

FX & Markets Weekly

Week 8/2017

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Bundesbank increased risk provisions

Germany's central bank released its annual report where it increased risk provisions to brace for cost of future monetary policy normalization. The rising risk provisions at Bundesbank are a sign that euro-area monetary policy normalization is actually getting closer. Provisions got raised by EUR 1,8bn to EUR 15,4bn at year-end 2016. Bundesbank posted a profit of EUR 963m for the year of which it transferred EUR 399m to German government, the lowest amount since 2004. Total interest income was EUR 3,7bn in 2016, up from EUR 3,3bn previously. Losses from public-sector asset purchases were small compared to income from the deposit facility and previous asset-purchase programs such as the Securities Markets Program. Bundesbank is buying the largest share among central banks of government bonds under the public sector purchase program.

European stock funds see largest inflows in a year

EPFR global fund flow data shows European equities saw USD 1,1bn net inflows in week to Wednesday. That was the largest inflow in 55 weeks. Following a mostly negative 2016, European equity funds have seen inflows of USD 2bn year-to-date. U.S. equity funds saw USD 3bn inflows last week, with net inflows in 3 of the past 4 weeks. A U.S. breakdown shows USD 1bn into value funds vs. USD 0,1bn into growth funds, 6 straight weeks of inflows into materials, 1st positive flows into REITs in 6 weeks, 1st outflows from energy in 6 weeks, and 5 successive weeks of inflows into technology.

Dow Jones rises to fresh record high

The Dow Jones Industrial average index rose this week to a fresh record high at 20840 points on Friday. U.S. markets were closed Monday on President's Day, and the Dow rose on 9 consecutive previous days. The accrued/accumulated positive momentum over the long weekend helped lift the index to new all-time highs.

French bonds rally after poll shows Macron gains

French 10-year yields dropped a further 2bps after an opinion poll showed Macron's second round lead increasing to 61%-39% vs 60%-40% on Thursday. The poll shows Macron also gaining in the first round, and reflects opinions from Feb. 21-23; Bayrou alliance announced late on Feb. 22. Long-end of the curve leads, with 5s30s flattening ~3bps since the release, some large buying in the long-end also being seen.



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Economic Research and Development

Exchange Rates	Price as of 02/24/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,0608	-0,10	-1,41	0,47
EUR/TRY	3,8048	-1,30	-6,50	4,48
EUR/CHF	1,0655	0,09	-0,85	-0,76
EUR/GBP	0,8452	-1,31	-1,60	-0,26
EUR/JPY	119,17	-0,56	-2,46	-0,44
EUR/RUB	61,5487	-0,61	-3,42	-9,56
EUR/CNY	7,2876	-0,14	-1,21	-0,35
USD/TRY	3,5861	-1,24	-5,17	4,03
USD/JPY	112,35	-0,44	-1,07	-0,92
USD/RUB	58,0274	-0,51	-2,04	-9,99
USD/CNY	6,8695	0,04	0,15	-0,76

Sovereign Bonds 10Y	Price as of 02/24/2017	Change % 5 days	Change % 1 Month	Ask YTM
Austria	102,67	1,10	1,15	0,46
Belgium	103,88	0,85	1,41	0,57
China	95,33	-0,76	-1,27	3,30
EFSF	118,21	-0,03	-0,49	-0,18
ESM	114,01	0,21	0,18	0,02
France	93,53	0,84	-0,42	0,94
Germany	98,72	0,89	1,93	0,13
Greece	77,74	4,48	-1,46	7,03
Japan	100,45	0,28	-0,17	0,05
Portugal	91,84	0,50	-0,68	3,91
Spain	96,99	-0,13	-1,22	1,63
Russia	100,80	-0,68	-0,39	8,19
Switzerland	114,67	0,69	0,97	-0,35
Turkey	100,55	0,83	1,77	10,89
UK	103,43	0,83	2,52	1,11
US	96,70	0,48	na	2,38

Turkey related	Price as of 02/24/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	3,6951	-1,56	-5,86	4,26
WAC of CBRT (T-1)	10,38	0,10	15,21	31,23
Gold TRY / gram	144,89	0,53	-1,73	10,40
TR Gov. B. 2Y yield	11,09	-3,14	-1,60	2,59

Euribor/Eonia	Price as of 02/24/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,356	-0,57	-0,85	-2,30
Euribor 1 Month	-0,371	0,00	0,27	0,54
Euribor 3 Month	-0,329	0,00	-0,31	-4,78
Euribor 6 Month	-0,238	0,42	1,65	-8,68
Euribor 12 Month	-0,113	-3,67	-11,88	-43,04

EUR Libor	Price as of 02/24/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,417	-0,34	-1,57	-1,74
EUR Libor 1M	-0,395	-1,47	-3,21	-3,71
EUR Libor 3M	-0,351	0,04	-3,15	-6,72
EUR Libor 6M	-0,247	-1,11	-2,79	-13,00
EUR Libor 12M	-0,112	-1,42	-16,07	-41,05

Commodities Energy Futures	Price as of 02/24/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	54,11	0,61	0,41	7,24
BRENT crude	56,17	0,57	0,50	9,18
GAS oil	498,50	1,22	0,35	8,90
Heating oil	164,38	0,87	-0,94	5,27
Natural gas	2,65	-7,32	-19,73	-16,46
Gold Spot	1.256,78	1,79	3,63	6,12
Silver Spot	18,31	1,72	6,50	12,07
Platinum Spot	1.020,22	1,69	1,74	11,65
Palladium Spot	779,83	0,28	-1,84	6,38
Copper	267,65	-2,14	-1,51	2,04

Stock Indices	Price as of 02/24/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2.768	-1,08	3,13	9,66
BIST 100	88.105	-0,80	4,65	18,78
CAC 40	4.824	-0,91	-0,14	6,18
DAX	11.776	0,14	1,54	10,14
Dow Jones (T-1)	20.810	0,96	4,51	9,05
Euro Stoxx 50	3.295	-0,44	0,38	8,34
FTSE 100	7.220	-1,11	0,96	5,71
HANG SENG	23.966	-0,28	4,43	6,00
IBEX 35	9.439	-0,61	0,59	9,07
MICEX	2.084	-2,99	-2,88	-0,07
NASDAQ 100 (T-1)	5.332	0,57	4,53	9,86
NIKKEI 225	19.284	0,25	2,64	5,18
S&P 500 (T-1)	2.364	0,62	3,67	7,22

Interest Rate Futures	Price as of 02/24/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	134,75	0,59	1,21	1,43
Bund	165,94	0,93	1,97	1,96

Risk Sentiment	Price as of 02/24/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index (T-1)	856	20,56	-3,39	-28,73
VIX	12,29	4,59	11,11	-1,05
Turkey 5Y CDS (T-1)	236,342	-1,88	-12,91	-20,24
MSCI EM Index (T-1)	952,12	1,39	4,79	11,75

USD Libor	Price as of 02/24/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N (T-1)	0,683	-0,49	-0,81	57,24
USD Libor 1M	0,781	0,14	0,93	29,54
USD Libor 3M	1,054	0,16	2,15	12,48
USD Libor 6M	1,361	0,25	1,11	5,58
USD Libor 12M	1,740	0,24	1,89	5,85

TRY Libor	Price as of 02/24/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	10,999	-0,12	11,80	31,72
TRY Libor 1M	11,021	0,00	9,08	23,28
TRY Libor 3M	11,274	-0,10	5,28	17,61
TRY Libor 6M	11,579	0,00	4,61	11,34
TRY Libor 12M	11,987	-0,04	3,04	13,14

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Economic Research and Development

Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
02/21/2017 15:45	US	Markit US Manufacturing PMI	Feb P	55.4	54.3	55.0
02/21/2017 15:45	US	Markit US Services PMI	Feb P	55.8	53.9	55.6
02/22/2017 13:00	US	MBA Mortgage Applications	Feb 17	--	-2.0%	-3.7%
02/22/2017 16:00	US	Existing Home Sales	Jan	5.55m	5.69m	5.49m
02/22/2017 16:00	US	Existing Home Sales MoM	Jan	1.1%	3.3%	-2.8%
02/22/2017 20:00	US	FOMC Meeting Minutes	Feb 01	--	--	--
02/23/2017 14:30	US	Chicago Fed Nat Activity Index	Jan	0.00	-0.05	0.14
02/23/2017 14:30	US	Initial Jobless Claims	Feb 18	240k	244k	239k
02/23/2017 14:30	US	Continuing Claims	Feb 11	2068k	2060k	2076k
02/23/2017 15:00	US	House Price Purchase Index QoQ	4Q	--	1.5%	1.5%
02/23/2017 15:00	US	FHFA House Price Index MoM	Dec	0.5%	0.4%	0.5%
02/23/2017 15:45	US	Bloomberg Consumer Comfort	Feb 19	--	48.0	48.1
02/23/2017 17:00	US	Kansas City Fed Manf. Activity	Feb	9	14	9
02/17/2017 10:00	EA	ECB Current Account SA	Dec	--	31.0b	36.1b
02/17/2017 10:00	EA	Current Account NSA	Dec	--	47.0b	40.5b
02/17/2017 11:00	EA	Construction Output MoM	Dec	--	-0.2%	0.4%
02/17/2017 11:00	EA	Construction Output YoY	Dec	--	3.2%	0.0%
02/20/2017 16:00	EA	Consumer Confidence	Feb A	-4.9	-6.2	-4.9
02/21/2017 10:00	EA	Markit Eurozone Manufacturing PMI	Feb P	55.0	55.5	55.2
02/21/2017 10:00	EA	Markit Eurozone Services PMI	Feb P	53.7	55.6	53.7
02/21/2017 10:00	EA	Markit Eurozone Composite PMI	Feb P	54.3	56.0	54.4
02/22/2017 11:00	EA	CPI MoM	Jan	-0.8%	-0.8%	0.5%
02/22/2017 11:00	EA	CPI YoY	Jan F	1.8%	1.8%	1.8%
02/22/2017 11:00	EA	CPI Core YoY	Jan F	0.9%	0.9%	0.9%
02/20/2017 08:00	TR	Consumer Confidence Index	Feb	68.00	65.70	66.90
02/22/2017 12:30	TR	Real Sector Confidence SA	Feb	--	106.5	100.5
02/22/2017 12:30	TR	Real Sector Confidence NSA	Feb	--	105.3	97.0
02/22/2017 12:30	TR	Capacity Utilization	Feb	74.7%	75.4%	75.5%
02/23/2017 12:30	TR	Foreigners Net Bond Invest	Feb 17	--	\$166m	-\$262m
02/23/2017 12:30	TR	Foreigners Net Stock Invest	Feb 17	--	-\$50m	\$121m
02/24/2017 08:00	TR	Home Sales	Jan	--	95.4k	142.7k
02/24/2017 08:00	TR	Home Sales (YoY)	Jan	--	12.8%	0.1%
02/19/2017 13:58	RU	Industrial Production YoY	Jan	3.0%	2.3%	0.2%
02/22/2017 09:00	RU	Money Supply Narrow Def	Feb 17	--	8.87t	8.74t
02/22/2017 12:00	RU	CPI WoW	Feb 20	--	0.1%	0.0%
02/22/2017 12:00	RU	CPI Weekly YTD	Feb 20	--	0.8%	0.7%
02/22/2017 12:00	RU	Unemployment Rate	Jan	5.4%	5.6%	5.3%
02/22/2017 12:00	RU	Real Disposable Income	Jan	-2.9%	8.1%	-6.1%
02/22/2017 12:00	RU	Real Wages YoY	Jan	2.0%	3.1%	2.4%
02/22/2017 12:00	RU	Retail Sales Real MoM	Jan	-27.0%	-24.5%	18.3%
02/22/2017 12:00	RU	Retail Sales Real YoY	Jan	-5.1%	-2.3%	-5.9%
02/22/2017 14:00	RU	Gold and Forex Reserve	Feb 17	--	393.5b	393.6b

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Purpose of document: This report summarises the significant developments within the financial markets over the previous week and comments on their underlying background.