

The background of the cover is a complex financial chart with multiple data series. It features candlestick patterns in green and red, overlaid with various line graphs in blue and red. Numerical values such as 1.7810, 1.7765, 1.7855, 1.7900, 11.12, 14.56, and 19.00 are scattered across the chart. The overall aesthetic is a dark blue grid with glowing lines and data points.

FX & Markets Weekly

Week 25/2018

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Lira traders brace for a volatile week after elections

One-week implied volatility trades near highest in a decade. Straddles are pricing at least a 2 percent move on Monday. The cost of hedging against fluctuations in the currency over a one-week period is trading close to the highest since the global financial crisis. One-week implied volatility on dollar-lira options climbed to 36 percent on Thursday, close to May's almost 10-year high of 39 percent. Bloomberg pricing suggests buyers of straddles that expire on Monday have a breakeven of around 1,000 lira pips, which corresponds to around 4.85 and 4.65 per dollar, while local Turkish banks are offering protection at a breakeven of around 1,500 pips.

EUR/USD double-bottom confirmation targets 1,22

Pair rebounds after hitting 1.1509, just one pip below the May 29 low, which suggests it may be forming a double-bottom pattern and a hammer on the weekly. Rise above ECB-day high of 1.1851 would suggest a move to 1.2200 is in the making. 21-DMA is first strong test. 3rd resistance: 1.1727, June 8 low; 2nd resistance: 1.1672, 21-DMA; 1st resistance: 1.1645, June 19 high; 1st support: 1.1572, midpoint of Thursday's range; 2nd support: 1.1530, pivot s1; 3rd support: 1.1509-10, June 21-May 29 lows (double-bottom?).

Stock market correction's next round

Amid rising trade war signals, stock markets tumbled this week in Europe, the U.S. and Asia Pacific across the board. Chinese stocks got hit the hardest with Shanghai Composite plunging by 5,2% week over week, followed by CSI 300 dropping by 4,5%. The Dow Jones tumbled by 2,8% and S&P 500 by 1,2%. In Europe, German DAX fell by 3,8%, and French CAC 40 by 3,4%. In Germany, also political troubles added to protectionist pressures as migration rose to the top of the EU Agenda. Populist threats are rising in the heart of Europe as the leading parties in Italy, Austria, Hungary, Poland, Czech Republic and Slovakia have forgotten what united the European Union once. EU retaliation taxes take effect on U.S. products. This will drive inflation up in the euro area, and dovish ECB Governor Draghi will be forced to hike interest rates earlier than he says.



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Economic Research and Development

Exchange Rates	Price as of 06/22/2018	Change % 5 days	Change % 1 Month	Change % 3 Months	Commodities Energy Futures	Price as of 06/22/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1635	0,12	-1,37	-5,52	WTI crude	67,70	4,19	-6,18	6,63
EUR/TRY	5,4674	-0,57	-0,39	12,95	BRENT crude	74,37	1,08	-6,73	9,89
EUR/CHF	1,1514	-0,49	-1,62	-1,56	GAS oil	642,25	0,16	-8,26	6,29
EUR/GBP	0,87745	0,32	-0,06	0,52	Heating oil	210,29	0,61	-7,79	5,05
EUR/JPY	127,79	-0,55	-2,30	-1,84	Natural gas	2,95	-2,35	0,51	6,30
EUR/RUB	73,2785	-0,10	1,54	4,27	Gold Spot	1 270,56	-0,65	-1,83	-4,24
EUR/CNY	7,5664	0,98	0,74	-3,02	Silver Spot	16,41	-0,90	-0,99	0,05
USD/TRY	4,6973	-0,67	0,97	19,59	Platinum Spot	873,33	-1,65	-3,89	-8,12
USD/JPY	109,84	-0,70	-0,96	3,90	Palladium Spot	955,61	-3,56	-3,77	-3,24
USD/RUB	62,9855	-0,24	2,94	10,34	Copper	304,05	-4,04	-3,65	-0,64
USD/CNY	6,5024	0,97	2,10	2,63	Stock Indices	Price as of 06/22/2018	Change% 5 days	Change % 1 Month	Change % 3 Months
Sovereign Bonds 10Y	Price as of 06/22/2018	Change % 5 days	Change % 1 Month	Ask YTM	ATX	3 268	-2,35	-6,95	-4,87
Austria	102,71	0,43	1,45	0,41	BIST 100	95 638	1,18	-7,42	-18,32
Belgium	104,45	0,24	1,39	0,43	CAC 40	5 366	-2,29	-4,69	4,04
China	102,17	0,38	0,55	3,55	DAX	12 501	-3,79	-4,95	3,45
EFSF	113,55	0,05	0,05	-0,25	Dow Jones	24 571	-2,03	-1,02	2,60
ESM	111,31	0,20	0,58	0,01	Euro Stoxx 50	3 423	-2,17	-4,41	2,42
France	98,61	0,38	1,76	0,42	FTSE 100	7 660	0,47	-2,63	10,32
Germany	98,89	0,66	1,96	0,14	HANG SENG	29 339	-3,62	-6,07	-5,58
Greece	97,11	0,49	1,70	8,22	IBEX 35	9 747	-0,95	-3,76	2,85
Japan	101,07	0,03	0,20	-0,04	MOEX	2 258	0,38	-3,48	-1,74
Portugal	110,50	-0,18	0,61	1,47	NASDAQ 100	7 182	-1,01	4,19	7,48
Spain	101,39	-0,58	0,61	1,12	NIKKEI 225	22 517	-1,47	-1,93	4,28
Russia	103,80	0,17	-2,25	7,67	S&P 500	2 756	-0,84	1,17	4,26
Switzerland	111,81	0,00	0,90	-0,26	Interest Rate Futures	Price as of 06/22/2018	Change% 5 days	Change % 1 Month	Change % 3 Months
Turkey	83,85	-2,38	-8,48	16,01	Bobl	132,18	0,38	1,18	1,38
UK	101,95	0,12	1,48	1,24	Bund	162,16	0,64	2,20	2,16
US	93,36	0,22	1,40	2,90	Risk Sentiment	Price as of 06/22/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
Turkey related	Price as of 06/22/2018	Change % 5 days	Change % 1 Month	Change % 3 Months	Baltic Dry Index	1347	-6,78	12,34	20,59
TRY Basket	5,0815	-0,68	0,22	15,91	VIX	13,99	16,28	5,37	-40,32
WAC of CBRT (T-1)	17,75	0,06	31,56	39,29	Turkey 5Y CDS (T-1)	313,718	0,36	11,25	60,29
Gold TRY / gram	191,88	-1,32	-0,87	14,52	MSCI EM Index (T-1)	1 080,19	-3,01	-5,42	-9,74
TR Gov. B. 2Y yield	19,18	0,31	12,49	37,89	USD Libor	Price as of 06/22/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
Euribor/Eonia	Price as of 06/22/2018	Change % 5 days	Change % 1 Month	Change % 3 Months	USD Libor O/N	1,928	0,12	12,85	13,58
Eonia	-0,365	-0,28	0,27	0,55	USD Libor 1M	2,098	0,61	6,74	12,09
Euribor 1 Month	-0,370	0,00	0,27	0,27	USD Libor 3M	2,339	0,56	0,38	2,33
Euribor 3 Month	-0,323	-0,62	0,31	1,82	USD Libor 6M	2,508	0,15	0,32	2,46
Euribor 6 Month	-0,268	0,00	1,11	1,11	USD Libor 12M	2,777	0,17	0,47	3,73
Euribor 12 Month	-0,180	1,64	4,76	5,76	TRY Libor	Price as of 06/22/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor	Price as of 06/22/2018	Change % 5 days	Change % 1 Month	Change % 3 Months	TRY Libor O/N	18,534	0,39	30,84	39,12
EUR Libor O/N	-0,442	-0,39	-0,95	-0,65	TRY Libor 1M	19,007	0,32	26,38	39,30
EUR Libor 1M	-0,397	0,29	0,64	3,07	TRY Libor 3M	19,286	0,03	15,30	38,21
EUR Libor 3M	-0,368	-3,83	-4,51	4,81	TRY Libor 6M	19,799	0,05	10,07	37,21
EUR Libor 6M	-0,318	-4,32	-2,54	3,80	TRY Libor 12M	20,443	0,10	11,30	36,47
EUR Libor 12M	-0,232	0,79	-1,37	7,62					

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Date	Country	Economic Release	Period	Consensus	Actual	Prior
06/18/2018 16:00	US	NAHB Housing Market Index	Jun	70	68	70
06/19/2018 14:30	US	Housing Starts	May	1311k	1350k	1287k
06/19/2018 14:30	US	Housing Starts MoM	May	1.9%	5.0%	-3.7%
06/19/2018 14:30	US	Building Permits	May	1350k	1301k	1352k
06/19/2018 14:30	US	Building Permits MoM	May	-1.0%	-4.6%	-1.8%
06/20/2018 13:00	US	MBA Mortgage Applications	Jun 15	--	5.1%	-1.5%
06/20/2018 14:30	US	Current Account Balance	1Q	-\$129.0b	-\$124.1b	-\$128.2b
06/20/2018 16:00	US	Existing Home Sales	May	5.52m	5.43m	5.46m
06/20/2018 16:00	US	Existing Home Sales MoM	May	1.1%	-0.4%	-2.5%
06/21/2018 14:30	US	Initial Jobless Claims	Jun 16	220k	218k	218k
06/21/2018 14:30	US	Continuing Claims	Jun 09	1710k	1723k	1697k
06/21/2018 14:30	US	Philadelphia Fed Business Outlook	Jun	29.0	19.0	34.4
06/21/2018 15:00	US	FHFA House Price Index MoM	Apr	0.5%	0.1%	0.1%
06/21/2018 15:45	US	Bloomberg Economic Expectations	Jun	--	56.0	54.5
06/21/2018 15:45	US	Bloomberg Consumer Comfort	Jun 17	--	56.5	55.8
06/21/2018 16:00	US	Leading Index	May	0.4%	0.2%	0.4%
06/22/2018 15:45	US	Markit US Manufacturing PMI	Jun P	56.1	54.6	56.4
06/22/2018 15:45	US	Markit US Services PMI	Jun P	56.5	56.5	56.8
06/22/2018 15:45	US	Markit US Composite PMI	Jun P	--	56.0	56.6
06/19/2018 10:00	EA	ECB Current Account SA	Apr	--	28.4b	32.0b
06/19/2018 10:00	EA	Current Account NSA	Apr	--	26.2b	40.6b
06/19/2018 11:00	EA	Construction Output MoM	Apr	--	1.8%	-0.3%
06/19/2018 11:00	EA	Construction Output YoY	Apr	--	1.8%	0.8%
06/21/2018 16:00	EA	Consumer Confidence	Jun A	0.0	-0.5	0.2
06/22/2018 10:00	EA	Markit Eurozone Manufacturing PMI	Jun P	55.0	55.0	55.5
06/22/2018 10:00	EA	Markit Eurozone Services PMI	Jun P	53.8	55.0	53.8
06/22/2018 10:00	EA	Markit Eurozone Composite PMI	Jun P	53.9	54.8	54.1
06/18/2018 09:00	TR	Unemployment Rate	Mar	--	10.1%	10.6%
06/18/2018 10:25	TR	Central Gov't Budget Balance	May	--	2.7b	-2.8b
06/19/2018 13:50	TR	House Price Index YoY	Apr	--	10.06%	9.48%
06/19/2018 13:50	TR	House Price Index MoM	Apr	--	1.47%	0.59%
06/20/2018 09:00	TR	Home Sales	May	--	119.7k	103.1k
06/20/2018 09:00	TR	Home Sales (YoY)	May	--	2.7%	-9.9%
06/21/2018 09:00	TR	Consumer Confidence Index	Jun	--	70.3	69.9
06/21/2018 13:30	TR	Foreigners Net Bond Invest	Jun 15	--	-\$460m	-\$171m
06/21/2018 13:30	TR	Foreigners Net Stock Invest	Jun 15	--	\$289m	-\$193m
06/21/2018 19:00	TR	Foreign Tourist Arrivals YoY	May	--	27.3%	28.3%
06/18/2018 15:00	RU	GDP YoY	1Q P	1.3%	1.3%	1.3%
06/18/2018 17:15	RU	Industrial Production YoY	May	0.9%	3.7%	1.3%
06/19/2018 15:30	RU	PPI MoM	May	1.3%	3.9%	1.2%
06/19/2018 15:30	RU	PPI YoY	May	9.6%	12.0%	7.5%
06/20/2018 15:00	RU	Unemployment Rate	May	4.9%	4.7%	4.9%

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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.