

DenizBank AG 



FX & Markets Weekly

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Risk-off mode spreads

Hillary Clinton's FBI related allegations narrowed her lead in opinion polls. Donald Trump's improvement spurred global risk-off sentiment. Investors turned to cash or money market funds. The latter absorbed more than USD 36bn in the week to Wednesday.

TRY dives

Emerging Markets FX, a risky asset class was indeed negatively impacted by the rising risk off-sentiment. TRY was among the worst EM performers hitting new record lows against the EUR (3,5248), and the USD (3,1716), only underperformed by Colombian peso (Colombia has a current account deficit of 5,7% of GDP as per 2Q16) and Brazilian real (Brazil has a current account deficit of 1,3% of GDP as per September 2016).

Crude oil drops

The bumpy road indicated last week by the rising VIX, and VSTOXX even got worse. VIX surged by over 34% to the highest level since Brexit shock. VSTOXX climbed over 31% to its highest level since 1st week of July. Another risky asset class, crude oil futures dropped as well. Both WTI and Brent tumbled more than 8% each to levels around USD 45 per barrel. They stabilized on Friday after 5 straight days of falls triggered by a surge in U.S. crude inventories and doubts over the ability of OPEC to curb output.

Gold rises

Global risk assets remained hostage to U.S. election uncertainty. Haven assets surged. So did spot gold. Gold bulls are partly back as the gold price per troy ounce climbed over 2% this week above its 50-day simple moving average to target USD 1315 (100-DSMA) in near term.

Egypt floats its currency

The Central Bank of Egypt followed the IMF's advice or condition to get a USD 12bn loan and turned to a floating rate regime. The politically turbulent country's sources for hard currency had dried out. Foreign direct investment flows slowed and inflation reached double digits. The Egyptian pound is now de facto in an independently floating rate regime, as the central bank lacks reserves to intervene as it would be in a managed floating FX regime. That is why the EGP dropped by over 70% against the EUR and USD. The flexible FX rate will improve Egypt's external competitiveness, exports, and tourism. To guard against potential negative effects the central bank raised O/N lending rate by 300bps to 15,75%.



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Economic Research and Development

| Exchange Rates | Price as of 11/04/2016 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|----------------|------------------------|-----------------|------------------|-------------------|
| EUR/USD | 1,1110 | 1,14 | -0,75 | -0,25 |
| EUR/TRY | 3,522 | 3,05 | 2,61 | 4,94 |
| EUR/CHF | 1,0795 | -0,48 | -1,60 | -0,49 |
| EUR/GBP | 0,8886 | -1,31 | 1,10 | 4,66 |
| EUR/JPY | 114,5 | -0,51 | -0,67 | 1,63 |
| EUR/RUB | 71,5827 | 3,38 | 1,93 | -2,26 |
| EUR/CNY | 7,5078 | 1,31 | 0,84 | 1,50 |
| USD/TRY | 3,1695 | 1,91 | 3,39 | 5,25 |
| USD/JPY | 103,06 | -1,63 | 0,08 | 1,88 |
| USD/RUB | 64,4317 | 2,23 | 2,69 | -2,02 |
| USD/CNY | 6,7575 | -0,32 | 1,28 | 1,74 |

| Sovereign Bonds 10Y | Price as of 11/04/2016 | Change % 5 days | Change % 1 Month | Ask YTM |
|---------------------|------------------------|-----------------|------------------|---------|
| Austria | 121,90 | -0,01 | -1,15 | -0,21 |
| Belgium | 115,91 | 0,01 | -1,14 | -0,14 |
| China | 108,58 | -0,30 | -0,25 | 2,47 |
| EFSF | 120,35 | -0,03 | -0,90 | -0,35 |
| ESM | 115,77 | 0,00 | -1,14 | -0,12 |
| France | 114,51 | 0,09 | -1,03 | -0,17 |
| Germany | 111,58 | 0,19 | -1,05 | -0,33 |
| Greece | 77,99 | 4,23 | 3,21 | 7,94 |
| Japan | 106,19 | 0,10 | -0,23 | -0,21 |
| Portugal | 113,65 | 0,16 | 0,69 | 2,75 |
| Spain | 130,17 | -0,04 | -1,12 | 0,47 |
| Russia | 95,79 | 0,03 | -1,90 | 8,71 |
| Switzerland | 129,52 | -0,26 | -1,23 | -0,64 |
| Turkey | 86,10 | -1,60 | -3,80 | 10,89 |
| UK | 106,30 | 0,59 | -1,84 | 0,65 |
| US | 101,05 | 0,51 | -0,15 | 1,44 |

| Turkey related | Price as of 11/04/2016 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------------|------------------------|-----------------|------------------|-------------------|
| TRY Basket | 3,3455 | 2,68 | 2,96 | 5,05 |
| WAC of CBRT (T-1) | 7,78 | 0,26 | 0,52 | -2,99 |
| Gold TRY / gram | 132,93 | 4,24 | 6,11 | 0,77 |
| TR Gov. B. 2Y yield | 9,5 | 2,37 | 10,21 | 2,04 |

| Euribor/Eonia | Price as of 11/04/2016 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|------------------|------------------------|-----------------|------------------|-------------------|
| Eonia (T -1) | -0,343 | 3,11 | -6,85 | -3,31 |
| Euribor 1 Month | -0,373 | 0,00 | -0,27 | -0,81 |
| Euribor 3 Month | -0,312 | 0,32 | -3,65 | -4,70 |
| Euribor 6 Month | -0,213 | -0,47 | -5,45 | -16,39 |
| Euribor 12 Month | -0,071 | -2,90 | -10,94 | -57,78 |

| EUR Libor | Price as of 11/04/2016 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------|------------------------|-----------------|------------------|-------------------|
| EUR Libor O/N | -0,407 | -0,07 | -0,60 | -1,79 |
| EUR Libor 1M | -0,380 | -0,23 | -0,84 | -3,18 |
| EUR Libor 3M | -0,323 | -1,12 | -0,71 | -2,68 |
| EUR Libor 6M | -0,214 | -0,33 | -0,74 | -11,31 |
| EUR Libor 12M | -0,080 | -10,92 | 4,30 | -22,63 |

| Commodities Energy Futures | Price as of 11/04/2016 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|----------------------------|------------------------|-----------------|------------------|-------------------|
| WTI crude | 43,64 | -10,39 | -11,48 | -1,27 |
| BRENT crude | 45,13 | -10,93 | -12,23 | -0,97 |
| GAS oil | 415,25 | -10,17 | -9,43 | 6,54 |
| Heating oil | 142,75 | -8,38 | -8,82 | 3,14 |
| Natural gas | 2,77 | -10,92 | -13,10 | -15,34 |
| Gold Spot | 1.304,53 | 2,30 | 2,65 | -4,25 |
| Silver Spot | 18,46 | 3,96 | 2,99 | -9,66 |
| Platinum Spot | 1.004,39 | 2,37 | 1,81 | -13,61 |
| Palladium Spot | 628,20 | 0,81 | -10,51 | -11,39 |
| Copper | 225,35 | 2,64 | 3,90 | 2,90 |

| Stock Indices | Price as of 11/04/2016 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------|------------------------|-----------------|------------------|-------------------|
| ATX | 2.405 | -4,00 | -0,44 | 10,02 |
| BIST 100 | 74.354 | -4,98 | -3,40 | -2,22 |
| CAC 40 | 4.363 | -4,03 | -3,06 | 0,45 |
| DAX | 10.234 | -4,28 | -3,59 | 0,10 |
| Dow Jones | 17.931 | -1,30 | -1,34 | -2,33 |
| Euro Stoxx 50 | 2.944 | -4,34 | -2,77 | 0,45 |
| FTSE 100 | 6.681 | -4,44 | -5,50 | -0,81 |
| HANG SENG | 22.643 | -1,36 | -4,42 | 3,71 |
| IBEX 35 | 8.767 | -4,64 | 0,06 | 4,63 |
| MICEX | 1.963 | -0,86 | -1,12 | 0,91 |
| NASDAQ 100 | 4.682 | -2,61 | -3,69 | -1,34 |
| NIKKEI 225 | 16.905 | -2,49 | 1,85 | 5,11 |
| S&P 500 | 2.089 | -1,68 | -2,78 | -3,40 |

| Interest Rate Futures | Price as of 11/04/2016 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|-----------------------|------------------------|-----------------|------------------|-------------------|
| Bobl | 131,28 | 0,15 | -0,62 | -0,29 |
| Bund | 162,56 | 0,28 | -1,68 | -1,42 |

| Risk Sentiment | Price as of 11/04/2016 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|------------------------|------------------------|-----------------|------------------|-------------------|
| Baltic Dry Index (T-1) | 849 | 6,39 | -1,28 | 33,49 |
| VIX | 22,24 | 37,18 | 62,95 | 78,82 |
| Turkey 5Y CDS (T -1) | 264,835 | 4,42 | 4,64 | -1,91 |
| MSCI EM Index (T-1) | 884,93 | -2,06 | -3,35 | 1,01 |

| USD Libor | Price as of 11/04/2016 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------|------------------------|-----------------|------------------|-------------------|
| USD Libor O/N | 0,435 | -0,08 | 2,54 | 4,12 |
| USD Libor 1M | 0,535 | 0,50 | 1,54 | 7,41 |
| USD Libor 3M | 0,883 | -0,38 | 2,11 | 12,06 |
| USD Libor 6M | 1,245 | -1,02 | -0,48 | 7,53 |
| USD Libor 12M | 1,559 | -1,47 | -0,43 | 5,58 |

| TRY Libor | Price as of 11/04/2016 | Change % 5 days | Change % 1 Month | Change % 3 Months |
|---------------|------------------------|-----------------|------------------|-------------------|
| TRY Libor O/N | 8,230 | 0,38 | 1,11 | -7,86 |
| TRY Libor 1M | 8,663 | 0,17 | 1,50 | -7,10 |
| TRY Libor 3M | 9,020 | 0,00 | 2,35 | -6,38 |
| TRY Libor 6M | 9,377 | 0,56 | 3,40 | -3,18 |
| TRY Libor 12M | 9,715 | 0,63 | 5,08 | -1,25 |

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Economic Research and Development

| Date Time | Country | Economic Release | Period | Consensus | Actual | Prior |
|------------------|---------|-----------------------------------|--------|-----------|----------|----------|
| 10/31/2016 13:30 | US | Personal Income | Sep | 0.4% | 0.3% | 0.2% |
| 10/31/2016 13:30 | US | Personal Spending | Sep | 0.4% | 0.5% | 0.0% |
| 10/31/2016 14:45 | US | Chicago Purchasing Manager | Oct | 54.0 | 50.6 | 54.2 |
| 10/31/2016 15:30 | US | Dallas Fed Manf. Activity | Oct | 2.0 | -1.5 | -3.7 |
| 11/01/2016 14:45 | US | Markit US Manufacturing PMI | Oct F | 53.2 | 53.4 | 53.2 |
| 11/01/2016 15:00 | US | Construction Spending MoM | Sep | 0.5% | -0.4% | -0.7% |
| 11/01/2016 15:00 | US | ISM Manufacturing | Oct | 51.7 | 51.9 | 51.5 |
| 11/02/2016 12:00 | US | MBA Mortgage Applications | Oct 28 | -- | -1.2% | -4.1% |
| 11/02/2016 13:15 | US | ADP Employment Change | Oct | 165k | 147k | 154k |
| 11/03/2016 13:30 | US | Nonfarm Productivity | 3Q P | 2.1% | 3.1% | -0.6% |
| 11/03/2016 13:30 | US | Unit Labor Costs | 3Q P | 1.2% | 0.3% | 4.3% |
| 11/03/2016 13:30 | US | Initial Jobless Claims | Oct 29 | 256k | 265k | 258k |
| 11/03/2016 13:30 | US | Continuing Claims | Oct 22 | 2043k | 2026k | 2039k |
| 11/03/2016 14:45 | US | Markit US Services PMI | Oct F | 54.8 | 54.8 | 54.8 |
| 11/03/2016 14:45 | US | Markit US Composite PMI | Oct F | -- | 54.9 | 54.9 |
| 11/03/2016 15:00 | US | Factory Orders | Sep | 0.2% | 0.3% | 0.2% |
| 11/03/2016 15:00 | US | Durable Goods Orders | Sep F | -0.1% | -0.3% | -0.1% |
| 11/03/2016 15:00 | US | Durables Ex Transportation | Sep F | 0.1% | 0.1% | 0.2% |
| 11/04/2016 13:30 | US | Trade Balance | Sep | -\$38.0b | -\$36.4b | -\$40.7b |
| 11/04/2016 13:30 | US | Change in Nonfarm Payrolls | Oct | 173k | 161k | 156k |
| 11/04/2016 13:30 | US | Two-Month Payroll Net Revision | Oct | -- | 44k | -7k |
| 11/04/2016 13:30 | US | Unemployment Rate | Oct | 4.9% | 4.9% | 5.0% |
| 11/04/2016 13:30 | US | Labor Force Participation Rate | Oct | -- | 62.8% | 62.9% |
| 10/31/2016 11:00 | EA | CPI Estimate YoY | Oct | 0.5% | 0.5% | 0.4% |
| 10/31/2016 11:00 | EA | CPI Core YoY | Oct A | 0.8% | 0.8% | 0.8% |
| 10/31/2016 11:00 | EA | GDP SA QoQ | 3Q A | 0.3% | 0.3% | 0.3% |
| 10/31/2016 11:00 | EA | GDP SA YoY | 3Q A | 1.6% | 1.6% | 1.6% |
| 11/02/2016 10:00 | EA | Markit Eurozone Manufacturing PMI | Oct F | 53.3 | 53.5 | 53.3 |
| 11/03/2016 11:00 | EA | Unemployment Rate | Sep | 10.0% | 10.0% | 10.1% |
| 11/04/2016 10:00 | EA | Markit Eurozone Services PMI | Oct F | 53.5 | 52.8 | 53.5 |
| 11/04/2016 11:00 | EA | PPI MoM | Sep | 0.0% | 0.1% | -0.2% |
| 11/04/2016 11:00 | EA | PPI YoY | Sep | -1.7% | -1.5% | -2.1% |
| 10/31/2016 08:00 | TR | Trade Balance | Sep | -4.40b | -4.36b | -4.69b |
| 11/01/2016 08:00 | TR | Markit/ISO Turkey PMI Mfg | Oct | 48.0 | 49.8 | 48.3 |
| 11/03/2016 08:00 | TR | CPI MoM | Oct | 1.68% | 1.44% | 0.18% |
| 11/03/2016 08:00 | TR | CPI YoY | Oct | 7.40% | 7.16% | 7.28% |
| 11/03/2016 08:00 | TR | CPI Core Index YoY | Oct | 7.21% | 7.04% | 7.69% |
| 11/03/2016 08:00 | TR | PPI MoM | Oct | 0.53% | 0.84% | 0.29% |
| 11/03/2016 08:00 | TR | PPI YoY | Oct | 2.53% | 2.84% | 1.78% |
| 11/03/2016 12:30 | TR | Foreigners Net Stock Invest | Oct 28 | -- | \$184m | \$284m |
| 11/03/2016 12:30 | TR | Foreigners Net Bond Invest | Oct 28 | -- | \$96m | -\$189m |
| 11/01/2016 07:00 | RU | Markit Russia PMI Mfg | Oct | 50.9 | 52.4 | 51.1 |
| 11/03/2016 14:00 | RU | CPI YoY | Oct | 6.3% | 6.1% | 6.4% |

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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.