CENTRALNA BANKA CRNE GORE

Financial and Banking Operations Division

- International Reserves Management Department -

International Financial Market Report

(19 – 23 October 2026)

Podgorica, 27 October 2026

Weekly overview of short news

- The price of gold fell from $4,162.98 to $3,996.10 an ounce this week, as rising oil prices added to inflationary pressures and expectations that the Fed could hold interest rates higher or raise them further. Additional pressure was created by the sell-off in the stock markets, which encouraged some investors to sell gold to cover losses in other positions.

- The price of oil rose from $105.59 to $111.21 per barrel this week due to the intensification of attacks in Saudi Arabia and increased concerns about possible disruptions in oil supplies from the Middle East.

- Credit rating agency Moody's affirmed France's credit rating at Aa3 on Friday, while maintaining a negative outlook. The decision is based on the expectation that the French authorities will adopt a budget for 2027 aimed at reducing the deficit, while the risks are political fragmentation and social tensions that could make it difficult to implement fiscal measures. France's fiscal deficit is expected to reach5.4% of GDP in 2026, which significantly exceeds the E.U. limit of 3%, while the government aims to reduce it to 5% of GDP in 2027. The negative outlook indicates that the deterioration of fiscal indicators or the absence of expected progress in reducing the deficit could increase the risk of a future downgrade.

- According to preliminary data, business activity in the euro area slowed down more than expected in October, primarily due to the deterioration of activity in France. The private sector in France moved into a contraction zone as a result of political uncertainty, fiscal issues and protests, while the service sector and the manufacturing industry recorded a decline as well. Activity also slowed in Germany, but remained in the growth area, owing to the resilience of the manufacturing industry. The euro area composite PMI fell from 53.1 to 51.9 points, but remained above the 50 limits, which still indicates growth in activity, albeit at a slower pace.

EUR/USD Exchange Rate



The EUR/USD exchange rate recorded oscillations with a downward trend during the week, whereas it dropped from a level of around 1.1239 at the beginning of the period to approximately 1.1202 at the end of the week. Various factors have impact on the exchange rate, including political and fiscal uncertainty in France, oil price trend, changes in market expectations regarding artificial intelligence, as well as expectations regarding the Fed and the ECB monetary policy. Although the weakening of the yield on U.S. treasuries and the reduction of expectations regarding the increase of interest rates by the Fed occasionally put pressure on the dollar, concerns about the public debt, political instability in France, as well as disappointing economic data in the euro area (drop in the PMI index in the euro area, decline in business activity in Germany and France), limited the recovery of the common European currency. Additional support for the dollar was provided by the rise in oil prices. The dollar strengthened at the end of the week further due to the reduction of concerns in the market regarding the artificial intelligence sector and the continuation of the rise in oil prices.

Table 4 - Economic indicators (19 - 23 October 2026)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	**Consumer Confident** It measures consumer confidence in euro area countries. This figure is the result of a survey of euro area consumers in terms of their labour market finances, willingness to save, and expectations regarding the economy. **S&P Global Eurozone Composite PMI** A monthly economic indicator that measures overall business activity in the private sector of the euro area, including the manufacturing sector and the service sector.	P October P October	-17.0 52.7	-17.9 51.9	-16.8 53.1
Germany	**(S&P Global Germany Composite PMI)** A monthly economic indicator that measures overall business activity in the private sector of Germany, including the manufacturing sector and the service sector. **Producer Price Index (PPI)** The index measures the average price change domestic producers receive for their production.	P October September MoM% YoY%	53.4 1.6% 6.3%	52.8 1.9% 6.7%	53.8 1.1% 4.6%
France	**(S&P Global France Composite PMI)** A monthly economic indicator that measures overall business activity in the French private sector, including the manufacturing sector and the service sector.	P October	50.3	48.4	51.1
Great Britain	**(S&P Global UK Composite PMI)** A monthly economic indicator that measures overall business activity in the private sector in the U.K., including the manufacturing sector and the service sector. **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. **ILO Unemployment Rate 3Mths** The ILO unemployment rate measures the size of unemployment and is obtained as a percentage when the number of unemployed individuals is divided by all individuals currently on the labour market.	P October September MoM% YoY% August 3 months	51.7 0.3% 3.4% 4.9%	53.1 0.4% 3.5% 4.7%	52.0 0.5% 3.1% 4.9%
USA	**Initial Jobless Claims** This indicator measures the number of people receiving unemployment allowances. Similar to the applicant, the growing number of jobs is accompanied by an economic expansion that could influence inflationary pressures. **(S&P Global US Composite PMI)** A monthly economic indicator that measures overall business activity in the U.S. private sector, including the manufacturing sector and the service sector.	17 October P October	200 K 57.6	194k 57.6	200 K 58.4
Japan	**Natl CPI ex Fresh Food, Energy** 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.	September YoY%	2.3%	2.4%	1.9%

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 2 - Exchange rates of the most important currencies

	19-Oct-2026 [1]	23-Oct-2026[2]	% Change
EUR/USD	1.1239	1.1202	-0.33
EUR/GBP	0.84333	0.83785	-0.65
EUR/JPY	177.58	175.72	-1.05
EUR/AUD	1.61781	1.59243	-1.57
EUR/CHF	0.92597	0.92384	-0.23
USD/JPY	158.02	156.87	-0.73
GBP/USD	1.3327	1.3374	0.35

Table 3 - 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	2.50%	29-Oct-2026
Federal Reserves (Fed)	Federal Funds Target Rate	4.00%	28-Oct-2026
Bank of Japan (BoJ)	Overnight Call Rate	1.25%	30-Oct-2026
Bank of England (BoE)	Official Bank Rate	3.75%	5-Nov-2026
Swiss National Bank (SNB)	Libor Target Rate	0.00%	10-Dec-2026
Bank of Canada (BoC)	Target Overnight Rate	2.25%	28-Oct-2026
Reserve Bank of Australia (RBA)	Cash Rate Target	4.60%	3-Nov-2026

Table 3 - ESTR and Euribor

	19-Oct-2026[1]	23-Oct-2026[2]	Change in basis points
ESTR	2.441	2.442	0.10
Euribor 1W	2.397	2.395	-0.20
Euribor 1M	2.432	2.454	2.20
Euribor 3M	2.642	2.666	2.40
Euribor 6M	2.970	3.012	4.20
Euribor 12M	3.215	3.267	5.20

[1]Opening market value on Monday

[2]Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



The yields on 10-year German government bonds fell from 3.42% to 3.34% in this reporting week. Although it rose to almost 3.47% on Monday, it fell during the following days, fuelled by increased demand for safer assets due to increased uncertainty in global markets. Concerns about political instability in France and the sustainability of public finances, as well as a sell-off in technology companies, particularly chipmakers, prompted investors to shift capital into German government bonds. The yield did not change significantly on the last day of the week. As for the French market, the yield on 10-year government bonds during the week exceeded 5%, reaching the highest level since 2002, while the difference between yields on French and German 10-year bonds widened to around 170 basis points, reaching the highest level since the euro area debt crisis. Concerns were partially alleviated at the end of the week after the Moody's agency did not lower France's credit rating.

U.S. TREASURIES MARKET



The yields on 10-year U.S. treasuries fell from 5.06% to 4.99% in this reporting week. It rose to almost 5.14% on Monday, under the influence of inflationary pressures, rising oil prices and expectations regarding the future Federal Reserve monetary policy. The yield fluctuated over the next two days, recording a sharp drop of about 17 basis points on Thursday and falling to approximately 4.94%. This decline was primarily a consequence of the sell-off of shares of companies from the artificial intelligence and semiconductor sectors, which encouraged investors to divert capital to government bonds as a safer investment. An additional factor was the reduction in expectations regarding further interest rate increase, due to concerns about the sustainability of large investments in artificial intelligence and the outlook for the U.S. economy. The yield recovered to around 5% on the final day of the week as rising oil prices and renewed inflation concerns put pressure on the bond market, whereas a recover in chipmaker stocks partially reduced demand for U.S. treasuries as safe assets.

GOLD



The gold price trended downward during the week, falling from around $4,166 to approximately $3,996 per ounce at the end of the period. The decline was particularly pronounced during the last two days of the week. The price development was influenced by expectations regarding the Fed's monetary policy, concerns about the renewed strengthening of inflation, the rise in oil prices and increased geopolitical tensions. Expectations that the Fed could maintain a restrictive monetary policy, i.e. increase interest rates, put additional pressure on gold, while the strengthening of the U.S. dollar reduced its attractiveness for investors. Additional pressure came from rising oil prices, which fuelled inflation concerns ahead of the Fed's next meeting, while a selloff in technology and artificial intelligence companies prompted investors to sell some of their gold positions to cover losses in other markets.

OIL



The price of oil had an upward trend during the observed week, recording the growth from around $105.78 to approximately $111.21 per barrel at the end of the period. The price increase was primarily fuelled by the escalation of geopolitical tensions in the Middle East and the growing concern over possible disruptions in the global energy supply. An additional pressure on the market was created by reduced oil flows through the Strait of Hormuz, as well as the intensification of attacks on Saudi Arabia, which increased the risk of additional disruptions in oil production and transportation in the region. Although the price temporarily weakened in the mid-week due to reports on the possible renewal of negotiations between the U.S. and Iran, the denial of allegations about the imminent reaching of an agreement contributed to the price's rise again. Additional support for the market was provided by the U.S. President Donald Trump's decision to activate the Defence Production Act to encourage domestic oil production and refining, in the context of energy and national security concerns. The upward trend was particularly pronounced in the second part of the week, when the intensification of attacks on Saudi Arabia and the growing risk of further supply disruptions further boosted the price, which exceeded the level of $110 per barrel.

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