

DenizBank AG 



FX & Markets Weekly

Week 26/2015

DenizBank AG
Economic Research and Development
Vienna, Austria

Greece: quo vadis?

EU Finance Ministers will reconvene on Saturday for the 5th time this week to end a deadlock that could lead to Greece defaulting on its debt. On Tuesday June 30, EUR 1,5bn come due to the IMF from the 1st bailout in 2010. As the IMF is 1st in the repayment queue (senior status) a missed payment starts the clock ticking. 2 Letters (with 2 weeks in between) will be sent urging for immediate payment. After a month, serious consequences kick in (cross-default, cross-acceleration). Failure to pay the IMF, entitles other creditors to declare a default with immediate demand of repayment. It is up to the International Swaps and Derivatives Association (ISDA) to decide whether a credit event has occurred that may trigger Credit Default Swaps (CDS). Failure to pay the ECB on July 20 would result in the suspension of Emergency Liquidity Assistance (ELA) leading to a bank run and forcing capital controls. In the case of a Grexit, the other euro area central banks would have Target2 losses in the portion of their share to the ECB's capital.

TRY outperforms on coalition bets

The lira outperformed all major currencies in our basket this week (+3,23% to RUB, +2,73% to CHF, +2,46% to EUR +2,1% to GBP, and +1,17% to USD). TRY has underperformed these currencies since March so the market is more inclined to react positively. The likelihood of a coalition has increased as political leaders seem to have moved away from fighting each other in pre-election manner. Next week a parliament speaker is going to be elected in 3 rounds. These elections will shed some light on potential consensus in the parliament. If a 3rd round is necessary, the likelihood of early elections will increase.

Chinese stock slump deepens

The Shanghai Stock Exchange Composite Index plunged over 12% this week, extending its correction mode. Chinese stocks dropped as the Securities Regulation Commission published draft rules that would cap the size of margin trading and short selling for the first time. Margin trading, where investors borrow money from a broker to buy stocks had fuelled recent rises (+13,9% in 3 months, +32,8% in 6 months, +105,7% in 12 months). Concern over a shortage of liquidity has helped fuel losses this week as investor funds got tied up in new share sales and the People's Bank of China refrained from easing monetary policy, disappointing some investors who had anticipated a cut in interest rates or banks' reserve requirement ratios. A surge in new share sales, weak earnings growth, expensive valuations and high margin debt are four main concerns about the nation's stock market going forward.



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Exchange Rates	Price as of 06/26/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1200	-1,34	2,84	3,07
EUR/TRY	2,9845	-2,48	3,72	5,24
EUR/CHF	1,0449	0,29	1,00	-0,37
EUR/GBP	0,71194	-0,39	0,65	-2,89
EUR/JPY	138,51	-0,55	3,47	6,78
EUR/RUB	61,7986	0,76	11,34	-0,83
EUR/CNY	6,9607	-0,91	2,94	1,47
USD/TRY	2,6642	-1,16	0,86	2,16
USD/JPY	123,68	0,80	0,63	3,61
USD/RUB	55,1758	2,10	8,28	-3,79
USD/CNY	6,2094	0,00	0,09	-0,03

Sovereign Bonds 10Y	Price as of 06/26/2015	Change % 5 days	Change % 1 Month	Ask YTM
Austria	118,94	-0,54	-2,29	0,75
Belgium	109,86	-0,53	-2,75	0,96
China	103,15	-0,29	-1,03	3,58
EFSF	118,59	-0,46	-1,55	0,61
ESM	110,32	-0,81	-2,43	0,83
France	110,29	-0,38	-2,17	0,79
Germany	106,65	-0,84	-2,07	0,60
Greece	59,74	11,98	8,08	11,28
Japan	103,82	-0,31	-0,29	0,27
Portugal	119,54	2,54	-1,60	2,32
Spain	125,91	1,58	-1,44	1,72
Russia	85,00	0,89	-2,86	10,96
Switzerland	131,52	-0,14	-0,75	-0,15
Turkey	88,90	2,36	-3,35	9,11
UK	98,65	-1,07	-1,84	1,95
US	95,98	-1,13	-1,84	2,22

Turkey related	Price as of 06/26/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	2,8243	-1,91	2,35	3,78
WAC of CBRT	8,33	-2,23	1,83	8,04
Gold TRY / gram	100,46	-3,43	-0,40	-0,40
TR Gov. Bond 2Y	9,74	-2,40	-2,21	11,57

Euribor/Eonia	Price as of 06/26/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T -1)	-0,116	1,70	18,88	-84,13
Euribor 1 Month	-0,066	-3,13	-22,22	-450,00
Euribor 3 Month	-0,015	-7,14	-15,39	-171,43
Euribor 6 Month	0,050	0,00	-3,85	-43,82
Euribor 12 Month	0,162	-2,41	0,62	-19,40

EUR Libor	Price as of 06/26/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,177	0,80	-0,81	-22,77
EUR Libor 1M	-0,079	-7,77	-15,63	-282,86
EUR Libor 3M	-0,014	-11,78	-5,52	-200,00
EUR Libor 6M	0,056	0,00	6,75	-20,20
EUR Libor 12M	0,169	-1,66	-1,66	-14,75

Commodities Energy Futures	Price as of 06/26/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	59,20	-1,35	1,16	7,12
BRENT crude	62,85	-0,35	-2,35	2,13
GAS oil	573,00	-0,09	-2,43	3,71
Heating oil	185,52	-0,62	-2,57	2,68
Natural gas	2,81	-0,67	-1,83	0,07
Gold Spot	1.172,80	-2,32	-1,27	-2,53
Silver Spot	15,81	-1,89	-5,74	-7,38
Platinum Spot	1.076,75	-0,80	-4,33	-6,66
Palladium Spot	676,50	-4,47	-13,56	-12,47
Copper	262,10	1,73	-5,94	-6,80

Stock Indices	Price as of 06/26/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2.500	2,74	-3,82	0,65
BIST 100	83.739	1,58	0,13	2,79
CAC 40	5.059	5,08	-0,47	1,07
DAX	11.446	3,69	-1,53	-3,34
Dow Jones (T-1)	17.890	-1,24	-0,84	1,20
Euro Stoxx 50	3.612	4,52	-0,20	-1,57
FTSE 100	6.768	0,86	-2,60	-1,84
HANG SENG	26.664	-0,36	-5,61	8,85
IBEX 35	11.357	3,73	1,00	-0,88
MICEX	1.642	-1,29	-0,61	3,78
NASDAQ 100 (T-1)	4.514	-0,39	0,92	4,61
NIKKEI 225	20.706	2,64	1,31	6,34
S&P 500 (T-1)	2.102	-0,89	-0,09	2,24

Interest Rate Futures	Price as of 06/26/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	129,04	-0,28	-0,74	-1,28
Bund	150,16	-1,16	-2,69	-5,02

Risk Sentiment	Price as of 06/26/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index	829	7,25	41,95	38,63
VIX	14,01	6,22	-0,36	-11,33
Turkey 5Y CDS (T -1)	216,904	-3,44	4,38	-1,05
MSCI EM Index (T-1)	988,18	1,40	-3,73	2,67

USD Libor	Price as of 06/26/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	0,124	-0,40	0,81	2,48
USD Libor 1M	0,187	-0,21	0,16	4,98
USD Libor 3M	0,282	0,16	-1,43	3,19
USD Libor 6M	0,446	0,62	5,04	11,07
USD Libor 12M	0,777	1,29	2,60	10,94

TRY Libor	Price as of 06/26/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	10,974	0,08	1,00	3,14
TRY Libor 1M	11,018	0,02	1,41	5,38
TRY Libor 3M	11,076	-0,03	2,46	10,26
TRY Libor 6M	11,086	0,06	3,00	15,06
TRY Libor 12M	11,105	0,23	3,18	15,26



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Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
06/22/2015 14:30	US	Chicago Fed Nat Activity Index	May	0.12	-0.17	-0.15
06/22/2015 16:00	US	Existing Home Sales	May	5.26M	5.35M	5.04M
06/22/2015 16:00	US	Existing Home Sales MoM	May	4.4%	5.1%	-3.3%
06/23/2015 14:30	US	Durable Goods Orders	May	-1.0%	-1.8%	-0.5%
06/23/2015 14:30	US	Durables Ex Transportation	May	0.5%	0.5%	0.5%
06/23/2015 15:00	US	FHFA House Price Index MoM	Apr	0.5%	0.3%	0.3%
06/23/2015 15:45	US	Markit US Manufacturing PMI	Jun P	54.1	53.4	54.0
06/23/2015 16:00	US	New Home Sales	May	523K	546K	517K
06/23/2015 16:00	US	New Home Sales MoM	May	1.2%	2.2%	6.8%
06/23/2015 16:00	US	Richmond Fed Manufact. Index	Jun	4	6	1
06/24/2015 13:00	US	MBA Mortgage Applications	Jun 19	--	1.6%	-5.5%
06/24/2015 14:30	US	GDP Annualized QoQ	1Q T	-0.2%	-0.2%	-0.7%
06/24/2015 14:30	US	Personal Consumption	1Q T	1.9%	2.1%	1.8%
06/24/2015 14:30	US	GDP Price Index	1Q T	-0.1%	0.0%	-0.1%
06/24/2015 14:30	US	Core PCE QoQ	1Q T	0.8%	0.8%	0.8%
06/25/2015 14:30	US	Personal Income	May	0.5%	0.5%	0.4%
06/25/2015 14:30	US	Personal Spending	May	0.7%	0.9%	0.0%
06/25/2015 14:30	US	Initial Jobless Claims	Jun 20	273K	271K	267K
06/25/2015 14:30	US	Continuing Claims	Jun 13	2218K	2247K	2222K
06/25/2015 15:45	US	Markit US Composite PMI	Jun P	--	54.6	56.0
06/25/2015 15:45	US	Markit US Services PMI	Jun P	56.5	54.8	56.2
06/22/2015 16:00	EU	Consumer Confidence	Jun A	-5.8	-5.6	-5.5
06/23/2015 10:00	EU	Markit Eurozone Manufacturing PMI	Jun P	52.2	52.5	52.2
06/23/2015 10:00	EU	Markit Eurozone Services PMI	Jun P	53.6	54.4	53.8
06/23/2015 10:00	EU	Markit Eurozone Composite PMI	Jun P	53.5	54.1	53.6
06/26/2015 10:00	EU	M3 Money Supply YoY	May	5.4%	5.0%	5.3%
06/26/2015 10:00	EU	M3 3-month average	May	5.1%	5.0%	4.7%
06/22/2015 09:00	TR	Consumer Confidence Index	Jun	--	66.4	64.3
06/23/2015 13:00	TR	Benchmark Repurchase Rate	Jun 23	7.50%	7.50%	7.50%
06/23/2015 13:00	TR	Overnight Lending Rate	Jun 23	10.75%	10.75%	10.75%
06/23/2015 13:00	TR	Overnight Borrowing Rate	Jun 23	7.25%	7.25%	7.25%
06/24/2015 13:30	TR	Real Sector Confidence SA	Jun	--	101.5	103.9
06/24/2015 13:30	TR	Real Sector Confidence NSA	Jun	--	104.9	109.0
06/24/2015 13:30	TR	Capacity Utilization	Jun	--	75.1%	74.9%
06/24/2015 15:00	RU	CPI WoW	Jun 22	--	0.1%	0.1%
06/24/2015 15:00	RU	CPI Weekly YTD	Jun 22	--	8.5%	8.4%
06/25/2015 14:00	RU	Gold and Forex Reserve	Jun 19	--	364.6B	360.6B
06/26/2015 10:00	RU	Money Supply Narrow Def	Jun 19	--	8.08T	8.03T

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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.