

**DenizBank AG** 



**FX & Markets Weekly**

**Week 47/2015**

**DenizBank AG  
Economic Research  
Vienna, Austria**

## U.S. Treasury volatility at year-to-date low

The BAML MOVE Index tracks swings in USTs based on options prices. That particular index declined to its year-to-date low this week. Other measures of volatility such as the CBOE/CBOT 10Y U.S. Treasury Note volatility index also declined this week to almost year-to-date lows. On the other hand, market expectations of near-term U.S. equity volatility as measured by the CBOE VIX index also declined this week by over 7,5%. These are indications that market participants are increasingly convinced that the Fed is going to start its rate hiking cycle soon. The next possible date would be December 16 when the Federal Open Markets Committee meets again. Currently the future implied probability of a rate hike on December 16 by up to 25 bps stands at 66-70%. Fed speakers confirmed this week that no decision has been made about the precise timing of a liftoff, and reiterated that it remains data dependent.

## RUB outperforms along with Russian assets

Following a rather light weekly performance in Russian equities, this week saw inflows in all Russian asset classes and the ruble. The MICEX equity index added over 4,8%, sovereign bonds in RUB rose with biggest inflows in the 5-15 year segments (5Y yields -41bps to 9,65%, 7Y yields -45bps to 9,625%, 10Y yields -43bps to 9,375%, and 15Y yields -61bps to 9,33%). Meanwhile, RUB appreciated over 3,6% vs. EUR, and over 2,8% against USD.

## Crude oil futures are unimpressed by 1<sup>st</sup> increase in U.S. oil rig count since July

Although the number of operating crude oil rigs in the U.S. has increased for the first time since July (+2 to 574 rigs), crude oil futures declined on the week (WTI -0,785% to USD 40,15, Brent -0,652% to USD 44,24). No wonder, as the number of South American rigs kept on declining to a larger extent.

## Turkey 5Y USD CDS extend decline

Credit default swaps are generally used against default of the underlying asset. In the case of sovereigns they protect against sovereign default. This week, 5-year USD CDS on Turkey extended their decline by over 5,28% (1 month decline is 7,78%, and 3 month decline over 13%). Moreover, TRY advanced against EUR by 1,44% to its highest level since end-July (3,0129), and versus USD, TRY appreciated to its highest since mid-August (2,8200).



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## Economic Research and Development

Exchange Rates	Price as of 11/20/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,0704	-0,61	-5,68	-4,35
EUR/TRY	3,019	-2,09	-8,27	-6,89
EUR/CHF	1,0853	0,19	0,08	0,75
EUR/GBP	0,70185	-0,66	-4,42	-1,68
EUR/JPY	131,38	-0,50	-3,40	-4,89
EUR/RUB	69,3194	-3,65	-1,60	-7,77
EUR/CNY	6,8163	-0,71	-5,50	-4,10
USD/TRY	2,8197	-1,52	-2,75	-2,60
USD/JPY	122,74	0,11	2,42	-0,57
USD/RUB	64,751	-2,98	4,33	-3,58
USD/CNY	6,3846	0,17	0,57	-0,07

Sovereign Bonds 10Y	Price as of 11/20/2015	Change % 5 days	Change % 1 Month	Ask YTM
Austria	121,96	0,37	1,06	0,23
Belgium	113,80	0,44	1,14	0,40
China	106,14	0,09	na	3,05
EFSF	121,28	0,35	1,12	0,05
ESM	113,46	0,57	1,38	0,39
France	113,51	0,32	1,13	0,28
Germany	110,18	0,47	1,10	0,09
Greece	79,25	1,43	3,58	7,03
Japan	104,84	-0,12	-0,14	0,11
Portugal	120,53	2,13	-0,40	2,10
Spain	129,15	0,77	1,18	1,15
Russia	91,49	2,00	3,15	9,56
Switzerland	134,10	0,02	0,68	-0,63
Turkey	86,40	-0,23	0,70	9,78
UK	101,36	0,68	-0,24	1,54
US	97,58	0,18	-1,36	2,00

Turkey related	Price as of 11/20/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	2,9193	-1,57	-5,69	-4,86
WAC of CBRT	8,77	0,57	-0,68	1,15
Gold TRY / gram	98,14	-1,65	-10,57	-8,53
TR Gov. B. 2Y yield	10,26	0,10	0,89	-7,15

Euribor/Eonia	Price as of 11/20/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T -1)	-0,137	0,73	3,52	-15,13
Euribor 1 Month	-0,151	-10,22	-29,06	-65,93
Euribor 3 Month	-0,095	-14,46	-79,25	-216,67
Euribor 6 Month	-0,024	-118,18	-233,33	-157,14
Euribor 12 Month	0,068	-17,07	-47,29	-57,23

EUR Libor	Price as of 11/20/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,184	0,00	-1,98	-2,38
EUR Libor 1M	-0,154	-3,86	-18,13	-47,25
EUR Libor 3M	-0,104	-12,41	-104,24	-291,87
EUR Libor 6M	-0,034	-51,63	-289,55	-164,56
EUR Libor 12M	0,062	-14,71	-49,24	-60,35

Commodities Energy Futures	Price as of 11/20/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	40,16	-1,60	-13,39	-6,55
BRENT crude	44,39	-0,31	-10,26	-9,29
GAS oil	423,75	-0,65	-5,73	-9,80
Heating oil	136,62	-1,14	-7,62	-11,20
Natural gas	2,22	-6,23	-17,11	-26,83
Gold Spot	1.082,60	-0,17	-8,07	-6,12
Silver Spot	14,25	-0,15	-9,90	-8,20
Platinum Spot	859,96	0,12	-15,46	-16,77
Palladium Spot	550,88	2,23	-20,65	-11,91
Copper	209,85	-3,65	-11,60	-9,75

Stock Indices	Price as of 11/20/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2.488	3,68	4,30	3,83
BIST 100	80.793	-1,41	0,29	8,09
CAC 40	4.914	2,18	5,11	2,70
DAX	11.123	3,87	9,61	6,62
Dow Jones	17.838	3,35	3,51	4,89
Euro Stoxx 50	3.455	2,79	6,10	3,01
FTSE 100	6.344	3,69	-0,02	-0,38
HANG SENG	22.755	1,60	-1,02	-0,01
IBEX 35	10.337	2,19	2,30	-2,40
MICEX	1.813	4,90	5,24	6,92
NASDAQ 100	4.679	3,95	5,45	6,72
NIKKEI 225	19.880	1,44	9,19	-0,77
S&P 500	2.081	2,88	2,49	2,24

Interest Rate Futures	Price as of 11/20/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	129,90	0,21	0,73	0,78
Bund	158,15	0,76	1,41	1,44

Risk Sentiment	Price as of 11/20/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index (T-1)	504	-12,95	-33,86	-50,30
VIX	16,99	-15,39	7,87	-11,23
Turkey 5Y CDS (T -1)	240,409	-5,28	-7,79	-13,22
MSCI EM Index (T-1)	837,14	1,95	-3,16	0,83

USD Libor	Price as of 11/20/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	0,131	0,00	-0,76	-1,50
USD Libor 1M	0,212	7,22	7,63	5,54
USD Libor 3M	0,382	5,09	19,26	16,10
USD Libor 6M	0,619	2,47	17,97	16,11
USD Libor 12M	0,947	1,20	14,39	10,47

TRY Libor	Price as of 11/20/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	11,015	0,00	0,00	-0,48
TRY Libor 1M	10,976	0,03	-2,22	-5,98
TRY Libor 3M	11,068	0,43	-3,57	-5,28
TRY Libor 6M	11,120	0,42	-3,13	-4,84
TRY Libor 12M	11,125	0,05	-3,49	-4,79



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Economic Research and Development

Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
11/13/2015 14:30	US	Retail Sales Advance MoM	Oct	0.3%	0.1%	0.1%
11/13/2015 14:30	US	PPI Final Demand MoM	Oct	0.2%	-0.4%	-0.5%
11/13/2015 14:30	US	PPI Ex Food and Energy MoM	Oct	0.1%	-0.3%	-0.3%
11/13/2015 14:30	US	PPI Final Demand YoY	Oct	-1.2%	-1.6%	-1.1%
11/13/2015 14:30	US	PPI Ex Food and Energy YoY	Oct	0.5%	0.1%	0.8%
11/13/2015 16:00	US	Business Inventories	Sep	0.0%	0.3%	0.0%
11/13/2015 16:00	US	U. of Mich. Sentiment	Nov P	91.5	93.1	90.0
11/13/2015 16:00	US	U. of Mich. Current Conditions	Nov P	--	104.8	102.3
11/13/2015 16:00	US	U. of Mich. Expectations	Nov P	--	85.6	82.1
11/16/2015 14:30	US	Empire Manufacturing	Nov	-6.50	-10.74	-11.36
11/17/2015 14:30	US	CPI MoM	Oct	0.2%	0.2%	-0.2%
11/17/2015 14:30	US	CPI Ex Food and Energy MoM	Oct	0.2%	0.2%	0.2%
11/17/2015 14:30	US	CPI YoY	Oct	0.1%	0.2%	0.0%
11/17/2015 14:30	US	CPI Ex Food and Energy YoY	Oct	1.9%	1.9%	1.9%
11/17/2015 15:15	US	Industrial Production MoM	Oct	0.1%	-0.2%	-0.2%
11/17/2015 15:15	US	Capacity Utilization	Oct	77.5%	77.5%	77.5%
11/17/2015 22:00	US	Net Long-term TIC Flows	Sep	--	\$33.6b	\$20.4b
11/17/2015 22:00	US	Total Net TIC Flows	Sep	--	-\$175.1b	-\$9.2b
11/18/2015 13:00	US	MBA Mortgage Applications	Nov 13	--	6.2%	-1.3%
11/18/2015 14:30	US	Housing Starts	Oct	1160k	1060k	1206k
11/18/2015 14:30	US	Housing Starts MoM	Oct	-3.8%	-11.0%	6.5%
11/18/2015 14:30	US	Building Permits	Oct	1147k	1150k	1103k
11/18/2015 14:30	US	Building Permits MoM	Oct	3.8%	4.1%	-5.0%
11/19/2015 14:30	US	Initial Jobless Claims	Nov 14	270k	271k	276k
11/19/2015 14:30	US	Continuing Claims	Nov 7	2167k	2175k	2174k
11/13/2015 11:00	EU	Trade Balance SA	Sep	19.3b	20.1b	19.8b
11/13/2015 11:00	EU	GDP SA QoQ	3Q A	0.4%	0.3%	0.4%
11/13/2015 11:00	EU	GDP SA YoY	3Q A	1.7%	1.6%	1.5%
11/16/2015 11:00	EU	CPI MoM	Oct	0.1%	0.1%	0.2%
11/16/2015 11:00	EU	CPI YoY	Oct F	0.0%	0.1%	0.0%
11/16/2015 11:00	EU	CPI Core YoY	Oct F	1.0%	1.1%	1.0%
11/17/2015 11:00	EU	ZEW Survey Expectations	Nov	--	42091	42034
11/18/2015 11:00	EU	Construction Output YoY	Sep	--	1.8%	-6.0%
11/19/2015 10:00	EC	ECB Current Account SA	Sep	--	29.4b	17.7b
11/16/2015 09:00	TR	Unemployment Rate	Aug	9.9%	10.1%	9.8%
11/16/2015 10:00	TR	Central Gov't Budget Balance	Oct	--	7.23b	-14.10b
11/20/2015 09:00	TR	Consumer Confidence Index	Nov	--	77.15	62.78
11/17/2015 14:00	RU	Unemployment Rate	Oct	5.4%	5.5%	5.2%
11/17/2015 14:00	RU	Industrial Production YoY	Oct	-4.2%	-3.6%	-3.7%
11/20/2015 14:00	RU	PPI MoM	Oct	0.4%	1.8%	-1.1%
11/20/2015 14:00	RU	PPI YoY	Oct	12.8%	14.2%	12.7%

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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.