

DenizBank AG 



FX & Markets Weekly

Week 7/2016

DenizBank AG
Economic Research
Vienna, Austria

Global equities rebound

Led by the Japanese Nikkei that surged 6,8% (currency adjusted even +8,5%), and the Russian RTS (USD) with +5,5% (or currency adjusted +7%), global equities surged this week. In the emerging and developing markets Venezuela continues to lead with +9,8% in a week, extending its incredible +357% 12-month performance, followed by Argentinian Merval (+8,8%) expanding the 22,8% monthly gain.

Crude oil rises on Saudi Arabia-Russia deal

After last week's fresh all-time low of USD 26,14 per barrel WTI for March delivery, this week saw the price surging over 15%. The European equivalent Brent was largely unchanged (+1,4%). As U.S. supplies rose to their highest in over 8 decades, Russia and Saudi Arabia reached accord to freeze their crude oil output. Both countries are trying to get other crude oil producers on board.

ECB minutes reflect worry but no hurry

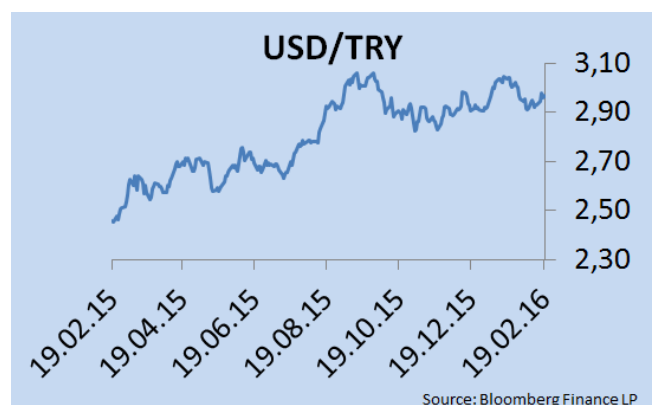
The minutes from the ECB's January monetary policy meeting show that the Governing Council members are concerned about the global economic outlook. Yet they didn't seem to be in a hurry to expand stimulus as soon as January. De facto, ECB monetary policy will remain accommodative for an extended period of time. The ECB will act in case financial market turmoil weakens price stability.

Yellen's Testimony lowers rate hike probability

In her semi-annual Testimony before Congress Fed Chair Yellen commented on the recent turmoil in financial markets. „Financial conditions in the U.S. have recently become less supportive of growth“, „if they persist, could weigh on the outlook for economic activity and the labor market“, „declines in longer-term interest rates and oil prices provide some offset“. Regarding economic outlook Yellen recognized that economic activity in the U.S. is „reported to have slowed more sharply“, „labor market conditions have improved substantially, although there is still room for further sustainable improvement“. Regarding monetary policy outlook there was little new information. But the Future implied probability of a March rate hike fell to 0%.

BIST 100 advances on current account improvement

Turkey's economic Achilles heel, the current account deficit (CAD) narrowed by USD 13,6bn in 2015. The full year deficit narrowed by 26,1% to USD 32,2bn in 2015. That is around 4,5% of GDP, and that is even below the CAD of the U.K. (~5% of GDP).



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Economic Research and Development

Exchange Rates	Price as of 02/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1088	-1,51	1,45	3,36
EUR/TRY	3,285	-0,37	-1,02	7,59
EUR/CHF	1,1002	-0,02	0,61	1,06
EUR/GBP	0,77763	0,17	0,92	10,88
EUR/JPY	125,29	-1,68	-2,36	-4,89
EUR/RUB	85,7731	-3,25	-0,34	23,64
EUR/CNY	7,2328	-2,19	0,86	6,17
USD/TRY	2,9618	1,07	-2,44	4,14
USD/JPY	112,99	-0,19	-3,75	-7,99
USD/RUB	77,353	-1,79	-1,77	19,61
USD/CNY	6,5223	-0,79	-0,86	2,19

Sovereign Bonds 10Y	Price as of 02/19/2016	Change % 5 days	Change % 1 Month	Ask YTM
Austria	122,64	0,41	1,26	0,04
Belgium	115,20	0,54	1,89	0,16
China	107,81	0,09	-0,51	2,91
EFSF	121,10	0,19	0,81	-0,05
ESM	114,70	0,33	1,57	0,20
France	114,50	0,48	1,37	0,07
Germany	111,75	0,21	1,75	-0,17
Greece	63,25	5,96	-9,29	11,06
Japan	106,58	0,28	1,20	-0,16
Portugal	112,23	1,43	-4,74	3,10
Spain	127,72	-0,07	-0,22	1,21
Russia	89,81	1,53	2,46	10,02
Switzerland	133,01	0,21	0,76	-0,65
Turkey	82,60	-0,72	1,72	10,89
UK	104,51	0,06	1,91	1,04
US	100,86	-0,13	1,94	1,50

Turkey related	Price as of 02/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	3,1236	0,21	-1,69	5,93
WAC of CBRT	9,13	1,56	2,58	5,55
Gold TRY / gram	116,92	0,11	9,81	18,19
TR Gov. B. 2Y yield	11,22	1,26	0,36	8,72

Euribor/Eonia	Price as of 02/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T -1)	-0,244	-2,09	-1,67	-89,15
Euribor 1 Month	-0,255	-6,25	-14,87	-71,14
Euribor 3 Month	-0,198	-8,20	-38,46	-115,22
Euribor 6 Month	-0,125	-7,76	-123,21	-557,90
Euribor 12 Month	-0,017	-88,89	-135,42	-122,97

EUR Libor	Price as of 02/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,284	0,00	0,00	-53,28
EUR Libor 1M	-0,260	-4,77	-16,49	-71,98
EUR Libor 3M	-0,213	-5,66	-40,94	-118,10
EUR Libor 6M	-0,127	-3,37	-109,19	-393,97
EUR Libor 12M	-0,016	7,40	-134,76	-123,06

Commodities Energy Futures	Price as of 02/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	29,55	12,74	-0,07	-32,66
BRENT crude	33,35	-0,03	13,17	-28,36
GAS oil	309,00	-0,80	11,24	-29,27
Heating oil	104,29	6,53	13,07	-27,19
Natural gas	1,84	-7,47	-12,48	-25,27
Gold Spot	1.227,83	-0,93	12,58	13,52
Silver Spot	15,38	-2,49	8,77	7,55
Platinum Spot	942,81	-1,43	13,28	9,72
Palladium Spot	504,99	-3,59	1,70	-6,68
Copper	206,90	3,01	4,28	-0,93

Stock Indices	Price as of 02/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2.107	3,71	-0,26	-15,33
BIST 100	72.736	2,62	2,42	-9,51
CAC 40	4.203	5,31	-1,52	-14,40
DAX	9.372	4,58	-2,96	-15,40
Dow Jones	16.337	4,44	2,12	-7,77
Euro Stoxx 50	2.861	3,91	-3,91	-16,96
FTSE 100	5.930	3,93	0,94	-6,29
HANG SENG	19.286	5,27	-1,78	-14,29
IBEX 35	8.144	2,99	-4,65	-21,22
MICEX	1.787	3,47	8,53	-1,40
NASDAQ 100	4.138	4,55	-0,11	-11,02
NIKKEI 225	15.967	6,79	-6,34	-19,60
S&P 500	1.918	4,85	1,94	-7,85

Interest Rate Futures	Price as of 02/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	132,81	0,12	1,02	1,10
Bund	164,98	0,38	3,02	3,20

Risk Sentiment	Price as of 02/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index (T-1)	313	7,56	-13,77	-37,90
VIX	21,64	-23,10	-16,93	27,37
Turkey 5Y CDS (T -1)	306,943	2,25	0,70	27,68
MSCI EM Index (T-1)	746,24	4,92	4,46	-10,86

USD Libor	Price as of 02/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	0,371	0,03	1,34	185,31
USD Libor 1M	0,434	0,70	2,00	103,28
USD Libor 3M	0,618	0,00	-0,98	63,72
USD Libor 6M	0,868	1,17	1,18	41,87
USD Libor 12M	1,140	2,16	-0,93	21,08

TRY Libor	Price as of 02/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	11,015	0,00	0,00	0,00
TRY Libor 1M	11,630	0,09	-0,18	5,96
TRY Libor 3M	11,684	0,37	0,47	5,57
TRY Libor 6M	11,737	0,02	0,92	5,55
TRY Libor 12M	11,785	0,01	1,34	5,93



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Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
02/16/2016 14:30	US	Empire Manufacturing	Feb	-10.00	-16.64	-19.37
02/16/2016 16:00	US	NAHB Housing Market Index	Feb	60	58	60
02/17/2016 13:00	US	MBA Mortgage Applications	Feb 12	--	8.2%	9.3%
02/17/2016 14:30	US	PPI Final Demand MoM	Jan	-0.2%	0.1%	-0.2%
02/17/2016 14:30	US	PPI Ex Food and Energy MoM	Jan	0.1%	0.4%	0.1%
02/17/2016 15:15	US	Industrial Production MoM	Jan	0.4%	0.9%	-0.4%
02/17/2016 15:15	US	Capacity Utilization	Jan	76.7%	77.1%	76.5%
02/18/2016 14:30	US	Initial Jobless Claims	Feb 13	275k	262k	269k
02/18/2016 14:30	US	Continuing Claims	Feb 6	2250k	2273k	2239k
02/18/2016 16:00	US	Leading Index	Jan	-0.2%	-0.2%	-0.2%
02/19/2016 14:30	US	CPI MoM	Jan	-0.1%	0.0%	-0.1%
02/19/2016 14:30	US	CPI Ex Food and Energy MoM	Jan	0.2%	0.3%	0.1%
02/19/2016 14:30	US	CPI YoY	Jan	1.3%	1.4%	0.7%
02/19/2016 14:30	US	CPI Ex Food and Energy YoY	Jan	2.1%	2.2%	2.1%
02/19/2016 14:30	US	Real Avg Weekly Earnings YoY	Jan	--	1.2%	1.6%
02/15/2016 11:00	EU	Trade Balance SA	Dec	22.0b	21.0b	22.7b
02/15/2016 11:00	EU	Trade Balance NSA	Dec	27.5b	24.3b	23.6b
02/16/2016 08:00	EU	EU27 New Car Registrations	Jan	--	6.2%	16.6%
02/16/2016 11:00	EU	ZEW Survey Expectations	Feb	--	42534	42573
02/17/2016 11:00	EU	Construction Output MoM	Dec	--	-0.6%	0.8%
02/17/2016 11:00	EU	Construction Output YoY	Dec	--	-0.4%	2.1%
02/18/2016 10:00	EU	ECB Current Account SA	Dec	--	25.5b	26.4b
02/18/2016 10:00	EU	Current Account NSA	Dec	--	41.4b	29.8b
02/19/2016 16:00	EU	Consumer Confidence	Feb A	-6.6	--	-6.3
02/15/2016 09:00	TR	Unemployment Rate	Nov	10.8%	10.5%	10.5%
02/15/2016 10:00	TR	Central Gov't Budget Balance	Jan	--	4.20b	-17.20b
02/19/2016 09:00	TR	Consumer Confidence Index	Feb	71.20	66.64	71.62
02/17/2016 14:00	RU	CPI Weekly YTD	Feb 15	--	1.4%	1.2%
02/17/2016 14:00	RU	CPI WoW	Feb 15	--	0.2%	0.2%
02/18/2016 14:00	RU	Gold and Forex Reserve	Feb 12	--	382.4b	376.7b
02/15/2016 14:00	RU	Industrial Production YoY	Jan	-2.9%	-2.7%	-4.5%
02/12/2016 09:00	RU	Money Supply Narrow Def	Feb 5	--	8.21t	8.20t
02/17/2016 14:00	RU	PPI MoM	Jan	0.1%	-1.2%	-2.2%
02/17/2016 14:00	RU	PPI YoY	Jan	9.9%	7.5%	10.7%
02/18/2016 14:00	RU	Real Disposable Income	Jan	-2.3%	-6.3%	-0.7%
02/18/2016 14:00	RU	Real Wages YoY	Jan	-8.0%	-6.1%	-10.0%
02/18/2016 14:00	RU	Retail Sales Real MoM	Jan	-28.0%	-26.4%	20.1%
02/18/2016 14:00	RU	Retail Sales Real YoY	Jan	-8.5%	-7.3%	-15.3%
02/18/2016 14:00	RU	Unemployment Rate	Jan	6.0%	5.8%	5.8%

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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.