CENTRALNA BANKA CRNE GORE

Financial and Banking Operations Division

- International Reserves Management Department -

International Financial Market Report

(26 – 30 October 2026)

Podgorica, 3 November 2026

Overview of the most important market and macroeconomic developments

- The price of gold fell from $3,998.13 to $3,874.62 per ounce during the reporting week due to rising oil prices and renewed concerns about inflation, but also a strong sell-off in shares of technology companies associated with uncertainty about the profitability of investing in artificial intelligence.

- The price of oil increased from $110.06 to $111.73 during the reporting week, with fluctuations caused by changing expectations with regard to development of the Middle East conflict.

- The ECB decided to keep interest rates at the same level. Whereas the official statement on the policy sounded somewhat softer (in the sense of a less aggressive approach), Lagarde also presented certain indications of a stricter stance. Such mixed messages suggest that the ECB has not yet ended its cycle of interest rate increase, but is preparing for the possibility of ending the cycle after the next increase - without making any commitments. The decision to keep rates at the current level was expected and does not exclude the possibility of their increase in December. Lagarde clearly hinted that another increase will follow before the end of the year and confirmed that energy prices have risen above the ECB's basic projections. This, she admits, will keep inflation well above the target level over the coming quarters. Policymakers have concluded that monetary policy is currently in a position to allow additional time to assess new data. A significant amount of new data is expected to arrive by the December meeting. At the same time, she emphasized that the course of action is still clear to the entire ECB Administrative Board of Review, provided that no unexpected events occur. Reuters sources added that the ECB plans to "press the pause button" after December. Deposit facility rate, the main refinancing operations rate and the marginal lending facility rate will remain the same, at the level of 2.50%, 2.65% and 2.90%, respectively. The APP and PEPP programmes are declining at a moderate and predictable pace, as the Eurosystem no longer reinvests the principals of maturing securities.

- The ECB President Christine Lagarde will step down on 7 February 2027, some nine months before the end of her eight-year term, the ECB announced, as it prepared to announce its latest monetary policy decisions.

- The Fed kept the target interest rate range at the level of 3.75% to 4.00%. The decision was not unanimous, as Hammack (Cleveland Fed) and Cook (Fed Governing Board) voted against, believing that a 25bp interest rate increase should have been made at this meeting. The FOMC stated in the official announcement that the economy is growing at a strong pace, which is an improvement over the assessment of a "solid" growth rate from the September announcement. According to the statement, the collection of additional information will help the Board determine the appropriate direction of monetary policy to ensure a timely return of inflation to the target level of 2%. Economic projections have not been updated, whereas their next update is expected in December.

- The Bank of Canada increased the reference overnight interest rate by 25bp, to 2.50%, this being the first increase since 2023.

- Fitch has revised the outlook for France's long-term credit rating from stable to negative, citing a deterioration in fiscal and economic conditions since its August review.

EUR/USD Exchange Rate



The EUR/USD exchange rate fluctuated during the observed period, with a downward trend and more pronounced pressure on the euro compared to the U.S. dollar in the first part of the week. The exchange rate weakened at the beginning of the period as a result of the dollar strengthening and increased uncertainty in the market, whereas investors' attention was focused on the Federal Open Market Committee (FOMC) meeting, upcoming economic data and geopolitical events in the Middle East. The downward trend continued on the second day of the week after the release of better-than-expected U.S. durable goods orders data. At the same time, the euro was under pressure due to fiscal and political risks in the European Union, especially concerns about France's public debt. The EUR/USD exchange rate recorded an increase in mid-week after the Fed decided to keep the reference interest rate at the current level, which contributed to the weakening of the dollar. The positive trend continued on Thursday, when the dollar weakened against most currencies following the release of the U.S. inflation data, which showed the highest growth in the last six months. An additional impact was the sell-off of shares of several technology companies, which encouraged the redirection of investments towards bonds. However, the EUR/USD exchange rate fell again on the last day of the observed period due to increased demand for safer forms of investment, fuelled by weaker economic data from the euro area and falling stock prices on the American market.

Table 4 - Economic indicators (23 - 30 October 2026)

Country	Indicator	Period	Expected value	Current value
Euro area	**Economic Confidence** An economic indicator that measures the degree of optimism consumers feel about the overall condition of the economy and their personal financial situation. **Unemployment Rate** The percentage of individuals on the labour market and unemployed, but actively looking for a job. **Gross domestic product (GDP)** One of the fundamental macroeconomic indicators, which represents the calculated value in the market prices of products and services produced within the country. The GDP calculation uses the following four components: consumption, investments, government expenditure, and net exports.	October September Q3 A QoQ% YoY%	97.5 6.4% 0.2% 1.1%	96.9 6.5% 0.4% 1.3%
Germany	**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**.**	P October MoM% YoY%	 0.1% 3.0%	 -0.2% 2.8%
France	**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**.** **Gross domestic product (GDP)** One of the fundamental macroeconomic indicators, which represents the calculated value in the market prices of products and services produced within the country. The GDP calculation uses the following four components: consumption, investments, government expenditure, and net exports.	P October MoM% YoY% Q3 P QoQ% YoY%	 0.2% 3.3% 0.1% 0.3%	 0.4% 3.4% -0.1% -0.1%
Spain	**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**.** **Gross domestic product (GDP)** One of the fundamental macroeconomic indicators, which represents the calculated value in the market prices of products and services produced within the country. The GDP calculation uses the following four components: consumption, investments, government expenditure, and net exports.	P October MoM% YoY% Q3 P QoQ% YoY%	 0.7% 4.9% 0.6% 2.7%	 0.6% 4.9% 0.6% 2.7%
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. **PCE Consumer Price Index** An economic indicator measures inflation by tracking changes in the prices of goods and services purchased by households. It is one of the key indicators of inflation used by the Fed. **Durable Goods Orders** This is an indicator of consumer safety that reflects their expectations and the ability to spend money. Many manufacturers plan production based on available orders, the decline in this indicator precedes the decline in production and vice versa.	24 October September MoM% YoY% September P	198k 0.5% 3.6% 1.9%	194k 0.5% 3.6% 1.8%
Italy	**Unemployment Rate** The percentage of individuals on the labour market and unemployed, but actively looking for a job.	September	6.2%	6.3%

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

Exchange rates of the most important currencies

	26-Oct-2026[1]	30-Oct-2026 [2]	% Change
EUR/USD	1.1202	1.1160	-0.37
EUR/GBP	0.83785	0.83327	-0.55
EUR/JPY	175.72	175.78	0.03
EUR/AUD	1.59243	1.58681	-0.35
EUR/CHF	0.92384	0.92037	-0.38
USD/JPY	156.87	157.56	0.44
GBP/USD	1.3374	1.3391	0.13

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	2.50%	17-Dec-2026
Federal Reserves (Fed)	Federal Funds Target Rate	4.00%	9-Dec-2026
Bank of Japan (BoJ)	Overnight Call Rate	1.25%	18-Dec-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	2.50%↑	9-Dec-2026
Reserve Bank of Australia (RBA)	Cash Rate Target	4.60%	3-Nov-2026

The ECB kept interest rates unchanged. The Fed kept the interest rate in the range of 3.75 - 4.00%. **The Bank of Canada** increased the reference overnight interest rate to 2.50%, which is the first increase since 2023. With this move, monetary policy makers are trying to limit the risk that long-term high energy costs will spill over into a broader rise in consumer prices. The Bank has significantly revised its inflation projections upwards, predicting that inflation measured by the consumer price index will be 2.9% in 2026 and 3.1% in 2027, before returning to the target level in 2028.

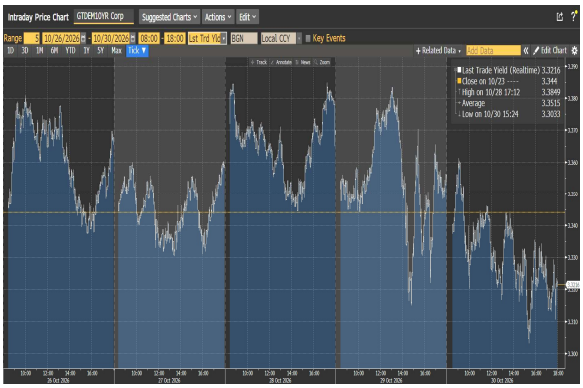
Table 3 - ESTR and Euribor

	26-Oct-2026[1]	30-Oct-2026[2]	Change in basis points
ESTR	2.442	2.440	-0.20
Euribor 1W	2.395	2.395	0.00
Euribor 1M	2.454	2.429	-2.50
Euribor 3M	2.666	2.676	1.00
Euribor 6M	3.012	2.992	-2.00
Euribor 12M	3.267	3.306	3.90

[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 3.34% to 3.32% in this reporting week. The yield on 10-year German government bonds fluctuated early in the week, and the difference in yields between French and German 10-year bonds was reduced to around 154 basis points. The reduction in the spread occurred after the credit rating agency Moody's decided to maintain the existing credit rating of France. The yield recorded slight fluctuations again on Tuesday and Wednesday as the ECB meeting was approaching (it trended around 3.35% on average). The German bond yield fell the next day as the ECB kept interest rates at the same level, as expected, as well due to the statement that tighter financing conditions are likely to affect inflation and growth. The fall in yields further intensified on the last day of the week due to the fall in the prices of shares of large technology companies, which encouraged investors to increase their investments in safer assets.

U.S. TREASURIES MARKET



The yield on 10-year U.S. treasuries fell from 4.98% to 4.92% in this reporting week. The yield fluctuated slightly during the first two days of the week, rising on Wednesday once investors sold bonds despite an initial increase in demand under the influence of weaker labour market data. A more pronounced drop in yields was recorded on Thursday, as a result of increased demand for safe assets after the drop in share prices. There were no significant changes on Friday, thus the yield remained approximately at the level reached the previous day.

GOLD



The price of gold fell from $3,998.13 to $3,874.62 per ounce during this reporting week. An upward trend prevailed during the first three days of the week, supported by weakening oil prices, which eased inflation concerns, as well as expectations that the Fed would keep interest rates unchanged. In line with expectations, the Fed left benchmark interest rates in the range of 3.75% to 4.00% on 28 October. However, the message that inflation remains elevated, as well as the vote of two members of the Board to raise rates, encouraged investor caution. The price of gold weakened in the second half of the week, especially on Friday, due to the rise in oil prices and renewed concerns about inflation, but also a strong sell-off in shares of tech-companies associated with uncertainty about the profitability of investing in artificial intelligence. Investors sold gold to cover losses in other markets, which added to the fall in the price of the precious metal, which ended the week at its lowest level of $3,870.26 an ounce since October last year.

OIL



The price of oil increased from $110.06 to $111.73 during the reporting week, with fluctuations caused by changing expectations regarding the Middle East conflict development. The price weakened early in the week, as renewed diplomatic efforts, including talks between representatives of Saudi Arabia, Pakistan and Turkey with Iranian officials, fuelled hopes of a de-escalation of the conflict between the U.S. and Iran. However, it rose again on Wednesday following reports of the possibility of a new U.S. military campaign against Iran, as well as Houthi attacks on Saudi Arabia's energy infrastructure. The price weakened on Thursday due to new diplomatic contacts between American and Iranian officials, who renewed expectations about a possible solution to the conflict through negotiations. However, it rose again on Friday to hit a 6-month high of $113.68 a barrel, as reports of possible new U.S. attacks on Iran and tanker incidents in the Strait of Hormuz fuelled concerns about possible disruptions in oil supplies.

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