or foreign market.	February	MoM% YoY%	0.3% 3.0%	0.7% 3.4%	0.5% 2.9%
	<b>Initial Jobless Claims</b> It measures the number of people filing for unemployment benefits for the first time.	March 14	215 K	205 K	213 K	
	<b>Wholesale Inventories</b> This indicator monitors the level of stock of goods in wholesalers.	January F	MoM%	0.2%	-0.5%	-0.1%
Great Britain	<b>Average Weekly Earnings 3M</b> This indicator shows total weekly payments to employees in exchange for performed work.	January	YoY%	3.9%	3.9%	4.2%
	<b>ILO Unemployment Rate 3Mths</b> This rate measures unemployment as a percentage of the labour force (the total number of employed and unemployed).	January	5.3%	5.2%	5.2%	
Japan	<b>Trade Balance</b> The difference between exports and imports of goods and services in the country.	February	¥460.0b	¥57.3b	¥1163.5b	
	<b>Exports</b> Products and services made in on country, sold or awaiting sale abroad.	February	YoY%	1.9%	4.2%	16.8%
	<b>Imports</b> Demand for foreign products.	February	YoY%	11.3%	10.2%	-2.6%

Abbreviations: **P**-preliminary data, **F**-final data, **S**-second estimate, **T**-third and final estimate, **k**-thousand, **b**-billion, **SA**-seasonal adjustments, **WDA**-working days adjusted, **A**-actual.

## EUROPEAN GOVERNMENT BONDS MARKET



The yield on 10-year German government bonds rose from 2.98% to 3.04% this week. The yield trend was most influenced by the trend in oil prices during this week. The yield weakened as oil prices fell during the first two days of the week. This decline lasted until the morning hours of Wednesday, when the yield on these bonds began to rise. The rise came as Iran announced that its energy facilities had been hit in an airstrike, which led to a rise in oil prices. The yield continued to grow and during mid-day on Thursday it exceeded the level of 3%, only to fall afterwards, as the price of oil had a downward trend during that period. The yield recorded a sharp increase on the last day of the week as market participants increasingly include the energy shock and the impact it will have on central banks.

## U.S. GOVERNMENT BONDS MARKET



The yield on 10-year U.S. government bonds rose from 4.24% to 4.37% this week. The yield on these bonds had a slight downward trend during the first two days of the reporting period. The mentioned drop occurred because the price of oil fell, thus this was reflected in lower concerns about inflation. The yield trend increased in mid-week and the fact that the Fed President, following the regular meeting, announced that the central bank will not reduce interest rates again until inflation starts to cool down. Jerome Powell said that higher energy prices will increase overall inflation in the near term, but it is too early to know the potential effects on the economy. The yield did not record a major change on Thursday, only to see a sharp increase again on Friday as the fear of an additional escalation of the conflict in the Middle East and the impact on the growth of energy prices and uncertainty regarding a potentially negative impact on economic growth is still present.

## GOLD



The price of gold fell from \$5,006.23 to \$4,492.42 per ounce in this reporting week. The price of gold was stable in the first two days of the week, but as of Wednesday the trend of falling prices began. The drop in the price of gold occurred when the Fed President, after the regular meeting, declared that higher energy prices would increase overall inflation. The price of gold fell further, as the escalation of the war in the Middle East led to a rise in oil prices and reduced the prospect of interest rate cuts in the U.S. and other leading central banks in the near future.

## OIL



The price of oil increased from \$102.08 to \$106.88 per barrel in this reporting week. It had a slight downward trend during the first two days of the week, recording a sharp increase in the rest of week. Oil prices recorded a sharp growth in mid-week after Iran cited energy fields in the Gulf as targets for retaliation following a U.S.-Israeli attack on its South Pars gas field. The conflict has disrupted traffic through the Strait of Hormuz, halting production at key assets such as Qatar's natural gas facility. The price of oil fell briefly on Thursday as the U.S. President, being asked by journalists about the possible sending of the U.S. ground forces, said that they are not deploying troops anywhere, while the Israeli prime minister said that Israel will refrain from further attacks on Iranian energy facilities. Nevertheless, it recorded a sharp increase again on Friday due to fears regarding the additional escalation of the war with Iran, as well as due to almost non-existent expectations that it could be stopped soon.

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