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Financial and Banking Operations Division

- International Reserves Management Department -

International Financial Market Report

(27 – 31 July 2026)

Podgorica, 4 August 2026

Weekly overview of short news

- The price of gold fell from $4,096.67 to $4,046.15 per ounce during this week as a result of the stronger dollar.

- The price of oil increased from $87.37 to $90.43 per barrel during this week due worsening situation in the Middle East and concerns about the stability of supply.

- **The Federal Reserve (Fed)** kept the interest rate in the range of 3.50% to 3.75%, with a decision made by a majority vote (9 to 3). Cleveland Fed President Beth Hammack and Minneapolis Fed President Neel Kashkari opposed the Fed's decision to keep interest rates steady, arguing for a 25bp increase to prevent high inflation from taking hold. Hammack highlighted both supply shocks and demand-side pressures that drive inflation, emphasizing the risks of waiting too long to act. Kashkari supported a gradual tightening of monetary policy to manage inflation without disrupting the economy. Dallas Fed President Lorie Logan also disagreed, arguing that moderate rate hikes were necessary to bring inflation back to the 2% target and warning that delays could lead to sharper adjustments later.

- **The Bank of England** kept the interest rate at the current level of 3.75%. Despite the Monetary Policy Committee members voting in favour of the decision by a vote of 6-3, Governor Bailey insisted that this did not mean the BoE was one step closer to raising interest rates. Namely, at the press conference after the decision was made, Bailey said: "Please don't leave this room thinking the Bank of England is moving closer to raising interest rates because, frankly, nothing I've said, or anything any of us have said, suggests that." The Monetary Policy Committee said it continues to closely monitor the possible inflationary consequences of the war between the U.S. and Iran, as well as the risk that the conflict could be prolonged.

- **The Bank of Japan (BoJ)** kept the interest rate at the same level (1%), but hinted at a potential increase in September. The Governor, Kazuo Ueda, took a more restrictive stance, pointing to inflation risks as price development approach the 2% target rate. Economists expect the BoJ to raise interest rates roughly every six months, with the market estimating an 89% chance the next increase will come by October. The BoJ revised its GDP growth forecast to 0.6% for the fiscal year, while lowering its inflation forecast to 2.5% due to government subsidies.

- GDP in the euro area grew by 0.4% in Q2 2026, which was better than expected owing to the growth of the Spanish economy of 0.7% and the recovery of the Irish economy. On the other hand, France, Germany and Italy recorded a more modest growth of 0.2%.

- The Fed President, Kevin Warsh, raised the possibility of changing the frequency of regular meetings of the U.S. central bank on monetary policy. One of the ideas Warsh presented is for Fed policymakers to meet six times a year to decide on interest rates and other monetary policy issues, and twice a year to discuss a major economic topic. The decision has not been made yet. Warsh noted that employment growth was largely in line with labour force growth, indicating a balanced labour market, although inflation remains above target.

EUR/USD exchange rate

The EUR/USD exchange rate trended in a relatively narrow range during the first two days of the reporting week, only to start an upward trend as of Wednesday. The exchange rate recorded a sharp increase in mid-week following the Fed session, where interest rates were kept at the existing level. At the same time, investors reduced expectations that the Fed will raise interest rates in September, which further weakened the dollar. The growth of the exchange rate continued on Thursday following the release of weaker-than-expected U.S. GDP data. GDP grew by 1.5% in Q2 2026, which is less than the expected level of 2.0%. On the last day of the reporting week, the exchange rate strengthened further after the Financial Times announced that the U.S. made the first intervention on the foreign exchange market in the past 15 years, with the aim of supporting the Japanese yen.

Table 4 - Economic indicators (27 - 31 July 2026)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	**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.	Q2 A QoQ% YoY%	 0.2% 0.7%	 0.4% 1.0%	 0.0% 0.5%
	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.	P July MoM% YoY%	 0.2% 2.9%	 0.2% 2.9%	 -0.1% 2.4%
	Unemployment Rate The percentage of individuals on the labour market and unemployed, but actively looking for a job. In general, higher unemployment rate weakens the economy and results in lower personal spending.	June	6.2%	6.2%	6.2%
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 July MoM% YoY%	 0.7% 2.7%	 0.8% 2.8%	 -0.3% 2.3%
	Import Price Index It measures changes in the prices of goods imported by Germany. It is an indicator of inflation. Since the prices of imported goods and services are taken into account when calculating the consumer price index, this meaning characterizes the role of import prices in the overall picture of changes in retail prices in the "basket" of goods and services.	June MoM% YoY%	 -0.7% 6.0%	 -0.7% 6.1%	 0.7% 6.8%
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.	P July MoM% YoY%	 0.3% 1.8%	 0.3% 2.1%	 0.3% 1.8%
	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.	Q2 P QoQ% YoY%	 0.2% 0.9%	 0.2% 0.7%	 -0.1% 0.8%
USA	**Initial Jobless Claims** Number of inhabitants receiving unemployment benefits.	18 July	200 K	197k	188 K
	Personal Consumption An indicator that reflects changes in the consumption of funds to meet personal needs. The increase in the value of this index is a positive factor for the development of the economy.	Q2 A	2.3%	3.2%	0.5%
	Durable Goods Orders This is an indicator of consumer safety that reflects their expectations and the ability to spend money.	P June	1.8%	0.3%	-4.0%

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

	27-Jul-2026[1]	31-Jul-2026[2]	% Change
EUR/USD	1.1370	1.1527	1.38
EUR/GBP	0.85338	0.85516	0.21
EUR/JPY	186.27	181.43	-2.60
EUR/AUD	1.62907	1.64276	0.84
EUR/CHF	0.93028	0.93036	0.01
USD/JPY	163.83	157.40	-3.92
GBP/USD	1.3325	1.3483	1.19

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%	10.09.2026.
Federal Reserves (Fed)	Federal Funds Target Rate	3.75%	16.09.2026.
Bank of Japan (BoJ)	Overnight Call Rate	1.00%	17.09.2026.
Bank of England (BoE)	Official Bank Rate	3.75%	17.09.2026.
Swiss National Bank (SNB)	Libor Target Rate	0.00%	24.09.2026.
Bank of Canada (BoC)	Target Overnight Rate	2.25%	02.09.2026.
Reserve Bank of Australia (RBA)	Cash Rate Target	4.35%	11.08.2026.

Table 3 – ESTR and Euribor

	27-Jul-2026[1]	31-Jul-2026[2]	Change in basis points
ESTR	2.186	2.184	-0.2
Euribor 1W	2.112	2.165	5.3
Euribor 1M	2.198	2.209	1.1
Euribor 3M	2.488	2.484	-0.4
Euribor 6M	2.723	2.706	-1.7
Euribor 12M	2.993	2.964	-2.9

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

EUROPEAN GOVERNMENT BONDS MARKET

The yield on 10-year German government bonds rose from 3.13% to 3.21% in this reporting week. The yield was in decline in the first two days of the week, under the influence of increased optimism regarding the possible calming of the conflict between the U.S. and Iran, as well as the drop in the price of oil, which eased inflationary pressures. However, as of mid-week until weekend, the yield rose due to the renewed rise in the price of oil, which increased investors' concerns about inflation.

U.S. TREASURY BONDS MARKET

The yield on 10-year U.S. treasury bonds rose from 4.62% to 4.73% in this reporting week and had a similar trend as the yield on German 10-year government bonds. The yield was in decline in the first two days of the week, primarily due to lower oil prices and increased optimism regarding the possible calming of the conflict in the Middle East, which could allow the normalization of maritime traffic around the Arabian Peninsula. The drop in oil prices moderated inflationary expectations and contributed to a decrease in yields. The yield rose in the rest of the week due to renewed rise in oil prices and increased inflationary expectations. The rise in yields recorded on Friday came after the statements by certain Fed officials who expressed the view that additional tightening of monetary policy may be needed to curb inflation. Such messages, together with the rise in oil prices, contributed to the growth of yields.

GOLD

The price of gold fell from $4,096.67 to $4,046.15 per ounce in this reporting week. The price of gold was in decline in the first half of the reporting week, primarily due to the stronger dollar and market expectations that the Fed will not change the interest rate at the upcoming meeting. Additionally, a temporary calming in conflict in the Middle East eased the demand for safe assets, while lower oil prices contributed to lower inflationary expectations. The price of gold rose on Wednesday and Thursday once the Fed kept the interest rate at the same level, while the U.S. dollar weakened, which increased the attractiveness of this precious metal. The price of gold fell again on the last day of the week, once the dollar strengthened as a result of Japanese yen depreciation, which was previously stimulated by interventions in the foreign exchange market. The strengthening of the U.S. currency made gold more expensive for investors, which put pressure on its price.

OIL

The price of oil rose from $87.37 to $90.43 per barrel this week. It was lower at the beginning of the reporting week, after the end of two weeks of hostilities between the U.S. and Iran encouraged investors' preference for riskier assets and eased concerns about possible disruptions in oil supply. At the same time, market attention was focused on the meetings of the Federal Reserve, the Bank of Japan and the Bank of England. The price of oil rose on Wednesday due to a new worsening of the situation in the Middle East, which again increased concerns about the stability of the supply of this energy generating product. The oil price was mostly on the downturn during Thursday, following indications of intensification of maritime traffic through the Strait of Hormuz, which partially eased fears of supply disruptions. It rose again on the last day of the week, under the influence of geopolitical risks and concerns of market participants regarding possible disruptions in global supply, especially from the Persian Gulf and Black Sea regions.