

DenizBank AG 



FX & Markets Weekly

Week 33/2015

DenizBank AG
Economic Research and Development
Vienna, Austria

PBOC devalues Yuan

The People's Bank of China (PBOC, Central Bank of China) adopted a new USD/CNY fixing mechanism that involves primary dealers' quotes related to previous closing price. Hereby the PBOC followed an IMF recommendation to implement a more flexible exchange rate regime in order to attain the reserve currency status at the IMF. Other effects will be limiting capital outflows, especially once the Fed begins its rate hiking cycle, and boosting exports. The reason of the timing though was the increasing gap between onshore and offshore Yuan, with offshore Yuan trading much lower to USD (recent gap was almost 1,7%). Initial impact was a 1,9% drop against USD followed by almost 1% on the next day. Weekly depreciation against other currencies in descending order is as follows, EUR -4,66%, CHF -3,94%, NOK -3,88%, GBP -3,8%, CAD -3,37%.

USD/TRY hits record high

Another record high of the pair this week as markets overreacted to inconclusive coalition talks. I am confident that a snap election will lead to a single party government again, hereby stabilizing financial markets and the country's social agenda. Turkish central bank calmed markets by increasing the rate of interest payments made to commercial banks for required or free dollar reserves that they hold with the central bank to 0,23% from 0,21%. CBRT also cut FX deposit rates for USD to 2,75% from 3% to stem the lira's decline.

USD/RUB rises to 6-month high

Russia's economy contracted by 4,6% y/y in Q2 following a 2,2% y/y decline in Q1. This marks the largest drop in 6 years. Adding to the GDP contraction driven RUB drop was the recent decline in oil prices as well as a weak outlook for commodity prices. The RUB depreciated even more against the EUR (-3,09%) and the CHF (-2,38%) this week.

WTI drops below USD 42

Crude oil hit a 6-year low after China's devalued Yuan added to pressure on commodity markets already tumbling due to a weak global economy. US-shale oil drillers are increasing their production while also Iran has augmented output.

Equities tumble across the board

Global equities fell on weaker than previously estimated economic data this week (industrial production in euro area, GDP growth in EU, inflation in euro area and EU).



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Exchange Rates	Price as of 08/14/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1132	1,60	1,20	-2,08
EUR/TRY	3,1593	3,70	8,95	7,11
EUR/CHF	1,0861	0,85	4,36	4,49
EUR/GBP	0,71264	0,73	0,89	-1,29
EUR/JPY	138,43	1,67	1,99	2,19
EUR/RUB	72,1391	2,88	16,21	27,02
EUR/CNY	7,1174	4,85	3,97	0,59
USD/TRY	2,8373	2,05	7,66	9,44
USD/JPY	124,36	0,06	0,77	4,35
USD/RUB	64,8128	1,26	14,83	29,71
USD/CNY	6,3912	2,92	2,93	3,06

Sovereign Bonds 10Y	Price as of 08/14/2015	Change % 5 days	Change % 1 Month	Ask YTM
Austria	120,96	-0,05	1,25	0,46
Belgium	112,28	0,02	1,87	0,64
China	103,88	-0,54	na	3,47
EFSF	120,34	0,01	1,12	0,31
ESM	112,49	-0,02	1,49	0,55
France	112,25	0,01	1,38	0,51
Germany	108,91	0,03	1,50	0,30
Greece	65,12	15,52	22,00	10,01
Japan	104,47	0,20	0,55	0,18
Portugal	121,47	0,24	2,19	2,06
Spain	126,65	-0,17	0,80	1,58
Russia	84,50	-0,35	0,38	11,08
Switzerland	133,31	0,26	1,16	-0,41
Turkey	86,60	-0,52	-2,27	9,63
UK	100,32	-0,24	1,38	1,70
US	97,44	-0,25	1,12	2,00

Turkey related	Price as of 08/14/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	2,9982	3,06	8,35	8,20
WAC of CBRT	8,55	1,79	2,40	4,27
Gold TRY / gram	101,99	4,34	4,25	-0,05
TR Gov. Bond 2Y	10,18	1,39	5,49	6,82

Euribor/Eonia	Price as of 08/14/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T -1)	-0,129	-11,21	-9,32	5,84
Euribor 1 Month	-0,085	-4,94	-19,72	-73,47
Euribor 3 Month	-0,025	-4,17	-31,58	-177,78
Euribor 6 Month	0,046	0,00	-6,12	-22,03
Euribor 12 Month	0,161	-1,23	-4,17	-4,17

EUR Libor	Price as of 08/14/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,180	0,00	-0,40	-1,20
EUR Libor 1M	-0,100	-5,26	-22,80	-59,08
EUR Libor 3M	-0,027	-35,70	-89,92	-58,34
EUR Libor 6M	0,053	-2,64	-9,79	-1,61
EUR Libor 12M	0,157	-2,90	-6,21	-9,67

Commodities Energy Futures	Price as of 08/14/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	42,48	-2,85	-20,31	-30,96
BRENT crude	48,91	0,88	-16,43	-27,62
GAS oil	475,50	1,28	-10,69	-22,97
Heating oil	156,29	1,37	-10,16	-22,77
Natural gas	2,81	0,64	-0,81	-8,48
Gold Spot	1.117,98	2,25	-3,16	-8,66
Silver Spot	15,51	4,65	0,94	-11,02
Platinum Spot	999,65	3,75	-2,63	-13,97
Palladium Spot	623,23	3,62	-5,22	-20,18
Copper	235,45	0,96	-7,10	-19,47

Stock Indices	Price as of 08/14/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2.459	-1,21	-1,95	-7,58
BIST 100	77.398	-1,21	-6,70	-11,20
CAC 40	4.958	-3,88	-1,55	-1,48
DAX	10.974	-4,55	-4,77	-5,12
Dow Jones (T-1)	17.408	-0,07	-3,57	-4,62
Euro Stoxx 50	3.492	-4,06	-3,25	-3,11
FTSE 100	6.553	-2,48	-2,99	-6,04
HANG SENG	23.991	-2,29	-4,50	-12,08
IBEX 35	10.890	-2,56	-3,26	-4,45
MICEX	1.718	1,58	4,26	2,36
NASDAQ 100 (T-1)	4.519	-0,20	-0,09	0,54
NIKKEI 225	20.519	-0,99	0,66	4,85
S&P 500 (T-1)	2.083	-0,01	-1,21	-1,78

Interest Rate Futures	Price as of 08/14/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	130,54	0,07	0,78	0,87
Bund	154,69	0,21	2,23	1,61

Risk Sentiment	Price as of 08/14/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index	1.046	-12,91	14,32	64,21
VIX	13,49	-2,03	0,90	5,89
Turkey 5Y CDS (T -1)	255,794	3,70	21,98	20,42
MSCI EM Index (T-1)	846,80	-2,29	-8,08	-16,51

USD Libor	Price as of 08/14/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	0,131	3,57	1,95	6,10
USD Libor 1M	0,200	4,37	6,74	8,86
USD Libor 3M	0,324	4,12	12,46	17,55
USD Libor 6M	0,525	2,91	13,26	27,17
USD Libor 12M	0,844	0,99	8,36	16,77

TRY Libor	Price as of 08/14/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	11,015	0,00	0,00	1,38
TRY Libor 1M	11,114	0,41	0,80	2,32
TRY Libor 3M	11,165	0,41	0,77	3,38
TRY Libor 6M	11,170	0,01	0,82	3,81
TRY Libor 12M	11,170	0,01	0,46	3,81



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Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
08/11/2015 12:00	US	NFIB Small Business Optimism	Jul	95.4	95.4	94.1
08/11/2015 14:30	US	Nonfarm Productivity	2Q P	1.6%	1.3%	-3.1%
08/11/2015 14:30	US	Unit Labor Costs	2Q P	0.0%	0.5%	6.7%
08/11/2015 16:00	US	Wholesale Inventories MoM	Jun	0.4%	0.9%	0.8%
08/11/2015 16:00	US	Wholesale Trade Sales MoM	Jun	0.5%	0.1%	0.3%
08/12/2015 13:00	US	MBA Mortgage Applications	Aug 7	--	0.1%	4.7%
08/12/2015 16:00	US	JOLTS Job Openings	Jun	5350	5249	5363
08/12/2015 20:00	US	Monthly Budget Statement	Jul	-\$140.0B	-\$149.2B	-\$94.6B
08/13/2015 14:30	US	Retail Sales Advance MoM	Jul	0.6%	0.6%	-0.3%
08/13/2015 14:30	US	Import Price Index MoM	Jul	-1.2%	-0.9%	-0.1%
08/13/2015 14:30	US	Import Price Index YoY	Jul	-10.7%	-10.4%	-10.0%
08/13/2015 14:30	US	Initial Jobless Claims	Aug 8	270K	274K	270K
08/13/2015 14:30	US	Continuing Claims	Aug 1	2245K	2273K	2255K
08/13/2015 16:00	US	Business Inventories	Jun	0.3%	0.8%	0.3%
08/14/2015 14:30	US	PPI Final Demand MoM	Jul	0.1%	0.2%	0.4%
08/14/2015 14:30	US	PPI Ex Food and Energy MoM	Jul	0.1%	0.3%	0.3%
08/14/2015 14:30	US	PPI Ex Food, Energy, Trade MoM	Jul	0.1%	0.2%	0.3%
08/14/2015 14:30	US	PPI Final Demand YoY	Jul	-0.9%	-0.8%	-0.7%
08/14/2015 14:30	US	PPI Ex Food and Energy YoY	Jul	0.5%	0.6%	0.8%
08/14/2015 14:30	US	PPI Ex Food, Energy, Trade YoY	Jul	0.7%	0.9%	0.7%
08/11/2015 11:00	EU	ZEW Survey Expectations	Aug	--	47.6	42.7
08/12/2015 11:00	EU	Industrial Production SA MoM	Jun	-0.1%	-0.4%	-0.4%
08/12/2015 11:00	EU	Industrial Production WDA YoY	Jun	1.7%	1.2%	1.6%
08/14/2015 11:00	EU	GDP SA QoQ	2Q A	0.4%	0.3%	0.4%
08/14/2015 11:00	EU	GDP SA YoY	2Q A	1.3%	1.2%	1.0%
08/14/2015 11:00	EU	CPI MoM	Jul	-0.6%	-0.6%	0.0%
08/14/2015 11:00	EU	CPI YoY	Jul F	0.2%	0.2%	0.2%
08/14/2015 11:00	EU	CPI Core YoY	Jul F	1.0%	1.0%	1.0%
08/11/2015 09:00	TR	Current Account Balance	Jun	-3.20B	-3.36B	-3.99B
08/10/2015 14:06	RU	Light Vehicle Car Sales YoY	Jul	-0,28	-0,27	-0,3
08/10/2015 16:00	RU	GDP YoY	2Q A	-4.5%	-4.6%	-2.2%
08/11/2015 16:15	RU	Trade Balance	Jun	14.0B	13.8B	15.3B
08/11/2015 16:15	RU	Imports	Jun	16.4B	16.5B	15.6B
08/11/2015 16:15	RU	Exports	Jun	30.3B	30.3B	30.9B
08/12/2015 15:00	RU	CPI WoW	Aug 10	--	0.0%	0.0%
08/12/2015 15:00	RU	CPI Weekly YTD	Aug 10	--	9.4%	9.4%
08/13/2015 14:00	RU	Gold and Forex Reserve	Aug 7	--	358.0B	357.6B
08/13/2015 16:50	RU	Budget Balance YTD	Jul	-1000.0B	-1121.7B	-889.3B
08/14/2015 10:00	RU	Money Supply Narrow Def	Aug 7	--	8.12T	8.01T



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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.