

FX & Markets Weekly

Week 39/2017

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Turkey announced new mid-term program

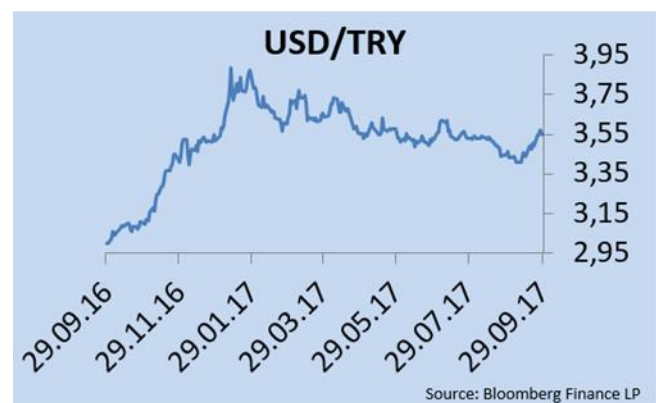
Accordingly, Turkish authorities are expecting a flat real GDP growth rate of 5,5% y/y for 4 consecutive years, to be financed by current account deficits and government debt. Along with the mid-term program which consists of more targets than projections the government announced also fiscal tightening measures. 2 percentage point hike to the financial institutions tax to 22%, 3 ppt hike to the 3rd bracket of personal income tax to 30%, and most significantly a 40 percentage point hike to the motor vehicle tax. It remains not exactly clear how the government expects to stimulate the economy to grow at 5,5% every year with this fiscal tightening in place. Borsa Istanbul fell to 101K but bounced back as the TRY also depreciated by 3,35% against USD and by 1,79% against EUR week over week. The BIST100 index slipped below its 50-day simple moving average already 2 weeks ago, and is currently testing the 100-day SMA around 103K.

Trump's tax plan released

U.S. President Trump's tax plan includes among other measures, reducing the corporate tax rate to 20%, down from 35%, and also reducing the top individual personal tax rate to 35%, down from 39,5%. Details remain limited and the opposition is already growing to the plan that is said to favour the wealthy. Meanwhile, the 3rd 2Q17 real GDP growth estimate by the Bureau of Economic Analysis (BEA) has been released. The BEA revised up to 3,1% y/y, up from 2,6% initially. In the 1st quarter real GDP increased by 1,2% y/y.

EUR/USD drops below 1,18

EUR/USD closed last week at 1,1951. Opened lower at 1,1915 on German election outcome. Although Merkel won a 4th term, her unionist party lost over 8 percentage points to the previous general election in 2013. Far-right and anti-EU AfD have added over 8 ppt to the 2013 election result and made it to the Bundestag for the 1st time. Surprisingly, the party leader stepped down. Chart-technically, a head & shoulders pattern breakout targets 1,1600 as long as neckline resistance at 1,1850 holds on a daily basis. False breakout targets return to 1,2000 resistance.



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Economic Research and Development

Exchange Rates	Price as of 09/29/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1821	-1,07	-1,61	3,44
EUR/TRY	4,1943	0,44	1,34	3,89
EUR/CHF	1,1463	-1,04	0,34	4,82
EUR/GBP	0,88282	-0,24	-5,02	0,33
EUR/JPY	132,8	-0,78	1,24	3,76
EUR/RUB	68,0368	-0,98	-3,58	0,07
EUR/CNY	7,8592	-0,28	-0,88	1,43
USD/TRY	3,5471	1,51	2,96	0,49
USD/JPY	112,35	0,29	2,89	0,30
USD/RUB	57,5543	0,14	-2,01	-3,28
USD/CNY	6,646	0,86	0,76	-2,06

Sovereign Bonds 10Y	Price as of 09/29/2017	Change % 5 days	Change % 1 Month	Ask YTM
Austria	101,96	0,04	-0,51	0,52
Belgium	103,92	0,10	-0,44	0,53
China	99,83	0,06	0,15	3,58
EFSF	116,10	-0,03	-0,50	-0,21
ESM	112,79	-0,01	-0,62	0,02
France	96,40	-0,02	-0,65	0,65
Germany	97,43	-0,00	-0,90	0,29
Greece	89,20	-0,94	-0,22	5,34
Japan	100,68	-0,30	-0,54	0,02
Portugal	105,81	0,21	3,48	2,12
Spain	99,30	0,11	-0,41	1,37
Russia	104,80	0,04	1,79	7,55
Switzerland	112,04	-0,13	-1,17	-0,17
Turkey	99,50	0,15	-2,36	10,68
UK	102,03	-0,05	-2,91	1,25
US	97,69	-0,36	-1,63	2,28

Turkey related	Price as of 09/29/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	3,8713	1,01	2,09	2,34
WAC of CBRT (T-1)	11,98	-0,08	0,17	0,25
Gold TRY / gram	146,78	0,79	0,92	3,89
TR Gov. B. 2Y yield	11,89	0,76	2,85	6,16

Euribor/Eonia	Price as of 09/29/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,360	1,64	-0,56	0,55
Euribor 1 Month	-0,372	0,00	0,00	0,27
Euribor 3 Month	-0,329	0,00	0,30	0,60
Euribor 6 Month	-0,273	-0,74	0,00	-1,11
Euribor 12 Month	-0,172	-0,59	-7,50	-10,26

EUR Libor	Price as of 09/29/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,435	-0,33	-1,33	-1,67
EUR Libor 1M	-0,404	-0,71	-0,53	-0,71
EUR Libor 3M	-0,379	-0,30	-1,84	-2,00
EUR Libor 6M	-0,309	-1,41	-0,56	-3,20
EUR Libor 12M	-0,221	-0,72	-6,03	-19,65

Commodities Energy Futures	Price as of 09/29/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	51,44	1,66	9,57	12,64
BRENT crude	57,40	0,97	11,13	19,03
GAS oil	532,00	1,28	12,22	21,44
Heating oil	181,93	0,30	10,14	24,21
Natural gas	3,00	-0,50	-1,54	-3,81
Gold Spot	1.286,93	-0,71	-1,98	3,39
Silver Spot	16,79	-1,06	-3,82	0,76
Platinum Spot	918,61	-1,47	-7,91	-0,13
Palladium Spot	933,45	1,50	-1,20	9,72
Copper	296,85	0,87	-4,33	9,47

Stock Indices	Price as of 09/29/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	3.298	-0,23	4,09	6,78
BIST 100	103.201	-0,92	-6,57	2,97
CAC 40	5.295	0,24	5,21	2,71
DAX	12.759	1,31	6,79	2,75
Dow Jones (T-1)	22.381	0,10	2,36	5,14
Euro Stoxx 50	3.573	0,88	5,44	2,91
FTSE 100	7.367	0,76	0,39	0,22
HANG SENG	27.554	-1,17	-0,76	6,12
IBEX 35	10.317	0,08	1,18	-2,07
MICEX	2.072	0,98	4,15	10,14
NASDAQ 100 (T-1)	5.933	-0,03	1,21	4,95
NIKKEI 225	20.356	0,29	5,13	0,67
S&P 500 (T-1)	2.510	0,38	2,61	3,73

Interest Rate Futures	Price as of 09/29/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	131,29	0,15	-0,32	0,86
Bund	161,24	0,06	-0,82	1,24

Risk Sentiment	Price as of 09/29/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index (T-1)	1.391	-5,37	15,63	51,20
VIX	9,62	0,42	-17,69	-15,82
Turkey 5Y CDS (T-1)	189,66	2,21	10,69	-2,32
MSCI EM Index (T-1)	1.072,38	-2,71	-0,82	5,76

USD Libor	Price as of 09/29/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	1,182	0,24	0,28	0,71
USD Libor 1M	1,232	-0,49	-0,54	0,41
USD Libor 3M	1,334	0,33	1,29	2,72
USD Libor 6M	1,506	0,61	3,74	3,99
USD Libor 12M	1,782	0,39	3,99	2,46

TRY Libor	Price as of 09/29/2017	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	12,638	0,40	0,40	0,40
TRY Libor 1M	12,717	0,29	0,21	0,46
TRY Libor 3M	12,809	0,00	0,01	0,79
TRY Libor 6M	12,835	-0,00	0,07	0,35
TRY Libor 12M	12,964	0,00	0,00	0,93

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Economic Research and Development

Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
09/25/2017 14:30	US	Chicago Fed Nat Activity Index	Aug	-0.25	-0.31	-0.01
09/25/2017 16:30	US	Dallas Fed Manf. Activity	Sep	11.5	21.3	17.0
09/26/2017 16:00	US	Conf. Board Consumer Confidence	Sep	120.0	119.8	122.9
09/27/2017 14:30	US	Durable Goods Orders	Aug P	1.0%	1.7%	-6.8%
09/27/2017 14:30	US	Durables Ex Transportation	Aug P	0.2%	0.2%	0.6%
09/27/2017 14:30	US	Cap Goods Orders Nondef Ex Air	Aug P	0.3%	0.9%	1.0%
09/27/2017 14:30	US	Cap Goods Ship Nondef Ex Air	Aug P	0.1%	0.7%	1.2%
09/27/2017 16:00	US	Pending Home Sales MoM	Aug	-0.5%	-2.6%	-0.8%
09/27/2017 16:00	US	Pending Home Sales NSA YoY	Aug	-0.5%	-3.1%	-0.5%
09/28/2017 14:30	US	GDP Annualized QoQ	2Q T	3.0%	3.1%	3.0%
09/28/2017 14:30	US	Personal Consumption	2Q T	3.3%	3.3%	3.3%
09/28/2017 14:30	US	GDP Price Index	2Q T	1.0%	1.0%	1.0%
09/28/2017 14:30	US	Core PCE QoQ	2Q T	0.9%	0.9%	0.9%
09/28/2017 14:30	US	Initial Jobless Claims	Sep 23	270k	272k	259k
09/28/2017 14:30	US	Continuing Claims	Sep 16	1993k	1934k	1980k
09/28/2017 14:30	US	Advance Goods Trade Balance	Aug	-\$65.1b	-\$62.9b	-\$65.1b
09/28/2017 14:30	US	Wholesale Inventories MoM	Aug P	0.4%	1.0%	0.6%
09/28/2017 14:30	US	Retail Inventories MoM	Aug	--	0.7%	-0.2%
09/28/2017 17:00	US	Kansas City Fed Manf. Activity	Sep	15	17	16
09/29/2017 14:30	US	Personal Income	Aug	0.2%	0.2%	0.4%
09/29/2017 14:30	US	Personal Spending	Aug	0.1%	0.1%	0.3%
09/29/2017 14:30	US	Real Personal Spending	Aug	-0.1%	-0.1%	0.2%
09/27/2017 10:00	EA	M3 Money Supply YoY	Aug	4.6%	5.0%	4.5%
09/28/2017 11:00	EA	Economic Confidence	Sep	112.0	113.0	111.9
09/28/2017 11:00	EA	Business Climate Indicator	Sep	1.12	1.34	1.09
09/28/2017 11:00	EA	Industrial Confidence	Sep	5.2	6.6	5.1
09/28/2017 11:00	EA	Services Confidence	Sep	15.0	15.3	14.9
09/28/2017 11:00	EA	Consumer Confidence	Sep F	-1.2	-1.2	-1.2
09/29/2017 11:00	EA	CPI Estimate YoY	Sep	1.6%	1.5%	1.5%
09/29/2017 11:00	EA	CPI Core YoY	Sep A	1.2%	1.1%	1.2%
09/28/2017 15:00	RU	Gold and Forex Reserve	Sep 25	--	427.1b	427.6b
09/29/2017 10:00	RU	Money Supply Narrow Def	Sep 22	--	9.32t	9.34t
09/29/2017 15:00	RU	Current Account Balance	2Q F	--	2780m	-300m
09/25/2017 09:00	TR	Home Sales	Aug	--	120.2k	115.9k
09/25/2017 09:00	TR	Home Sales (YoY)	Aug	--	4.7%	42.4%
09/25/2017 13:30	TR	Real Sector Confidence SA	Sep	--	110.8	110.2
09/25/2017 13:30	TR	Capacity Utilization	Sep	--	79.0%	78.8%
09/28/2017 09:00	TR	Economic Confidence	Sep	--	102.8	106.0
09/28/2017 13:30	TR	House Price Index YoY	Jul	--	11.60%	12.71%
09/28/2017 13:30	TR	House Price Index MoM	Jul	--	0.66%	0.98%
09/28/2017 13:30	TR	Foreigners Net Bond Invest	Sep 22	--	\$174m	\$725m
09/28/2017 13:30	TR	Foreigners Net Stock Invest	Sep 22	--	\$71m	-\$60m
09/29/2017 09:00	TR	Trade Balance	Aug	-5.90b	-5.87b	-8.84b
09/29/2017 10:00	TR	Foreign Tourist Arrivals YoY	Aug	--	46.4%	46.4%

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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.