CBCG
CENTRALNA BANKA
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Financial and Banking Operations Division

- International Reserves Management Department -

International Financial Market Report

(31 August – 4 September 2026)

Podgorica, 8 September 2026

Weekly overview of short news

- The price of gold fell to $4,282.69 in mid-week, as a result of rise in the U.S. yields and the dollar. It partially recovered after this, only to be under pressure again at the very end of the week, due to release of better-than-expected employment report in the USA.

- The latest World Gold Council data showed that central banks continued to buy gold during July, with net purchases totalling 23 tonnes. The most gold was bought by China (20t) and Poland (8t), and on the other hand, the largest sellers were Russia (6t), followed by Turkey, Jordan and Uzbekistan with one tonne each.

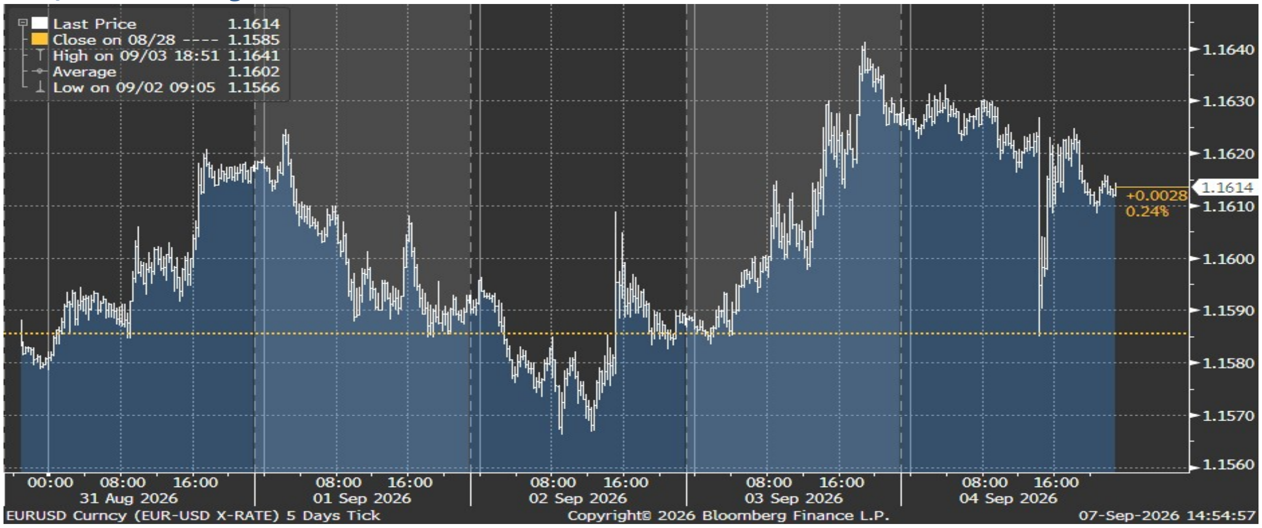
- The price of oil rose from $88.62 to $96.56 per barrel this week. The main reason is the escalation of the conflict between the U.S. and Iran and reduced tanker traffic through the Strait of Hormuz. The most important risk is not only the current price of oil, but the duration of the supply disruption. Longer retention of high oil prices would have an impact on inflation growth, reduce real growth in the euro area and could force the ECB to further tighten policy.

- According to preliminary data, the inflation rate of the euro area in August increased from 2.9% to 3.3%, which is the highest level in the last almost three years (since September 2023), and is the result of the increase in the price of energy. This data reinforced expectations that the ECB will raise interest rates at the September meeting. Core inflation, which excludes food and energy, unexpectedly decreased from 2.5% to 2.4%.

- The ECB meets on 10 September, focusing on the persistence of the inflationary shock caused by the war in Iran. The market practically fully expects an increase in the deposit rate by 25 basis points from 2.25% to 2.50%. Given that the Board of Governors has already widely hinted at that increase, their hints about the next move may attract the most attention.

- Bundesbank President Joachim Nagel said the German economy is on track to grow by 1% in 2026, which is double the Bundesbank's June forecast of 0.5%, citing solid exports results, decent manufacturing orders and public spending on infrastructure and defence. Nagel rejected the French far-left's proposal to write off the national debt held by central banks, stating that it violates European treaties and risks hyperinflation, and emphasized that neither the ECB nor the central banks of the Eurosystem can participate in the monetary financing of governments. He also warned that abolishing the euro would be irresponsible, jeopardizing the prosperity it has brought to Germany, France and the euro area.

EUR/USD Exchange Rate



The EUR/USD exchange rate returned to 1.1620 on Monday. Trading volume was noticeably low, having in mind that London markets were closed for the U.K. holiday. It was announced that the consumer price index in Germany for August amounted to 2.9% on the mentioned day (it was expected to be 3.1%, in the previous month being 2.8%), which is the strongest reading since April, and energy prices had the greatest impact on it. The exchange rate then fell as the dollar strengthened after renewed hostilities between the U.S. and Iran sent oil prices higher, fuelling inflation concerns and triggering a global bond selloff. The U.S. launched attacks on targets in Iran, prompting Iran to retaliate with a "decisive operation" against U.S. bases in the region. The U.S. strikes were a response to an alleged Iranian attempt to mine the Strait of Hormuz and a previous attack on a military base in Jordan, according to President Trump. The EUR/USD exchange rate rose on Thursday due to comments by the Fed Governor Christopher Waller, who said that the next decision on interest rates will be "heavily influenced" by August inflation data. The dollar first strengthened at the very end of the week after the employment report in August was better than expected, and also ahead of the holiday weekend (Labour Day). The dollar weakened slightly in the second half of the day as mixed signals about the Federal Reserve's next move kept traders on alert.

Table 4 - Economic indicators (31 August – 4 September 2026)

Country	Indicator	Period	Expected value	Current value	Previous value
Euro area	**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.	26 August MoM% YoY%	 0.4% 3.3%	 0.4% 3.3%	 0.2% 2.9%
	Producer Price Index (PPI) This index measures changes in sale prices of goods and services used by producers in the euro area. High PPI, together with the high value of other inflation indicators, will force the ECB to strive for an increase in interest rates, while declining PPI may indicate an economic slowdown.	July MoM% YoY%	 1.3% 5.5%	 1.6% 5.8%	 -0.3% 4.6%
	S&P Global Euro Zone 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.	F August	52.1	52.0	52.1
	Retail Sales This indicator measures activity related to retail trade volume (not applicable to motor vehicles and motorcycles).	July MoM% YoY%	 0.2% 1.1%	 -0.6% 0.6%	 0.2% 1.4%
Germany	**Retail Sales** This indicator shows changes in sales. The statistics covers universal shops and supermarkets. It shows the level of consumer shocks and consumer demand.	July MoM%	 0.5%	 -3.4%	 -0.7%
	S&P Global GE 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.	F August	51.0	51.8	51.0
Great Britain	**BRC Shop Price Index** The British Retail Consortium (BRC) retail price index measures price changes in BRC member retail stores in the U.K. A higher-than-expected reading should be taken as positive for the pound, while a lower-than-expected reading should be taken as negative for the pound.	August YoY%	 0.9%	 1.5%	 0.9%
	S&P Global UK Manufacturing 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.	F August	51.5	51.7	51.5
USA	**Change in nonfarm payrolls** This report shows the total number of newly employed workers on a monthly basis by economy industries. It does not include employees in government services, NGOs, and the agricultural sector. It serves as the basis for tailoring economic policy and forecasting future economic trends.	August	55k	162k	21k
	S&P Global US 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.	F August	56.1	56.0	56.0
	Initial Jobless Claims Number of inhabitants receiving unemployment benefits.	29 August	205k	206k	204k

Abbreviations: 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

	31-Aug-2026 [1]	4-Sep-2026 [2]	% Change
EUR/USD	1.1585	1.1614	0.25
EUR/GBP	0.85585	0.85901	0.37
EUR/JPY	185.48	181.46	-2.17
EUR/AUD	1.61677	1.61228	-0.28
EUR/CHF	0.93710	0.94051	0.36
USD/JPY	160.09	156.26	-2.39
GBP/USD	1.3538	1.3519	-0.14

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%	28-Oct-2026
Reserve Bank of Australia (RBA)	Cash Rate Target	4.35%	29-Sep-2026

The Bank of Canada kept interest rates at the same level - for the seventh time in a row, but emphasized that the escalation of the trade war with the U.S. and the conflict with Iran are fuelling new concerns about inflation. Officials, led by the Governor Tiff Macklem, kept the interest rate on hold at 2.25%, matching the expectations of economists polled by Bloomberg and market traders. During the press conference, Macklem emphasized the risk of intensifying price pressures. "Inflation is too high. The situation in the Middle East is no closer to a solution, and the longer it lasts, the greater the chance that it will be reflected" on inflation in other parts of the economy, said the Bank of Canada Governor.

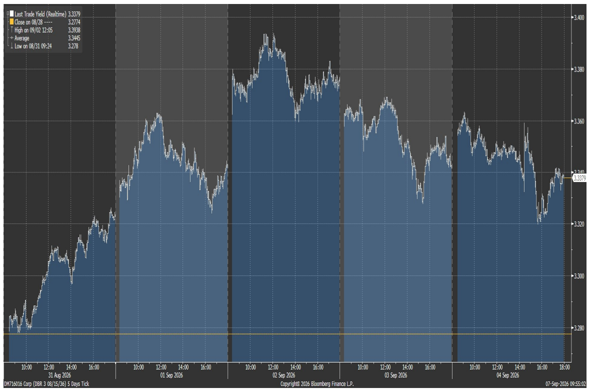
Table 4 – ESTR and Euribor

	31-Aug-2026 [1]	4-Sep-2026 [2]	Change in basis points
ESTR	2.190	2.1890	-0.10
Euribor 1W	2.163	2.154	-0.90
Euribor 1M	2.291	2.364	7.30
Euribor 3M	2.573	2.679	10.60
Euribor 6M	2.762	2.794	3.20
Euribor 12M	2.981	3.108	12.70

[1] Opening market value on Monday

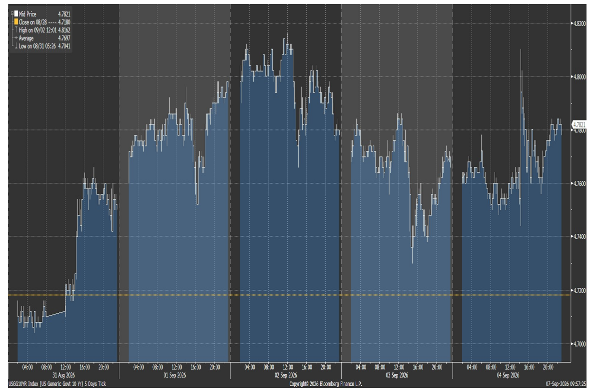
[2] Closing market value on Friday

EUROPEAN GOVERNMENT BONDS MARKET



The yield on 10-year German government bonds had an upward trend during the first three days of this reporting period, reaching the level of 3.3938% on Wednesday, which is the highest level since 2011. The yield growth was influenced by the release of preliminary inflation data for the euro area and its acceleration to 3.3%, as well as by the rise in the price of oil and European gas due to the conflict between the USA and Iran. A moderate weakening of the yield on these bonds occurred on Thursday and Friday, being 3.3379% at the close of the market on Friday.

U.S. TREASURIES MARKET

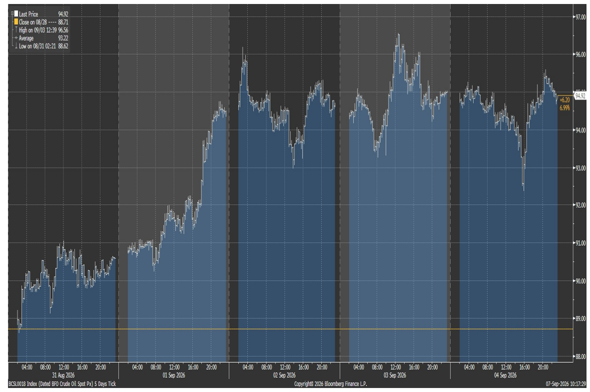


The yield on 10-year U.S. treasuries, as was the case with German government bonds, had an upward trend until Wednesday, a short drop on Thursday, whereas the yield would continue to rise again on Friday. The yield on these bonds was recorded at 4.8162% on Wednesday, which is the highest level since November 2023. The increase in yields was influenced by the rise in the price of oil and the re-intensification of inflationary and fiscal risks, which encourages expectations regarding the increase in interest rates. The U.S. employment report released on Friday raised again yields and expectations of a Fed rate hike.

GOLD

The price of gold had an extremely volatile trend during this reporting period. The price of this precious metal weakened in early week due to the rise in yields on U.S. treasuries and the strengthening of the dollar, as well as increased expectations that the Fed could raise rates in September. The price of gold recovered on Wednesday and Thursday, after the fall in U.S. treasuries yields and the dollar. Gold prices hit a weekly high of $4,510.85 an ounce on Thursday as the Fed chairman eased expectations for a September rate hike. Gold prices fell again on Friday, after a stronger-than-expected U.S. employment report, which again fuelled bets that the Federal Reserve will raise interest rates.

OIL



The price of oil recorded a strong growth during the first three days of this reporting period, and stabilized at a higher level on Thursday and Friday. The increase in the price of oil was influenced by the re-escalation of the conflict between the USA and Iran, as well as the fear of additional disruption of deliveries through the Strait of Hormuz. The highest level was recorded on Thursday, when the price of oil was at the level of $96.56 per barrel compared to $88.62 per barrel at the beginning of the week.