

# FX & Markets Weekly

Week 20/2017

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## USD falls to 7-month low against EUR

Political turmoil around President Trump's election was already ongoing but the phrase "impeachment" first appeared on news headlines this week. Additionally, GDP growth figures from Eurozone and EU economies, their largest export markets surprised on the upside. Both these developments drove the USD down against all G10 peers. USD tumbled 2,18% against EUR week on week. The last time it did this was on June 3, 2016 when U.S. Non-Farm Payrolls surprised on the downside (38K, down from 123K, attributed to the 7 week Verizon strike). Chart-technically, the trend-following momentum indicator MACD gives for EUR/USD a bullish signal but the Relative Strength Index displays already overbought conditions.



## Political turmoil roils Brazil financial markets

Also in Emerging Markets, political turmoil continues to roil financial markets. Brazilian new president Temer has allegations to cope with. Remember, former President Rousseff had been impeached only last year. From a financial market perspective, Brazilian Real depreciated against all other currencies week on week. Brazilian stock market main index Bovespa tumbled almost 9%, and Brazil 5-year USD CDS rose by USD 54,4 or 33% to USD 259.



## Risk-off sentiment returns

Most stock market indices tumbled this week in euro area, U.S. as well as Emerging Markets, as metals rose. Stock market future volatility indicators rose (VIX +38% to 13,32; VSTOXX +19% to 16,06). FX future volatility as implied by at-the-money option vols is elevated up to 1 month in EUR/USD. That covers also the FOMC on June 14. Federal Funds Futures imply currently a 97,5% chance of a ¼ point rate hike to the Federal Funds Target Range. So outflows from Emerging Markets could continue well into June.



## ATX braves growing risk aversion

Local main stock market index ATX braved the rising global degree of risk aversion despite resignations of leaders in 2 political parties in 2 weeks and rose in a week when most Western European stock market indices tumbled. The price to earnings ratio of the whole index is currently above 18 but was averaging above 20 e.g. in 2013, 2014, or 2015. It might be time to be cautious on cyclicals though as they are looking overbought. Commodity focused sectors look relatively oversold and offer attractive valuations for new entries.



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## Economic Research and Development

Exchange Rates	Price as of 05/19/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1187	2,41	4,52	5,50
EUR/TRY	4,0137	2,63	1,74	4,29
EUR/CHF	1,0912	-0,25	2,06	2,53
EUR/GBP	0,85915	1,43	2,63	0,93
EUR/JPY	124,73	0,75	7,05	3,97
EUR/RUB	63,8068	2,27	5,46	3,68
EUR/CNY	7,7053	2,30	4,52	5,54
USD/TRY	3,5869	0,25	-2,66	-1,16
USD/JPY	111,5	-1,65	2,42	-1,45
USD/RUB	57,0368	-0,14	0,91	-1,72
USD/CNY	6,8878	-0,17	-0,00	0,14

Sovereign Bonds 10Y	Price as of 05/19/2017	Change % 5 days	Change % 1 Month	Ask YTM
Austria	101,92	-0,05	-1,21	0,53
Belgium	103,80	0,38	-0,02	0,57
China	92,93	0,83	-1,48	3,55
EFSF	117,31	-0,03	-0,36	-0,17
ESM	113,58	0,02	-0,57	0,01
France	95,59	0,35	1,44	0,73
Germany	97,38	0,20	-1,48	0,29
Greece	87,07	0,09	7,79	5,57
Japan	100,75	0,04	-0,34	0,01
Portugal	100,16	1,69	5,20	2,83
Spain	98,80	0,55	0,99	1,43
Russia	105,21	0,11	2,35	7,50
Switzerland	113,28	0,35	-0,86	-0,23
Turkey	100,00	-0,84	0,30	10,89
UK	104,14	-0,02	-0,21	1,03
US	97,88	0,68	na	2,25

Turkey related	Price as of 05/19/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	3,7991	1,57	-0,39	1,67
WAC of CBRT (T-1)	11,93	0,17	3,83	14,93
Gold TRY / gram	144,45	2,18	-4,94	0,02
TR Gov. B. 2Y yield	11,45	-0,35	1,42	0,00

Euribor/Eonia	Price as of 05/19/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,362	-0,28	-0,84	-1,97
Euribor 1 Month	-0,374	-0,27	-0,81	-0,81
Euribor 3 Month	-0,331	-0,61	0,30	-0,61
Euribor 6 Month	-0,251	0,00	0,00	-5,02
Euribor 12 Month	-0,129	-1,58	-4,88	-18,35

EUR Libor	Price as of 05/19/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,427	-0,34	-0,67	-2,75
EUR Libor 1M	-0,403	0,35	-2,36	-3,45
EUR Libor 3M	-0,373	-1,75	-3,37	-6,06
EUR Libor 6M	-0,276	-0,78	-7,16	-12,80
EUR Libor 12M	-0,149	-3,47	-3,98	-34,40

Commodities Energy Futures	Price as of 05/19/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	50,17	4,85	-1,36	-7,74
BRENT crude	53,44	5,04	-0,06	-5,47
GAS oil	472,75	5,35	-3,32	-4,64
Heating oil	157,66	5,54	-0,82	-5,31
Natural gas	3,23	-5,70	-1,43	4,77
Gold Spot	1.252,57	1,92	-2,35	1,16
Silver Spot	16,84	2,17	-7,67	-6,82
Platinum Spot	942,28	2,18	-3,05	-6,35
Palladium Spot	765,20	-5,39	-1,86	-1,00
Copper	257,10	1,70	0,71	-6,07

Stock Indices	Price as of 05/19/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	3.161	2,54	11,32	12,94
BIST 100	95.147	0,03	4,78	7,11
CAC 40	5.321	-1,58	6,32	9,29
DAX	12.618	-1,20	5,00	7,32
Dow Jones	20.742	-0,70	1,70	0,61
Euro Stoxx 50	3.581	-1,57	4,66	8,20
FTSE 100	7.470	0,40	4,93	2,26
HANG SENG	25.175	0,07	5,66	4,75
IBEX 35	10.807	-0,85	4,19	13,73
MICEX	1.974	-1,00	3,03	-7,22
NASDAQ 100	5.660	-0,40	4,90	6,38
NIKKEI 225	19.591	-1,47	6,29	1,85
S&P 500	2.375	-0,72	1,52	0,96

Interest Rate Futures	Price as of 05/19/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	131,67	0,14	-0,49	-0,16
Bund	161,28	0,27	-1,19	0,05

Risk Sentiment	Price as of 05/19/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index (T-1)	957	-5,44	-25,12	29,15
VIX	10,38	23,37	-14,07	11,66
Turkey 5Y CDS (T-1)	214,021	3,05	-7,93	-11,41
MSCI EM Index (T-1)	988,38	-1,40	3,72	5,25

USD Libor	Price as of 05/19/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N (T-1)	0,929	0,06	-0,12	35,39
USD Libor 1M	1,017	2,49	2,62	30,49
USD Libor 3M	1,186	0,58	2,66	12,74
USD Libor 6M	1,415	-1,49	1,76	4,26
USD Libor 12M	1,723	-2,42	-0,74	-0,72

TRY Libor	Price as of 05/19/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	12,436	0,09	3,52	12,93
TRY Libor 1M	12,495	0,02	3,79	13,38
TRY Libor 3M	12,542	0,06	2,52	11,14
TRY Libor 6M	12,653	-0,01	2,88	9,28
TRY Libor 12M	12,809	0,00	1,39	6,81

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## Economic Research and Development

Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
05/15/2017 14:30	US	Empire Manufacturing	May	7.5	-1.0	5.2
05/15/2017 16:00	US	NAHB Housing Market Index	May	68	70	68
05/15/2017 22:00	US	Total Net TIC Flows	Mar	--	-\$0.7b	\$19.3b
05/15/2017 22:00	US	Net Long-term TIC Flows	Mar	--	\$59.8b	\$53.4b
05/16/2017 14:30	US	Housing Starts	Apr	1260k	1172k	1215k
05/16/2017 14:30	US	Housing Starts MoM	Apr	3.7%	-2.6%	-6.8%
05/16/2017 14:30	US	Building Permits	Apr	1270k	1229k	1260k
05/16/2017 14:30	US	Building Permits MoM	Apr	0.2%	-2.5%	3.6%
05/16/2017 15:15	US	Industrial Production MoM	Apr	0.4%	1.0%	0.5%
05/16/2017 15:15	US	Capacity Utilization	Apr	76.3%	76.7%	76.1%
05/16/2017 15:15	US	Manufacturing (SIC) Production	Apr	0.4%	1.0%	-0.4%
05/16/2017 16:00	US	MBA Mortgage Foreclosures	1Q	--	1.39%	1.53%
05/16/2017 16:00	US	Mortgage Delinquencies	1Q	--	4.71%	4.80%
05/17/2017 13:00	US	MBA Mortgage Applications	May 12	--	-4.1%	2.4%
05/18/2017 14:30	US	Initial Jobless Claims	May 13	240k	232k	236k
05/18/2017 14:30	US	Continuing Claims	May 6	1950k	1898k	1918k
05/18/2017 14:30	US	Philadelphia Fed Business Outlook	May	42873	38.8	22.0
05/18/2017 15:45	US	Bloomberg Consumer Comfort	May 14	--	50.2	49.7
05/18/2017 15:45	US	Bloomberg Economic Expectations	May	--	49.5	53.5
05/18/2017 16:00	US	Leading Index	Apr	0.4%	0.3%	0.4%
05/16/2017 08:00	EA	EU27 New Car Registrations	Apr	--	-6.6%	11.2%
05/16/2017 11:00	EA	Trade Balance SA	Mar	18.7b	23.1b	19.2b
05/16/2017 11:00	EA	Trade Balance NSA	Mar	25.8b	30.9b	17.8b
05/16/2017 11:00	EA	ZEW Survey Expectations	May	--	35.1	26.3
05/16/2017 11:00	EA	GDP SA QoQ	1Q P	0.5%	0.5%	0.5%
05/16/2017 11:00	EA	GDP SA YoY	1Q P	1.7%	1.7%	1.7%
05/17/2017 11:00	EA	Construction Output MoM	Mar	--	-1.1%	6.9%
05/17/2017 11:00	EA	Construction Output YoY	Mar	--	3.6%	7.1%
05/17/2017 11:00	EA	CPI MoM	Apr	0.4%	0.4%	0.8%
05/17/2017 11:00	EA	CPI YoY	Apr F	1.9%	1.9%	1.5%
05/17/2017 11:00	EA	CPI Core YoY	Apr F	1.2%	1.2%	1.2%
05/19/2017 10:00	EA	ECB Current Account SA	Mar	--	34.1b	37.9b
05/19/2017 10:00	EA	Current Account NSA	Mar	--	44.8b	27.9b
05/15/2017 09:00	TR	Unemployment Rate	Feb	13.0%	12.6%	13.0%
05/15/2017 10:00	TR	Central Gov't Budget Balance	Apr	--	-3.0b	-19.5b
05/18/2017 09:00	TR	Consumer Confidence Index	May	70.80	72.80	71.30
05/18/2017 13:30	TR	Foreigners Net Bond Invest	May 12	--	\$263m	-\$378m
05/18/2017 13:30	TR	Foreigners Net Stock Invest	May 12	--	\$223m	\$52m
05/16/2017 16:40	RU	Budget Balance YTD	Apr	-375.0b	-511.1b	-274.2b
05/17/2017 15:00	RU	GDP YoY	1Q A	0.4%	0.5%	0.3%
05/18/2017 15:00	RU	Gold and Forex Reserve	May 12	--	399.7b	398.8b
05/18/2017 16:45	RU	Industrial Production YoY	Apr	0.6%	2.3%	0.8%
05/19/2017 10:00	RU	Money Supply Narrow Def	May 12	--	9.06t	9.01t
05/19/2017 15:00	RU	PPI MoM	Apr	0.0%	-1.5%	-0.3%
05/19/2017 15:00	RU	PPI YoY	Apr	9.1%	7.6%	11.3%



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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.