CENTRALNA BANKA CRNE GORE

Financial and Banking Operations Division

- International Reserves Management Department -

International Financial Market Report

(17 - 21 August 2026)

Podgorica, 25 August 2026

Weekly overview of short news

- The price of gold rose from $4,358.09 to $4,603.07 per ounce during this reporting week after the U.S. Treasury Department announced a doubling of long-term bond purchases.

- The price of oil rose from $87.75 to $92.03 per barrel in this reporting week due to worsening prospects for reaching peace in the Middle East.

- The ECB President, Christine Lagarde, has called on Europe to embrace AI in order to remain globally competitive. She pointed out that companies in the euro area plan to direct 9% of total investments in AI this year. She warned against repeating the mistakes of the first digital revolution and described AI as a "second digital revolution" with the potential to fundamentally change the economy.

- The U.S. President announced a sort of "economic D-Day" against Iran, expressing frustration at Iran's refusal to give up its position. He warned countries that buy Iranian oil that they would face serious economic consequences if they supported Iran. The U.S. is planning to shift from military action to an economic strategy and is seeking international support for it.

EUR/USD Exchange Rate

The EUR/USD exchange rate appreciated during this reporting week. It did not change significantly in the first two days, recording a strong growth on Wednesday. The key driver of this trend was the announcement by the U.S. Treasury Department that it would double the maximum amount of long-term treasuries purchase operations, from $2 billion to at least $4 billion. The aim of this measure is to provide additional liquidity to the market of long-term treasuries and alleviate the pressure on yields. Following the announcement, yields on long-term U.S. treasuries temporarily fell, reducing the dollar's appeal. At the same time, heightened geopolitical tensions in the Middle East and reduced expectations regarding further tightening of the Federal Reserve's monetary policy put pressure on the U.S. currency. The dollar was under additional pressure due to concerns about the sustainability of the U.S. public finances. The total U.S. public debt exceeded $40 trillion for the first time on 18 August, adding to investors' concerns about rising debt servicing costs and high fiscal deficit. As a result of the mentioned factors, the dollar weakened during the week, whereas the euro strengthened. This exchange rate reached a three-month high of 1.1711 on Friday.

Table 4 - Economic indicators (17 - 21 August 2026)

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, 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.	F July MoM% YoY%	 0.2% 2.9%	 0.2% 2.9%	 0.2% 2.9%
	S&P Global Eurozone Manufacturing, Services, Composite PMI PMI surveys tracks opinion among procurement managers in manufacturing, construction and/or services sectors. The index was obtained from the results of questionnaires related to production, orders, stocks, employment, prices, etc.	P August	51.8 51.5 51.7	52.8 51.7 52.1	51.9 51.7 52.0
Germany	**ZEW Survey Expectations** This survey measures expert expectations regarding the economic growth for the next six months. The value of the indicator is obtained as the difference between the percentage of respondents who expect improvement and the percentage of those who expect deterioration of economic conditions.	August	30.0	34.2	26.3
	Producer Price Index (PPI) This indicator measures the change in the price paid by domestic producers. The indicator rise is an early inflation indicator.	July MoM% YoY%	 0.6% 2.5%	 1.1% 3.0%	 -0.3% 1.8%
USA	**Empire Manufacturing** This survey, conducted monthly by the New York Fed, tracks New York producers' confidence.	August	10.0	20.6	15.6
	S&P Global US Manufacturing, Services, Composite PMI PMI surveys tracks opinion among procurement managers in manufacturing, construction and/or services sectors. The index was obtained from the results of questionnaires related to production, orders, stocks, employment, prices, etc.	P August	53.9 54.0 54.0	53.2 56.8 56.0	53.9 54.6 54.5
Great Britain	**ILO Unemployment Rate 3Mths** The unemployment rate measures the size of unemployment as a percentage of the labour force. According to the ILO methodology, the unemployed include those who are actively looking for work and are available for work, and the data are expressed as a three-month average.	June	4.8%	4.9%	4.9%
	Consumer price index (CPI) 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.	July MoM% YoY%	 0.3% 2.9%	 0.3% 2.9%	 0.1% 2.6%
	S&P Global UK Manufacturing, Services, Composite PMI PMI surveys tracks opinion among procurement managers in manufacturing, construction and/or services sectors. The index was obtained from the results of questionnaires related to production, orders, stocks, employment, prices, etc.	P August	51.5 51.8 51.6	51.5 52.8 52.5	51.9 52.1 52.2
Japan	**GDP S.A.** Measures the final market value of all products and services produced within the country.	Q2 P QoQ%	 0.5%	 0.3%	 0.5%
	Exports Products and services made in on country, sold or awaiting sale abroad.	July YoY%	 20.1%	 23.2%	19.3%
	Imports Japan's demand for foreign products.	July YoY%	 25.1%	 27.8%	 25.4%
	Natl CPI ex Fresh Food, Energy It estimates changes in the cost of living, measuring changes in the goods and services' prices, excluding fresh food and energy.	July YoY%	 1.9%	 1.9%	 1.7%

Abbreviations: **P**-preliminary data, **F**-final data, **S**-second estimate, **T**-third and final estimate, **k**-thousand, **b**-billion, **SA**-adjusted for seasonal fluctuations, **WDA**-working days adjusted, **A**-actual, **3M/3M -** past 3 months in relation to previous 3 months

Table 1 - Exchange rates of the most important currencies

	17-Aug-2026 [1]	21-Aug-2026 [2]	% Change
EUR/USD	1.1570	1.1679	0.94
EUR/GBP	0.85473	0.85632	0.19
EUR/JPY	184.33	185.66	0.72
EUR/AUD	1.63327	1.62863	-0.28
EUR/CHF	0.94079	0.93522	-0.59
USD/JPY	159.32	158.95	-0.23
GBP/USD	1.3538	1.3644	0.78

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)	Deposit Facility Rate	2.25%	10-Sep-2026
Federal Reserves (Fed)	Federal Funds Target Rate	3.75%	16-Sep-2026
Bank of Japan (BoJ)	Overnight Call Rate	1.00%	17-Sep-2026
Bank of England (BoE)	Official Bank Rate	3.75%	17-Sep-2026
Swiss National Bank (SNB)	Libor Target Rate	0.00%	24-Sep-2026
Bank of Canada (BoC)	Target Overnight Rate	2.25%	2-Sep-2026
Reserve Bank of Australia (RBA)	Cash Rate Target	4.35%	29-Sep-2026

Table 3 – ESTR and Euribor

	17-Aug-2026[1]	21-Aug-2026[2]	Change in basis points
ESTR	2.189	2.189	0.00
Euribor 1W	2.155	2.158	0.30
Euribor 1M	2.214	2.216	0.20
Euribor 3M	2.508	2.524	1.60
Euribor 6M	2.671	2.765	9.40
Euribor 12M	2.939	3.003	6.40

[1] Opening market value on Monday
[2] Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET

The yield on 10-year German bonds rose from 3.19% to 3.25% this week. The yield made a sharp increase on the transition from Monday to Tuesday due to risks that a prolongation of the conflict in the Middle East could keep inflationary pressures elevated and concerns about the growth of Germany's government debt and the need for new borrowing. The yield maintained a relatively stable trend in the rest of the week.

U.S. TREASURIES MARKET

The yield on 10-year U.S. government treasuries rose from 4.68% to 4.73% this week. The yield rose in early week as a result of concerns about U.S. public spending and the large amount of long-term debt. The yield weakened over the next two days after the U.S. Treasury Department announced that it would double its treasuries purchase, with the aim of providing liquidity support in the 10- to 30-year bond segment. However, the upward trend in yields has been re-established since Thursday. Investors view the increased activity of the U.S. Treasury Department in the bond market as a short-term solution, rather than as a response to long-term and structural challenges associated with the state of U.S. public finances.

GOLD

The price of gold increased from $4,358.09 to $4,603.07 per ounce during the reporting week. It trended relatively stable in the first two days of the week, with a slight downward trend. However, a sudden increase in the price was recorded as of the mid-week, which continued until its end. The sharp rise in gold prices as of Wednesday followed the U.S Treasury Department's announcement of a doubling of long-term bond purchases.

OIL

The price of oil increased from $87.75 to $92.03 per barrel in this reporting week. A sharp increase in the price was recorded in early week, due to the deterioration of the prospects for achieving peace in the Middle East, which again intensified concerns about possible disruptions in the supply of oil caused by prolonged geopolitical tensions. The price of oil trended relatively stable during the next two days, whereas it recorded an increase in the last two days of the reporting week. The increase in the price of oil in this period of the week followed the announcement by the U.S. President that he would introduce an economic "D-Day" with the aim of further increasing the pressure on Iran.