

DenizBank AG 



FX & Markets Weekly

Week 5/2015

DenizBank AG
Economic Research and Development
Vienna, Austria



Euro area deflation threat persists

According to a flash estimate by Eurostat, the statistical office of the EU, euro area annual inflation is expected to be -0,6% in January 2015, down from -0,2% in December. This is the 2nd month in a row with a negative inflation print for the euro area. Looking on the other axis of the Phillips curve we see that euro area unemployment rate is decreasing marginally (11,4% in December 2014, down from 11,5% in November. This is the lowest rate since August 2012).

Greek election a non-event for markets

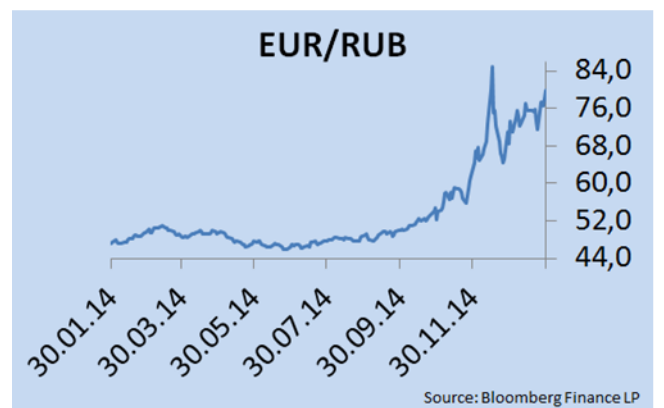
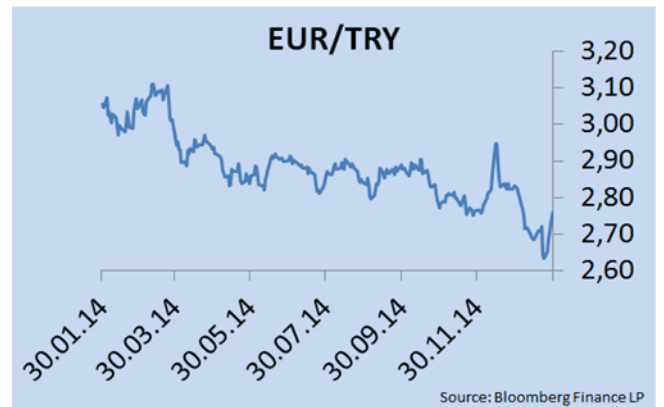
Syrizya has won the Greek elections, as expected, and formed a government with the right-wing independent party only hours after that. In terms of austerity relief these two parties share the same opinion. New Finance Minister already declared no need for the next aid tranche of EUR 7bn. Issuing sovereign bonds will not be on the short term agenda, as today's 5-year yields are in excess of 11%.

S&P cuts Russia below investment-grade

Standard&Poor's has downgraded Russian sovereign rating by 1 notch to BB+ with a negative outlook. The rationale is "weakened flexibility of monetary policy in the environment of sharp ruble depreciation, slow-down in economic activity and limited available FX and fiscal reserves." Also negative effects of sanctions and cheaper oil were mentioned. According to S&P's January estimate Brent crude prices will average USD 55/bbl in 2015. Correspondingly S&P estimates, the Russian economy will contract by 2,4% in the current year. A day after the announcement Russia auctioned its 1st floating-rate notes in more than a decade, relying on domestic demand to counter deteriorating foreign sentiment. RUB 4,7bn have been tendered at an average yield of 12,99%. Overall, the bid to cover ratio averaged 1,9. The Central Bank of Russia answered to the downgrade with a rate cut. The 1-week auction rate was cut by 200bps to 15%. "Further inflation pressure will be contained by a decrease in economic activity," policy makers said in the statement. The emergency rate increase last month (+650bps) has "resulted in stabilization of inflation and depreciation expectations to the extent that Bank of Russia expected."

USDTRY hits fresh record high

The USD strengthened beyond 2,44 TRY for the first time on record as the Turkish trade gap didn't narrow amid declining oil prices, and the U.S. initial jobless claims plunged to a 15-year low. Recent FOMC comments confirmed timing of a 1st rate hike remains data dependent. Absent other negative shocks our best guess remains June 2015.



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| Exchange Rates | Price as of 01/30/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|----------------|------------------------|-----------------|------------------|-------------------|
| EUR/USD | 1,1315 | 1,06 | -6,86 | -10,20 |
| EUR/TRY | 2,7645 | 5,10 | -2,26 | -0,19 |
| EUR/CHF | 1,0479 | 6,48 | -12,70 | -12,93 |
| EUR/GBP | 0,75262 | 0,64 | -3,71 | -4,55 |
| EUR/JPY | 132,89 | 0,83 | -8,40 | -3,57 |
| EUR/RUB | 79,7028 | 11,78 | 16,66 | 52,52 |
| EUR/CNY | 7,0863 | 0,32 | -6,18 | -7,78 |
| USD/TRY | 2,4428 | 4,00 | 4,92 | 11,18 |
| USD/JPY | 117,45 | -0,23 | -1,64 | 7,38 |
| USD/RUB | 70,4145 | 10,69 | 25,23 | 69,91 |
| USD/CNY | 6,2506 | 0,35 | 0,77 | 2,21 |

| Sovereign Bonds 10Y | Price as of 01/30/2015 | Change % 5 days | Change % 1 Month | Ask YTM |
|---------------------|------------------------|-----------------|------------------|---------|
| Austria | 124,43 | -0,17 | 1,28 | 0,24 |
| Belgium | 115,20 | -0,11 | 1,82 | 0,40 |
| China | 103,51 | -0,48 | 1,25 | 3,58 |
| EFSF | 122,33 | 0,02 | 1,05 | 0,27 |
| ESM | 114,84 | 0,10 | 1,44 | 0,39 |
| France | 114,55 | -0,07 | 1,14 | 0,34 |
| Germany | 110,86 | -0,02 | 1,23 | 0,14 |
| Greece | 58,50 | -15,97 | -7,95 | 11,20 |
| Japan | 105,15 | -0,37 | 0,18 | 0,13 |
| Portugal | 120,58 | -1,52 | 1,65 | 2,30 |
| Spain | 131,25 | -0,85 | 0,15 | 1,27 |
| Russia | 71,75 | 0,35 | 1,20 | 14,17 |
| Switzerland | 134,47 | -2,17 | 2,95 | -0,28 |
| Turkey | 99,70 | -1,09 | 2,87 | 7,14 |
| UK | 104,14 | 0,72 | 2,90 | 1,18 |
| US | 100,64 | 0,99 | 3,92 | 1,54 |

| Turkey related | Price as of 01/30/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|--------------------|------------------------|-----------------|------------------|-------------------|
| TRY Basket | 2,6039 | 4,17 | 0,73 | 4,59 |
| WAC of CBRT (T -1) | 7,81 | -7,39 | -8,37 | -6,27 |
| Gold TRY / gram | 99,15 | 1,46 | 10,06 | 17,01 |
| TR Gov. Bond 2Y | 6,89 | -1,57 | -12,67 | -20,44 |

| Euribor/Eonia | Price as of 01/30/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|------------------|------------------------|-----------------|------------------|-------------------|
| Eonia (T -1) | -0,028 | 22,22 | 53,33 | -566,67 |
| Euribor 1 Month | 0,001 | 0,00 | -94,74 | -90,00 |
| Euribor 3 Month | 0,054 | 1,89 | -30,77 | -37,21 |
| Euribor 6 Month | 0,132 | -3,65 | -22,81 | -29,79 |
| Euribor 12 Month | 0,270 | -1,82 | -17,43 | -20,59 |

| EUR Libor | Price as of 01/28/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------|------------------------|-----------------|------------------|-------------------|
| EUR Libor O/N | -0,078 | 46,30 | 42,63 | -127,06 |
| EUR Libor 1M | -0,003 | 81,49 | -129,41 | -162,52 |
| EUR Libor 3M | 0,033 | 9,31 | -40,51 | -47,78 |
| EUR Libor 6M | 0,094 | -4,34 | -33,33 | -38,60 |
| EUR Libor 12M | 0,235 | -4,36 | -20,53 | -24,71 |

| Commodities Energy Futures | Price as of 01/30/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|----------------------------|------------------------|-----------------|------------------|-------------------|
| WTI crude | 44,41 | -2,35 | -18,36 | -44,79 |
| BRENT crude | 48,92 | 0,33 | -16,65 | -44,22 |
| GAS oil | 472,25 | -0,79 | -12,09 | -38,40 |
| Heating oil | 160,66 | -2,29 | -12,63 | -35,71 |
| Natural gas | 2,66 | -10,28 | -14,28 | -30,72 |
| Gold Spot | 1.262,30 | -2,45 | 4,89 | 5,23 |
| Silver Spot | 16,87 | -7,77 | 3,55 | 2,48 |
| Platinum Spot | 1.222,38 | -3,72 | 0,72 | -1,84 |
| Palladium Spot | 776,50 | -0,08 | -3,61 | -0,58 |
| Copper | 245,70 | -1,72 | -13,86 | -19,56 |

| Stock Indices | Price as of 01/30/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------|------------------------|-----------------|------------------|-------------------|
| ATX | 2.193 | -1,32 | 1,53 | 0,04 |
| BIST 100 | 88.208 | -2,74 | 4,40 | 10,46 |
| CAC 40 | 4.600 | -0,90 | 8,32 | 11,05 |
| DAX | 10.674 | 0,20 | 8,83 | 17,07 |
| Dow Jones | 17.417 | -2,23 | -3,15 | 1,29 |
| Euro Stoxx 50 | 3.347 | -1,07 | 6,71 | 10,23 |
| FTSE 100 | 6.781 | -0,77 | 3,56 | 4,89 |
| HANG SENG | 24.507 | -1,38 | 4,28 | 3,40 |
| IBEX 35 | 10.438 | -1,27 | 1,63 | 1,78 |
| MICEX | 1.645 | -1,58 | 17,82 | 13,25 |
| NASDAQ 100 | 4.181 | -2,08 | -2,36 | 1,97 |
| NIKKEI 225 | 17.674 | 0,93 | 1,28 | 12,88 |
| S&P 500 | 2.021 | -2,03 | -2,84 | 1,33 |

| Interest Rate Futures | Price as of 01/30/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|-----------------------|------------------------|-----------------|------------------|-------------------|
| Bobl | 130,75 | 0,04 | 0,34 | 1,17 |
| Bund | 159,00 | 0,13 | 1,96 | 4,80 |

| Risk Sentiment | Price as of 01/30/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|----------------------|------------------------|-----------------|------------------|-------------------|
| Baltic Dry Index | 632 | -12,22 | -19,18 | -55,62 |
| VIX | 18,76 | 14,39 | 17,84 | 29,20 |
| Turkey 5Y CDS (T -1) | 185,177 | 4,39 | 4,73 | 6,22 |
| MSCI EM Index | 973,19 | -1,79 | 1,95 | -3,41 |

| USD Libor | Price as of 01/28/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------|------------------------|-----------------|------------------|-------------------|
| USD Libor O/N | 0,118 | -3,05 | 2,26 | 30,06 |
| USD Libor 1M | 0,170 | 2,25 | 1,04 | 11,07 |
| USD Libor 3M | 0,254 | -0,97 | -0,78 | 9,46 |
| USD Libor 6M | 0,357 | -0,42 | 0,00 | 10,34 |
| USD Libor 12M | 0,618 | -0,64 | -1,73 | 14,10 |

| TRY Libor | Price as of 01/30/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------|------------------------|-----------------|------------------|-------------------|
| TRY Libor O/N | 10,600 | 1,48 | -3,74 | -1,51 |
| TRY Libor 1M | 9,735 | -0,08 | -5,02 | -6,89 |
| TRY Libor 3M | 8,746 | -0,79 | -10,62 | -15,26 |
| TRY Libor 6M | 8,300 | -2,67 | -15,19 | -19,10 |
| TRY Libor 12M | 8,300 | -2,74 | -15,19 | -19,02 |



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| Date Time | Country | Economic Release | Period | Consensus | Actual | Prior |
|------------------|---------|-----------------------------------|--------|-----------|--------|--------|
| 01/23/2015 14:30 | US | Chicago Fed Nat Activity Index | Dec | 0.48 | -0.05 | 0.73 |
| 01/23/2015 15:45 | US | Markit US Manufacturing PMI | Jan P | 54.0 | 53.7 | 53.9 |
| 01/23/2015 16:00 | US | Existing Home Sales | Dec | 5.08M | 5.04M | 4.93M |
| 01/23/2015 16:00 | US | Leading Index | Dec | 0.4% | 0.5% | 0.6% |
| 01/27/2015 14:30 | US | Durable Goods Orders | Dec | 0.3% | -3.4% | -0.7% |
| 01/27/2015 14:30 | US | Durables Ex Transportation | Dec | 0.6% | -0.8% | -0.4% |
| 01/27/2015 14:30 | US | Cap Goods Orders Nondef Ex Air | Dec | 0.9% | -0.6% | 0.0% |
| 01/27/2015 14:30 | US | Cap Goods Ship Nondef Ex Air | Dec | 1.0% | -0.2% | 0.2% |
| 01/27/2015 15:45 | US | Markit US Composite PMI | Jan P | -- | 54.2 | 53.5 |
| 01/27/2015 15:45 | US | Markit US Services PMI | Jan P | 53.8 | 54.0 | 53.3 |
| 01/27/2015 16:00 | US | New Home Sales | Dec | 450K | 481K | 438K |
| 01/27/2015 16:00 | US | Consumer Confidence Index | Jan | 95.5 | 102.9 | 92.6 |
| 01/28/2015 13:00 | US | MBA Mortgage Applications | Jan 23 | -- | -3.2% | 14.2% |
| 01/29/2015 14:30 | US | Initial Jobless Claims | Jan 24 | 300K | 265K | 307K |
| 01/30/2015 14:30 | US | GDP Annualized QoQ | 4Q A | 3.0% | 2.6% | 5.0% |
| 01/30/2015 14:30 | US | Personal Consumption | 4Q A | 4.0% | 4.3% | 3.2% |
| 01/30/2015 14:30 | US | GDP Price Index | 4Q A | 0.9% | 0.0% | 1.4% |
| 01/30/2015 14:30 | US | Core PCE QoQ | 4Q A | 1.1% | 1.1% | 1.4% |
| 01/23/2015 10:00 | EU | Markit Eurozone Manufacturing PMI | Jan P | 51.0 | 51.0 | 50.6 |
| 01/23/2015 10:00 | EU | Markit Eurozone Services PMI | Jan P | 52.0 | 52.3 | 51.6 |
| 01/29/2015 10:00 | EU | M3 Money Supply YoY | Dec | 3.5% | 3.6% | 3.1% |
| 01/29/2015 10:00 | EU | M3 3-month average | Dec | 3.1% | 3.1% | 2.7% |
| 01/29/2015 11:00 | EU | Business Climate Indicator | Jan | 0.12 | 0.16 | 0.04 |
| 01/29/2015 11:00 | EU | Industrial Confidence | Jan | -4.5 | -5.0 | -5.2 |
| 01/29/2015 11:00 | EU | Consumer Confidence | Jan F | -8.5 | -8.5 | -8.5 |
| 01/29/2015 11:00 | EU | Economic Confidence | Jan | 101.6 | 101.2 | 100.7 |
| 01/30/2015 11:00 | EU | Unemployment Rate | Dec | 11.5% | 11.4% | 11.5% |
| 01/30/2015 11:00 | EU | CPI Estimate YoY | Jan | -0.5% | -0.6% | -0.2% |
| 01/30/2015 11:00 | EU | CPI Core YoY | Jan A | 0.7% | 0.6% | 0.7% |
| 01/26/2015 13:49 | TR | Capacity Utilization | Jan | -- | 73.7% | 74.6% |
| 01/30/2015 09:00 | TR | Trade Balance | Dec | -8.50B | -8.51B | -8.32B |
| 01/23/2015 09:00 | RU | Money Supply Narrow Def | Jan 16 | -- | 8.45T | 9.14T |
| 01/26/2015 14:00 | RU | Industrial Production YoY | Dec | 0.8% | 3.9% | -0.4% |
| 01/27/2015 14:00 | RU | PPI MoM | Dec | 1.8% | 0.8% | -0.5% |
| 01/27/2015 14:00 | RU | PPI YoY | Dec | 7.1% | 5.9% | 6.1% |
| 01/28/2015 14:00 | RU | Unemployment Rate | Dec | 5.5% | 5.3% | 5.2% |
| 01/29/2015 13:00 | RU | Gold and Forex Reserve | Jan 23 | -- | 378.1B | 379.4B |
| 01/30/2015 09:00 | RU | Money Supply Narrow Def | Jan 23 | -- | 8.26T | 8.45T |
| 01/30/2015 11:30 | RU | Key Rate | Jan 30 | 17.00% | 15.00% | 17.00% |
| 01/30/2015 14:30 | RU | Annual GDP YOY | 2014 | 0.5% | 0.6% | 1.3% |



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Members of the Supervisory Board:

Sergey Gorkov, Hakan Ates, Dr. Kurt Heindl, Derya Kumru, Wouter van Roste, Alexander Vedyakhin

Shareholder structure: Member of the Sberbank Group

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