

**DenizBank AG** 



**FX & Markets Weekly**

**Week 21/2015**

**DenizBank AG**  
**Economic Research and Development**  
**Vienna, Austria**



### ECB is frontloading QE purchases

ECB Executive Board member Benoit Coeure said that the ECB is frontloading its expanded asset purchases due to seasonal trading patterns in the fixed income markets. He mentioned the holiday period from mid-July to August which is characterized by relatively low market liquidity. The targeted EUR 60bn monthly public sector purchases would distort sovereign bond prices. That is going to be confined this way. Coeure left also the door open for some back-loading in September, should it be necessary. Euro area government bonds, that experienced a sharp sell-off over the past month due to Bill Gross's tweet ("Bunds are the short of a life-time"), rose as a response.

### Is the EUR/USD correction over?

We wrote previously about central bank policy divergence and its effect on the EUR/USD exchange rate. There might always be temporary corrections to that. Such as the recent 6-week USD strength. We are back on track for the major trend, the central bank policy divergence theme that is going to drive the rate going forward. The timing of the first Fed rate hike remains uncertain and data dependent. In terms of chart-technical analysis, the 50-day simple moving average (SMA) provides support around 1,0945, and the 100-day SMA resistance around 1,1146.

### U.S. stocks extend rally

U.S. stocks extended their performance amid mixed signals from economic releases. Dow Jones, S&P 500, and Nasdaq are around historical highs. The year-to-date percent changes on all three above mentioned indices don't look too tempting. However, in EUR terms, U.S. stocks look much more attractive. Currency adjusted returns for EUR earners are way better. Year-to-date, Dow Jones added currency adjusted 11,83%, S&P500 12,81%, and Nasdaq 17,17%.

### Basci keeps rates on hold

The Monetary Policy Committee of the Central Bank of Republic of Turkey (CBRT) has kept all short term interest rates unchanged for the third consecutive month. Recent volatility in the exchange rate has been stated as negatively impacting core inflation. Additionally, the CBRT highlighted uncertainty in global markets and energy price volatility as key risk factors hereby underlining the need to maintain a cautious monetary policy stance. EUR/TRY has been the more volatile pair this week, in contrast to USD/TRY which had wider weekly trading ranges year-to-date.



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## Economic Research and Development

| Exchange Rates | Price as of 05/22/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|----------------|------------------------|-----------------|------------------|-------------------|
| EUR/USD        | 1,1026                 | -3,79           | 2,69             | -2,78             |
| EUR/TRY        | 2,8672                 | -2,84           | -1,54            | 2,06              |
| EUR/CHF        | 1,0407                 | -0,76           | 0,33             | -3,52             |
| EUR/GBP        | 0,71118                | -2,41           | -0,50            | -3,13             |
| EUR/JPY        | 133,93                 | -1,98           | 4,05             | -0,66             |
| EUR/RUB        | 55,1432                | -2,91           | -1,80            | -23,83            |
| EUR/CNY        | 6,9168                 | -2,10           | 3,83             | -2,50             |
| USD/TRY        | 2,6004                 | 1,02            | -4,11            | 5,00              |
| USD/JPY        | 121,47                 | 1,87            | 1,33             | 2,18              |
| USD/RUB        | 50,0083                | 0,89            | -4,38            | -21,39            |
| USD/CNY        | 6,1974                 | -0,15           | 0,04             | -0,94             |

| Sovereign Bonds 10Y | Price as of 05/22/2015 | Change % 5 days | Change % 1 Month | Ask YTM |
|---------------------|------------------------|-----------------|------------------|---------|
| Austria             | 121,36                 | 0,08            | -2,65            | 0,49    |
| Belgium             | 112,64                 | 0,06            | -3,16            | 0,63    |
| China               | 104,05                 | -1,11           | -0,84            | 3,47    |
| EFSF                | 120,26                 | -0,10           | -2,56            | 0,41    |
| ESM                 | 112,79                 | -0,16           | -3,70            | 0,56    |
| France              | 112,45                 | 0,01            | -2,57            | 0,53    |
| Germany             | 108,49                 | 0,12            | -2,70            | 0,38    |
| Greece              | 57,33                  | -2,83           | 10,69            | 11,88   |
| Japan               | 104,05                 | -0,11           | -0,84            | 0,25    |
| Portugal            | 122,26                 | -1,12           | -2,80            | 2,03    |
| Spain               | 128,43                 | -0,43           | -2,66            | 1,46    |
| Russia              | 86,75                  | 0,99            | 4,14             | 10,52   |
| Switzerland         | 132,33                 | 0,20            | -1,18            | -0,19   |
| Turkey              | 89,91                  | -0,65           | 0,33             | 8,95    |
| UK                  | 100,11                 | -0,45           | -1,22            | 1,73    |
| US                  | 97,33                  | -0,51           | -1,47            | 2,00    |

| Turkey related     | Price as of 05/22/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|--------------------|------------------------|-----------------|------------------|-------------------|
| TRY Basket         | 2,7337                 | -1,00           | -2,75            | 3,48              |
| WAC of CBRT (T -1) | 8,2                    | -0,49           | 0,12             | 3,40              |
| Gold TRY / gram    | 100,65                 | -0,68           | -2,86            | 6,24              |
| TR Gov. Bond 2Y    | 9,69                   | 1,15            | -2,02            | 17,88             |

| Euribor/Eonia    | Price as of 05/22/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|------------------|------------------------|-----------------|------------------|-------------------|
| Eonia (T -1)     | -0,106                 | 25,87           | -26,19           | -146,51           |
| Euribor 1 Month  | -0,052                 | -4,00           | -52,94           | -5300,00          |
| Euribor 3 Month  | -0,012                 | -20,00          | -500,00          | -125,00           |
| Euribor 6 Month  | 0,054                  | -6,90           | -20,59           | -56,45            |
| Euribor 12 Month | 0,162                  | -2,99           | -7,43            | -35,20            |

| EUR Libor     | Price as of 05/22/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------|------------------------|-----------------|------------------|-------------------|
| EUR Libor O/N | -0,176                 | 0,80            | -3,35            | -65,77            |
| EUR Libor 1M  | -0,067                 | -6,81           | -46,88           | -944,17           |
| EUR Libor 3M  | -0,014                 | 4,73            | -185,80          | -155,58           |
| EUR Libor 6M  | 0,054                  | 0,00            | -11,76           | -41,41            |
| EUR Libor 12M | 0,172                  | -1,23           | -4,37            | -23,00            |

| Commodities    | Price as of 05/22/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|----------------|------------------------|-----------------|------------------|-------------------|
| Energy Futures |                        |                 |                  |                   |
| WTI crude      | 59,82                  | -1,44           | 3,65             | 8,81              |
| BRENT crude    | 65,49                  | -2,17           | 2,96             | 4,86              |
| GAS oil        | 599,25                 | -2,00           | 4,22             | 4,72              |
| Heating oil    | 195,56                 | -2,59           | 4,25             | 4,24              |
| Natural gas    | 2,93                   | -2,85           | 10,40            | -3,52             |
| Gold Spot      | 1.204,05               | -1,68           | 1,31             | 0,35              |
| Silver Spot    | 17,08                  | -2,48           | 7,97             | 4,79              |
| Platinum Spot  | 1.145,93               | -1,85           | 1,34             | -1,37             |
| Palladium Spot | 773,79                 | -2,76           | 1,95             | -2,01             |
| Copper         | 280,75                 | -4,09           | 4,78             | 8,20              |

| Stock Indices | Price as of 05/22/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------|------------------------|-----------------|------------------|-------------------|
| ATX           | 2.641                  | -1,52           | 0,89             | 7,74              |
| BIST 100      | 85.770                 | -1,50           | 2,57             | 0,52              |
| CAC 40        | 5.150                  | 3,06            | -1,24            | 6,53              |
| DAX           | 11.841                 | 3,40            | -0,26            | 7,11              |
| Dow Jones     | 18.265                 | -0,02           | 1,28             | 0,71              |
| Euro Stoxx 50 | 3.685                  | 3,09            | -1,10            | 5,53              |
| FTSE 100      | 7.052                  | 1,28            | 0,31             | 1,95              |
| HANG SENG     | 27.993                 | 0,61            | 0,21             | 12,73             |
| IBEX 35       | 11.564                 | 2,18            | 1,44             | 6,29              |
| MICEX         | 1.658                  | -2,13           | -1,32            | -7,65             |
| NASDAQ 100    | 4.536                  | 0,90            | 1,65             | 2,06              |
| NIKKEI 225    | 20.264                 | 2,69            | 0,65             | 10,54             |
| S&P 500       | 2.130                  | 0,27            | 0,98             | 0,86              |

| Interest Rate Futures | Price as of 05/22/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|-----------------------|------------------------|-----------------|------------------|-------------------|
| Bobl                  | 128,56                 | 0,13            | -0,63            | -0,55             |
| Bund                  | 153,99                 | 0,27            | -3,27            | -1,68             |

| Risk Sentiment         | Price as of 05/22/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|------------------------|------------------------|-----------------|------------------|-------------------|
| Baltic Dry Index (T-1) | 592                    | -7,06           | -1,33            | 15,40             |
| VIX                    | 12,09                  | -1,21           | -3,78            | -14,48            |
| Turkey 5Y CDS (T -1)   | 205,309                | -1,53           | -11,32           | 8,98              |
| MSCI EM Index (T-1)    | 1.032,70               | -1,03           | -1,42            | 4,90              |

| USD Libor     | Price as of 05/22/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------|------------------------|-----------------|------------------|-------------------|
| USD Libor O/N | 0,124                  | 0,00            | 1,64             | 2,90              |
| USD Libor 1M  | 0,185                  | -0,73           | 1,71             | 7,78              |
| USD Libor 3M  | 0,285                  | 2,89            | 2,52             | 8,34              |
| USD Libor 6M  | 0,419                  | 1,43            | 3,40             | 8,54              |
| USD Libor 12M | 0,738                  | 1,97            | 5,50             | 9,37              |

| TRY Libor     | Price as of 05/22/2015 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------|------------------------|-----------------|------------------|-------------------|
| TRY Libor O/N | 10,865                 | 0,00            | 0,98             | 0,86              |
| TRY Libor 1M  | 10,864                 | 0,01            | 1,44             | 7,19              |
| TRY Libor 3M  | 10,799                 | -0,00           | 1,93             | 14,62             |
| TRY Libor 6M  | 10,760                 | 0,00            | 2,40             | 19,87             |
| TRY Libor 12M | 10,760                 | 0,00            | 2,66             | 20,02             |

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## Economic Research and Development

| Date Time        | Country | Economic Release                  | Period | Consensus | Actual  | Prior   |
|------------------|---------|-----------------------------------|--------|-----------|---------|---------|
| 05/18/2015 16:00 | US      | NAHB Housing Market Index         | May    | 57        | 54      | 56      |
| 05/19/2015 14:30 | US      | Housing Starts                    | Apr    | 1015K     | 1135K   | 926K    |
| 05/19/2015 14:30 | US      | Housing Starts MoM                | Apr    | 9.6%      | 20.2%   | 2.0%    |
| 05/19/2015 14:30 | US      | Building Permits                  | Apr    | 1064K     | 1143K   | 1039K   |
| 05/19/2015 14:30 | US      | Building Permits MoM              | Apr    | 2.1%      | 10.1%   | -5.7%   |
| 05/20/2015 13:00 | US      | MBA Mortgage Applications         | May 15 | --        | -1.5%   | -3.5%   |
| 05/21/2015 14:30 | US      | Chicago Fed Nat Activity Index    | Apr    | 0.00      | -0.15   | -0.42   |
| 05/21/2015 14:30 | US      | Initial Jobless Claims            | May 16 | 270K      | 274K    | 264K    |
| 05/21/2015 14:30 | US      | Continuing Claims                 | May 9  | 2231K     | 2211K   | 2229K   |
| 05/21/2015 15:45 | US      | Markit US Manufacturing PMI       | May P  | 54.5      | 53.8    | 54.1    |
| 05/21/2015 16:00 | US      | Philadelphia Fed Business Outlook | May    | 8.0       | 6.7     | 7.5     |
| 05/21/2015 16:00 | US      | Existing Home Sales               | Apr    | 5.23M     | 5.04M   | 5.19M   |
| 05/21/2015 16:00 | US      | Existing Home Sales MoM           | Apr    | 0.8%      | -3.3%   | 6.1%    |
| 05/21/2015 16:00 | US      | Leading Index                     | Apr    | 0.3%      | 0.7%    | 0.2%    |
| 05/22/2015 14:30 | US      | CPI MoM                           | Apr    | 0.1%      | 0.1%    | 0.2%    |
| 05/22/2015 14:30 | US      | CPI Ex Food and Energy MoM        | Apr    | 0.2%      | 0.3%    | 0.2%    |
| 05/22/2015 14:30 | US      | CPI YoY                           | Apr    | -0.2%     | -0.2%   | -0.1%   |
| 05/22/2015 14:30 | US      | CPI Ex Food and Energy YoY        | Apr    | 1.7%      | 1.8%    | 1.8%    |
| 05/19/2015 08:00 | EU      | EU27 New Car Registrations        | Apr    | --        | 6.9%    | 10.6%   |
| 05/19/2015 11:00 | EU      | Trade Balance SA                  | Mar    | 21.9B     | 19.7B   | 22.0B   |
| 05/19/2015 11:00 | EU      | Trade Balance NSA                 | Mar    | 22.0B     | 23.4B   | 20.3B   |
| 05/19/2015 11:00 | EU      | ZEW Survey Expectations           | May    | --        | 61.2    | 64.8    |
| 05/19/2015 11:00 | EU      | CPI MoM                           | Apr    | 0.2%      | 0.2%    | 1.1%    |
| 05/19/2015 11:00 | EU      | CPI YoY                           | Apr F  | 0.0%      | 0.0%    | 0.0%    |
| 05/19/2015 11:00 | EU      | CPI Core YoY                      | Apr F  | 0.6%      | 0.6%    | 0.6%    |
| 05/20/2015 11:00 | EU      | Construction Output MoM           | Mar    | --        | 0.8%    | -1.8%   |
| 05/20/2015 11:00 | EU      | Construction Output YoY           | Mar    | --        | -2.7%   | -3.7%   |
| 05/21/2015 10:00 | EU      | Flash Eurozone Manufacturing PMI  | May P  | 51.8      | 52.3    | 52.0    |
| 05/21/2015 10:00 | EU      | Flash Eurozone Services PMI       | May P  | 53.9      | 53.3    | 54.1    |
| 05/21/2015 10:00 | EU      | Flash Eurozone Composite PMI      | May P  | 53.9      | 53.4    | 53.9    |
| 05/21/2015 10:00 | EU      | ECB Current Account SA            | Mar    | 26.0B     | 18.6B   | 26.4B   |
| 05/21/2015 10:00 | EU      | Current Account NSA               | Mar    | --        | 24.9B   | 13.8B   |
| 05/21/2015 16:00 | EU      | Consumer Confidence               | May A  | -4.8      | -5.5    | -4.6    |
| 05/21/2015 09:00 | TU      | Consumer Confidence Index         | May    | 66.1      | 64.3    | 65.4    |
| 05/22/2015 13:30 | TU      | Real Sector Confidence SA         | May    | --        | 103.9   | 102.7   |
| 05/22/2015 13:30 | TU      | Real Sector Confidence NSA        | May    | --        | 109.0   | 107.9   |
| 05/22/2015 13:30 | TU      | Capacity Utilization              | May    | --        | 74.9%   | 74.1%   |
| 05/18/2015 13:45 | RU      | Budget Balance YTD                | Apr    | -1000.0B  | -995.8B | -813.4B |
| 05/20/2015 11:30 | RU      | Industrial Production YoY         | Apr    | -1.2%     | -4.5%   | -0.6%   |
| 05/20/2015 15:00 | RU      | CPI WoW                           | May 18 | --        | 0.1%    | 0.1%    |
| 05/20/2015 15:00 | RU      | CPI Weekly YTD                    | May 18 | --        | 8.2%    | 8.1%    |
| 05/21/2015 14:00 | RU      | Gold and Forex Reserve            | May 15 | --        | 362.3B  | 358.5B  |
| 05/21/2015 15:00 | RU      | PPI MoM                           | Apr    | 1.0%      | 2.7%    | 5.5%    |
| 05/21/2015 15:00 | RU      | PPI YoY                           | Apr    | 13.3%     | 15.0%   | 13.0%   |
| 05/22/2015 10:00 | RU      | Money Supply Narrow Def           | May 15 | --        | 7.97T   | 7.97T   |

**Should you have any queries, please contact me as follows:**

Mag. Ahmet Hüsrev BILGIN, Economic Research and Development

Tel: 0505105/2430

Email: ahmet.bilgin@denizbank.at

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Registered address of the company: Vienna;

DPR number: 0845981

Object of the company: Banking;

Members of the Management Board:

Ahmet Mesut Ersoy, Mehmet Ulvi Taner, Dr. Thomas Roznovsky, Tuncay Akdevelioglu;

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.