

# FX & Markets Weekly

Week 32/2017

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**European shares head towards worst week this year**

The rising rhetoric between the U.S., its allies and North Korea and its allies fuelled a risk off mode and prompted a third day of losses for European shares on Friday, putting them on track for their worst week year-to-date. As volatility jumped, the pan-European STOXX 600 index fell 1,2% ,taking weekly losses to 2,8%, its worst since early November 2016. The VSTOXX , the main European measure of equity investor anxiety, jumped 26 % to 23,8, a 4-month high.

**Risk off mode is on**

Several examples of turning investor sentiment towards less risky assets was visible this week. Energy futures tumbled across the board with WTI down 3,04% (by the time of writing). Whereas, metals climbed with the safe haven gold spot price up 2,38%, and silver even up 5,49%. Stock market indices tumbled in the euro-area, in the U.S., in Asia Pacific, as well as in most emerging markets.

**Korea stock exchange sells off**

KOSPI index fell a further 3,2% week on week, down 5,4% from its record high on July 24, amid resurfacing geopolitical tensions. Overseas investors sold KRW 0,9trn in KOSPI for the 3<sup>rd</sup> consecutive week (EUR/KRW currently at 1348). Outflows were concentrated in tech stocks, while net inflow to Bank stocks continued for the 17<sup>th</sup> week.

**Euro sentiment turns bearish in the front end**

1 week 25 delta risk reversals in EUR/USD fell to -0,3850 Friday, their lowest since May 8, 2017. Had been above 0 since June 8, 2017. Spot looks vulnerable as of late due to inflation data release on both sides. EUR/USD has seen 1,1910 on August 3, 2017, its highest since March 2015. Year-to-date EUR is up 12,28% against USD, 20,12% against ARS, 11,30% against TRY, and 8,88% against RUB. EUR outperformed also other majors this year (+6,19% against GBP, +5,58% against CAD, +5,46% against CHF, and +4,36% against JPY).



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## Economic Research and Development

Exchange Rates	Price as of 08/11/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1817	0,33	3,26	8,70
EUR/TRY	4,1868	0,74	1,00	7,49
EUR/CHF	1,1353	-0,92	2,72	3,72
EUR/GBP	0,91155	0,93	2,34	7,96
EUR/JPY	128,85	-1,14	-1,17	4,16
EUR/RUB	70,8568	0,32	1,76	14,13
EUR/CNY	7,874	-0,53	1,20	4,82
USD/TRY	3,5418	0,40	-2,19	-1,05
USD/JPY	109,04	-1,46	-4,28	-4,16
USD/RUB	59,9616	-0,01	-1,45	4,99
USD/CNY	6,6625	-1,00	-2,07	-3,51

Sovereign Bonds 10Y	Price as of 08/11/2017	Change % 5 days	Change % 1 Month	Ask YTM
Austria	102,42	0,47	1,95	0,48
Belgium	104,09	0,47	1,71	0,53
China	99,10	-0,06	-0,40	3,60
EFSF	116,64	0,10	0,32	-0,21
ESM	113,25	0,28	0,73	0,00
France	96,74	0,45	2,11	0,62
Germany	97,80	0,68	2,05	0,25
Greece	88,90	-0,67	-1,17	5,37
Japan	100,59	0,08	0,37	0,03
Portugal	102,40	0,15	2,36	2,55
Spain	99,92	0,30	2,18	1,30
Russia	103,54	-0,49	0,79	7,73
Switzerland	113,73	1,01	1,83	-0,33
Turkey	100,40	-0,84	-0,05	10,53
UK	104,58	0,77	1,87	0,97
US	98,48	0,52	na	2,19

Turkey related	Price as of 08/11/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	3,8642	0,52	-0,49	3,40
WAC of CBRT (T-1)	11,97	0,00	0,25	0,25
Gold TRY / gram	146,45	2,51	3,40	3,82
TR Gov. B. 2Y yield	11,72	1,03	1,21	2,00

Euribor/Eonia	Price as of 08/11/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,353	-0,86	1,94	1,40
Euribor 1 Month	-0,372	0,00	0,54	0,54
Euribor 3 Month	-0,329	0,00	0,60	0,00
Euribor 6 Month	-0,271	0,00	0,73	-8,40
Euribor 12 Month	-0,156	-3,31	-0,65	-25,81

EUR Libor	Price as of 08/11/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,429	0,00	0,00	-1,63
EUR Libor 1M	-0,401	0,18	0,71	0,89
EUR Libor 3M	-0,378	-1,34	-1,50	-2,88
EUR Libor 6M	-0,303	-0,71	1,17	-10,89
EUR Libor 12M	-0,203	-6,45	-10,08	-41,47

Commodities Energy Futures	Price as of 08/11/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	48,41	-2,30	7,10	-0,68
BRENT crude	51,74	-1,24	8,28	0,72
GAS oil	479,50	-1,69	10,48	5,44
Heating oil	162,65	-1,28	9,93	7,52
Natural gas	2,97	7,28	-2,04	-14,16
Gold Spot	1.286,15	2,13	5,74	4,95
Silver Spot	16,98	4,21	7,50	4,15
Platinum Spot	985,43	2,14	9,80	7,49
Palladium Spot	897,50	2,11	5,44	11,81
Copper	290,55	0,76	8,79	15,38

Stock Indices	Price as of 08/11/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	3.156	-3,10	0,37	2,67
BIST 100	106.777	-1,56	3,55	12,34
CAC 40	5.065	-2,54	-1,35	-5,80
DAX	11.997	-2,37	-3,46	-5,55
Dow Jones	21.844	-0,83	2,03	4,42
Euro Stoxx 50	3.411	-2,65	-1,45	-5,78
FTSE 100	7.319	-2,53	-0,11	-0,88
HANG SENG	26.884	-2,46	3,89	7,00
IBEX 35	10.320	-3,06	-1,12	-4,87
MICEX	1.941	-0,62	0,19	-3,05
NASDAQ 100	5.788	-1,75	1,37	2,01
NIKKEI 225	19.730	-1,50	-2,31	-1,16
S&P 500	2.438	-1,37	0,52	1,83

Interest Rate Futures	Price as of 08/11/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	132,78	0,32	1,03	0,56
Bund	164,39	0,78	2,31	1,41

Risk Sentiment	Price as of 08/11/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index (T-1)	1.092	6,75	31,57	7,91
VIX	15,58	54,04	41,87	45,75
Turkey 5Y CDS (T-1)	178,125	2,68	-11,82	-13,38
MSCI EM Index (T-1)	1.056,21	-1,03	3,73	5,58

USD Libor	Price as of 08/11/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	1,178	0,00	0,05	26,87
USD Libor 1M	1,227	-0,18	0,23	24,02
USD Libor 3M	1,315	0,23	0,88	11,27
USD Libor 6M	1,456	0,44	-0,47	1,15
USD Libor 12M	1,725	0,10	-1,58	-3,42

TRY Libor	Price as of 08/11/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	12,588	0,08	0,20	1,32
TRY Libor 1M	12,702	0,09	0,29	1,67
TRY Libor 3M	12,803	0,11	0,54	2,15
TRY Libor 6M	12,842	0,18	0,23	1,47
TRY Libor 12M	12,964	0,15	0,85	1,21

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## Economic Research and Development

Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
08/08/2017 16:00	US	JOLTS Job Openings	Jun	5750	6163	5666
08/09/2017 13:00	US	MBA Mortgage Applications	Aug 4	--	3.0%	-2.8%
08/09/2017 14:30	US	Nonfarm Productivity	2Q P	0.7%	0.9%	0.0%
08/09/2017 14:30	US	Unit Labor Costs	2Q P	1.1%	0.6%	2.2%
08/09/2017 16:00	US	Wholesale Inventories MoM	Jun F	0.6%	0.7%	0.6%
08/09/2017 16:00	US	Wholesale Trade Sales MoM	Jun	0.0%	0.7%	-0.5%
08/10/2017 14:30	US	Initial Jobless Claims	Aug 5	240k	244k	240k
08/10/2017 14:30	US	Continuing Claims	Jul 29	1960k	1951k	1968k
08/10/2017 14:30	US	PPI Final Demand MoM	Jul	0.1%	-0.1%	0.1%
08/10/2017 14:30	US	PPI Final Demand YoY	Jul	2.2%	1.9%	2.0%
08/10/2017 20:00	US	Monthly Budget Statement	Jul	-\$54.0b	-\$42.9b	-\$90.2b
08/11/2017 14:30	US	CPI MoM	Jul	0.2%	0.1%	0.0%
08/11/2017 14:30	US	CPI YoY	Jul	1.8%	1.7%	1.6%
08/11/2017 14:30	US	Real Avg Weekly Earnings YoY	Jul	--	1.1%	1.1%
08/11/2017 14:30	US	Real Avg Hourly Earning YoY	Jul	--	0.7%	0.8%
08/07/2017 10:30	EA	Sentix Investor Confidence	Aug	27.6	27.7	28.3
08/07/2017 08:00	GE	Industrial Production SA MoM	Jun	0.2%	-1.1%	1.2%
08/07/2017 08:00	GE	Industrial Production WDA YoY	Jun	3.7%	2.4%	5.0%
08/08/2017 08:00	GE	Trade Balance	Jun	23.0b	22.3b	22.0b
08/08/2017 08:00	GE	Current Account Balance	Jun	24.5b	23.6b	17.3b
08/08/2017 08:00	GE	Exports SA MoM	Jun	0.2%	-2.8%	1.4%
08/08/2017 08:00	GE	Imports SA MoM	Jun	0.2%	-4.5%	1.2%
08/11/2017 08:00	GE	Wholesale Price Index MoM	Jul	--	-0.1%	0.0%
08/11/2017 08:00	GE	Wholesale Price Index YoY	Jul	--	2.2%	2.5%
08/11/2017 08:00	GE	CPI MoM	Jul F	0.4%	0.4%	0.4%
08/11/2017 08:00	GE	CPI YoY	Jul F	1.7%	1.7%	1.7%
08/07/2017 15:00	RU	Official Reserve Assets	Jul	414.8b	418.4b	412.2b
08/08/2017 12:08	RU	Light Vehicle Car Sales YoY	Jul	0,15	0,19	0,15
08/09/2017 15:00	RU	CPI WoW	Aug 7	--	-0.1%	-0.1%
08/09/2017 15:00	RU	CPI Weekly YTD	Aug 7	--	2.3%	2.6%
08/10/2017 15:00	RU	Gold and Forex Reserve	Aug 4	--	420.1b	418.9b
08/11/2017 10:00	RU	Money Supply Narrow Def	Aug 4	--	9.25t	9.23t
08/08/2017 09:00	TR	Industrial Production MoM	Jun	0.4%	-0.4%	-1.5%
08/08/2017 09:00	TR	Industrial Production YoY	Jun	3.6%	3.4%	3.5%
08/10/2017 13:30	TR	Foreigners Net Bond Invest	Aug 4	--	-\$44m	-\$180m
08/10/2017 13:30	TR	Foreigners Net Stock Invest	Aug 4	--	-\$36m	-\$13m
08/11/2017 09:00	TR	Current Account Balance	Jun	-3.90b	-3.76b	-5.24b

**Should you have any queries, please contact me as follows:**

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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.