

**DenizBank AG** 



**FX & Markets Weekly**

**Week 45/2016**

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## Trump win strengthens USD

Donald Trump's surprise win caught most financial markets off guard but the FX impact was clearly visible. The Bloomberg USD spot index that tracks the performance of the USD against a basket of 10 leading currencies rose by 2,23% this week. In fact, by the time of writing the greenback had outperformed all majors but GBP (+0,38%). Mostly appreciating against ZAR (-5,06%), TRY (-3,41%), JPY (-3,36%), RUB (-2,75%), NOK (-2,74%), EUR (-2,19%),...

## EUR/USD most volatile since Brexit

EUR/USD had a pretty rough ride on the day after U.S. elections. The rate rose already in Tokyo trading hours to 1,13, moderated during London hours to 1,10 to close the day at 1,09. That was the widest daily trading range since the Brexit vote.

## UST sell-off deepens

U.S. Treasuries sold off this week with yields climbing across the board led by the long end (30Y +37bps to 2,94%, 10Y +37bps to 2,15%, 5Y +32bps to 1,55%, 3Y +23bps to 1,17%,...).

## USD Libor rates rise along with forecasts

USD money market rates continued to rise for another week to reach highest levels since March 2009. A total of 42 analyst forecasts for the year-end indicate a median of 0,95% for the 3-month USD Libor. That is up by 5bps since the previous forecasts. For 1Q17 the median is at 1,02%, for 2Q17 at 1,16%, both up by 2 or 3 bps respectively.

## Trump win sparks inflation plays

The smart money moved already out of deflation bets into inflation plays as rising U.S. inflation is on the horizon. Both rising infrastructure spending and tax cuts will be a significant boost to U.S. inflation. If Trump really gets rid of free trade agreements, cheap imports will be hindered also leading to rising inflation. The week to Wednesday saw a rotation from Emerging Markets stocks to U.S. small caps, from REITS to U.S. banks, and to industrial commodities. Inflows into TIPS (Treasury Inflation Protected Securities) in the past 8 weeks have been the largest on record. The rotation already started earlier this year as Canada elected Trudeau amid his fiscal stimulus narrative. Brexit marked the low in global interest rates and the U.S. election marks the acceleration of this rotation into inflation plays. Stocks saw a sector-wise rotation from consumer to banks, from technology to materials, from large caps to small caps.



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## Economic Research and Development

Exchange Rates	Price as of 11/11/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,0872	-2,38	-1,74	-2,52
EUR/TRY	3,5426	0,78	3,83	7,45
EUR/CHF	1,0717	-0,65	-2,04	-1,30
EUR/GBP	0,86009	-3,38	-5,55	-0,03
EUR/JPY	115,61	0,64	0,94	1,96
EUR/RUB	71,3636	-0,20	3,08	-0,29
EUR/CNY	7,4029	-1,46	-0,46	-0,10
USD/TRY	3,258	3,21	5,68	10,29
USD/JPY	106,33	3,08	2,75	4,61
USD/RUB	65,64	2,00	4,92	2,31
USD/CNY	6,8091	0,79	1,31	2,66

Sovereign Bonds 10Y	Price as of 11/11/2016	Change % 5 days	Change % 1 Month	Ask YTM
Austria	120,94	-0,75	-1,50	-0,08
Belgium	114,35	-1,29	-2,12	0,06
China	108,13	-0,76	-1,27	2,54
EFSF	119,61	-0,59	-1,20	-0,24
ESM	114,71	-0,89	-1,57	0,01
France	113,26	-1,04	-1,78	0,01
Germany	110,74	-0,73	-1,37	-0,21
Greece	80,30	2,29	6,38	7,38
Japan	105,85	-0,33	-0,36	-0,16
Portugal	112,74	-0,64	-0,37	2,88
Spain	128,96	-0,88	-1,84	0,63
Russia	95,10	-0,72	-1,50	8,88
Switzerland	128,56	-0,74	-1,66	-0,53
Turkey	84,30	-2,09	-5,23	10,89
UK	105,33	-0,96	-1,72	0,80
US	99,03	-2,03	-1,72	1,80

Turkey related	Price as of 11/11/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	3,4009	1,84	4,71	8,79
WAC of CBRT (T-1)	7,82	0,51	0,39	-2,37
Gold TRY / gram	131,79	-0,41	5,95	3,22
TR Gov. B. 2Y yield	9,91	4,32	12,49	7,95

Euribor/Eonia	Price as of 11/11/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,353	-2,92	-2,32	-6,01
Euribor 1 Month	-0,374	-0,27	-0,81	-1,36
Euribor 3 Month	-0,312	0,00	-1,96	-4,35
Euribor 6 Month	-0,210	1,41	-3,45	-11,11
Euribor 12 Month	-0,069	2,82	-4,55	-40,82

EUR Libor	Price as of 11/11/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,410	-0,70	-0,77	-2,50
EUR Libor 1M	-0,382	-0,56	-1,40	-2,77
EUR Libor 3M	-0,331	-2,43	-3,21	-3,58
EUR Libor 6M	-0,214	0,00	-0,87	-7,70
EUR Libor 12M	-0,075	5,37	3,65	-3,94

Commodities Energy Futures	Price as of 11/11/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	44,12	0,00	-13,99	-3,59
BRENT crude	45,30	-0,66	-14,61	-4,17
GAS oil	416,50	-0,42	-11,72	0,12
Heating oil	142,28	-0,56	-11,36	-1,00
Natural gas	2,59	-6,98	-24,93	-15,63
Gold Spot	1.258,15	-3,51	0,25	-6,42
Silver Spot	18,60	0,95	6,18	-7,36
Platinum Spot	974,40	-2,32	2,84	-15,25
Palladium Spot	687,31	9,67	6,25	-0,37
Copper	268,25	18,26	22,56	21,75

Stock Indices	Price as of 11/11/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2.494	3,37	3,38	9,86
BIST 100	75.618	1,80	-2,62	-4,34
CAC 40	4.503	2,83	0,66	-0,06
DAX	10.672	3,98	0,85	-0,70
Dow Jones	18.808	4,89	3,75	1,04
Euro Stoxx 50	3.035	2,68	0,43	-0,50
FTSE 100	6.744	0,78	-4,60	-2,45
HANG SENG	22.531	-0,49	-4,32	-0,22
IBEX 35	8.679	-1,32	-0,20	-0,51
MICEX	2.044	4,15	2,14	4,72
NASDAQ 100	4.747	1,45	-1,55	-1,17
NIKKEI 225	17.375	2,78	2,06	3,82
S&P 500	2.167	3,77	1,44	-0,84

Interest Rate Futures	Price as of 11/11/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	130,73	-0,40	-0,68	-0,77
Bund	160,47	-1,26	-2,00	-2,73

Risk Sentiment	Price as of 11/11/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index (T-1)	974	14,72	5,64	49,16
VIX	15,51	-30,96	1,17	33,05
Turkey 5Y CDS (T-1)	287,895	5,94	12,63	18,92
MSCI EM Index (T-1)	875,63	-0,51	-3,31	-3,52

USD Libor	Price as of 11/11/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N (T-1)	0,432	-1,02	1,35	3,01
USD Libor 1M	0,538	0,53	1,41	6,01
USD Libor 3M	0,906	2,61	3,21	10,85
USD Libor 6M	1,262	1,34	-0,11	4,83
USD Libor 12M	1,588	1,85	-0,21	4,50

TRY Libor	Price as of 11/11/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	8,249	0,24	1,35	-7,04
TRY Libor 1M	8,659	-0,04	1,85	-5,37
TRY Libor 3M	9,120	1,11	3,48	-4,80
TRY Libor 6M	9,735	3,82	7,35	1,04
TRY Libor 12M	9,942	2,33	7,66	1,60





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Economic Research and Development

Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
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	Change in Private Payrolls	Oct	170k	142k	167k
11/04/2016 13:30	US	Change in Manufact. Payrolls	Oct	-4k	-9k	-13k
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%
11/07/2016 16:00	US	Labor Market Conditions Index Change	Oct	-1.5	0.7	-2.2
11/07/2016 21:00	US	Consumer Credit	Sep	\$17.500b	\$19.292b	\$25.873b
11/08/2016 12:00	US	NFIB Small Business Optimism	Oct	94.1	94.9	94.1
11/08/2016 16:00	US	JOLTS Job Openings	Sep	5488	5486	5443
11/09/2016 13:00	US	MBA Mortgage Applications	Nov 7	--	-1.2%	-1.2%
11/09/2016 16:00	US	Wholesale Inventories MoM	Sep F	0.2%	0.1%	0.2%
11/09/2016 16:00	US	Wholesale Trade Sales MoM	Sep	0.5%	0.2%	0.7%
11/10/2016 14:30	US	Initial Jobless Claims	Nov 5	260k	254k	265k
11/10/2016 14:30	US	Continuing Claims	Oct 29	2025k	2041k	2026k
11/10/2016 16:00	US	Mortgage Delinquencies	3Q	--	4.52%	4.66%
11/10/2016 16:00	US	MBA Mortgage Foreclosures	3Q	--	1.55%	1.64%
11/10/2016 20:00	US	Monthly Budget Statement	Oct	-\$70.0b	-\$44.2b	-\$136.6b
11/04/2016 10:00	EU	Markit Eurozone Services PMI	Oct F	53.5	52.8	53.5
11/04/2016 10:00	EU	Markit Eurozone Composite PMI	Oct F	53.7	53.3	53.7
11/04/2016 11:00	EU	PPI MoM	Sep	0.0%	0.1%	-0.2%
11/04/2016 11:00	EU	PPI YoY	Sep	-1.7%	-1.5%	-2.1%
11/07/2016 10:10	EU	Markit Eurozone Retail PMI	Oct	--	48.6	49.6
11/07/2016 10:30	EU	Sentix Investor Confidence	Nov	8.6	13.1	8.5
11/07/2016 11:00	EU	Retail Sales MoM	Sep	-0.3%	-0.2%	-0.1%
11/07/2016 11:00	EU	Retail Sales YoY	Sep	1.2%	1.1%	0.6%
11/04/2016 12:30	TR	Effective Exchange Rate	Oct	--	98.51	99.74
11/08/2016 08:00	TR	Industrial Production MoM	Sep	1.4%	-3.8%	9.4%
11/08/2016 08:00	TR	Industrial Production YoY	Sep	2.5%	-3.1%	2.2%
11/10/2016 12:30	TR	Foreigners Net Stock Invest	Nov 4	--	-\$12m	\$184m
11/10/2016 12:30	TR	Foreigners Net Bond Invest	Nov 4	--	-\$107m	\$96m
11/11/2016 08:00	TR	Current Account Balance	Sep	-1.95b	-1.68b	-1.78b
11/09/2016 11:10	RU	Light Vehicle Car Sales YoY	Oct	-0,09	-0,03	-0,11
11/09/2016 14:00	RU	CPI Weekly YTD	Nov 7	--	4.7%	4.6%
11/09/2016 14:00	RU	CPI WoW	Nov 7	--	0.1%	0.1%
11/09/2016 14:00	RU	Official Reserve Assets	Oct	393.0b	390.7b	397.7b
11/10/2016 14:00	RU	Gold and Forex Reserve	Nov 4	--	395.7b	391.0b
11/11/2016 09:00	RU	Money Supply Narrow Def	Nov 3	--	8.54t	8.51t

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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.