

The background of the cover features a complex financial chart with multiple data series. A prominent red line graph trends upwards from the bottom left towards the right. Overlaid on this are several candlestick charts in green and blue, showing price movements. Various numerical values are scattered across the chart, including 1.7810, 1.7900, 1.7855, 1.7765, 11.12, 14.56, 19.00, and 08.47. The overall color scheme is dark blue with highlights in red, green, and white.

FX & Markets Weekly

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Japan's 10-year yield turns negative

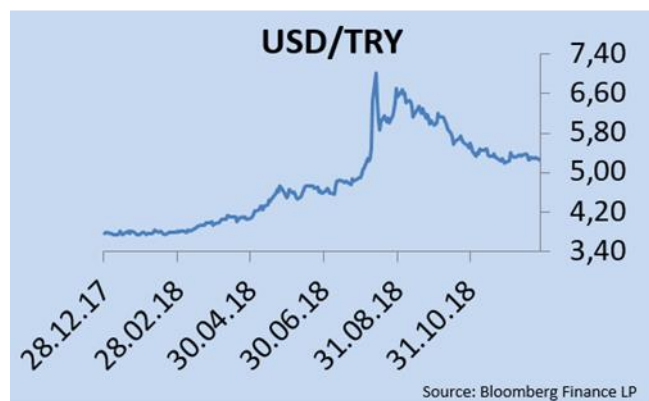
Japan's 10-year sovereign bond yield fell below zero for the first time since September 2017, as another slump in global stock markets fuelled a rally in government bonds. The 10-year yield dropped to -0,012%. Herewith, Japanese sovereign bonds are yielding negative rates up to 10 years maturity. Beyond 7 years have seen also positive yields year-to-date. But all maturities have benefitted from the recent sell-off in equities. When haven assets outperform, haven FX is set to benefit. In terms of FX, JPY appreciated over 7% against EUR year-to-date.

Dollar falls to lowest since November

The dollar declined to its lowest level in more than a month against all G10 peers, as concern that the partial U.S. government shutdown will extend into the new year sapped sentiment. Bloomberg Dollar Spot Index extended declines, falling to lowest level since Nov. 8. The U.S. yield curve flattened with 10-year rate down almost 2bps. Moreover, the latest 2-year auction earlier this week showed the lowest bid/cover ratio since the 2008 recession. With the emerging view that the Fed could hike not as much in 2019 as currently projected. Normally when the stock market is falling investors park their money in US Treasuries. In particular front-end rates tend to benefit during periods of high volatility. What has changed in 2018? The corporate tax cuts of the Trump administration had to be financed by a significant increase in UST supply. The markets have priced in a U.S. fiscal premium into U.S. government bonds.

Lira advances as bonds extend gain

Turkey's lira pushed higher amid broad-based dollar weakness, capping its second weekly advance. The yield on two-year government bonds fell for a second day as it extends its biggest weekly decline in over a month. Consumer and business sentiment in Turkey appears to be stabilizing, with the economic confidence index climbing for a second month in December to 75.2, the highest reading since August. Meanwhile, foreign arrivals rose 19% y/y in November, a sign of the explosive rebound for the tourism sector after a dismal 2016.



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Economic Research and Development

Exchange Rates	Price as of 12/28/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1453	0,72	0,97	-1,29
EUR/TRY	6,0473	-0,14	1,87	-14,00
EUR/CHF	1,1229	-0,64	-0,58	-1,49
EUR/GBP	0,90319	0,37	1,94	1,44
EUR/JPY	126,42	-0,04	-1,98	-4,17
EUR/RUB	79,6791	1,72	5,00	4,72
EUR/CNY	7,8766	0,16	0,46	-1,31
USD/TRY	5,2747	-0,74	0,84	-12,89
USD/JPY	110,34	-0,79	-2,96	-2,96
USD/RUB	69,5391	0,84	3,94	6,06
USD/CNY	6,8775	-0,42	-1,10	0,13

Sovereign Bonds 10Y	Price as of 12/28/2018	Change % 5 days	Change % 1 Month	Ask YTM
Austria	103,42	0,09	0,78	0,29
Belgium	103,84	-0,00	0,11	0,47
China	95,80	0,41	0,83	3,21
EFSF	111,80	0,03	-0,05	-0,31
ESM	110,55	0,09	0,33	-0,05
France	98,59	-0,07	0,09	0,43
Germany	99,97	0,06	0,78	0,00
Greece	96,14	-0,11	-0,37	4,50
Japan	101,79	0,25	0,92	-0,14
Portugal	110,88	-0,31	1,13	1,34
Spain	101,64	-0,13	1,02	1,08
Russia	97,85	0,25	0,76	8,69
Switzerland	112,47	0,09	1,03	-0,44
Turkey	83,45	1,15	0,97	15,85
UK	103,15	0,26	0,59	1,07
US	94,97	0,31	2,32	2,71

Turkey related	Price as of 12/28/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	5,6624	-0,08	1,40	-13,85
WAC of CBRT (T-1)	24,00	0,00	0,00	-0,33
Gold TRY / gram	216,73	0,95	5,55	-6,61
TR Gov. B. 2Y yield	19,73	-5,46	-2,62	-23,59

Euribor/Eonia	Price as of 12/28/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,335	7,46	7,46	8,22
Euribor 1 Month	-0,364	0,55	1,09	1,89
Euribor 3 Month	-0,310	0,00	1,90	2,52
Euribor 6 Month	-0,236	0,84	7,81	11,94
Euribor 12 Month	-0,119	0,00	18,49	25,16

EUR Libor	Price as of 12/28/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,462	0,59	0,92	-3,00
EUR Libor 1M	-0,408	-0,03	1,35	-1,42
EUR Libor 3M	-0,358	-2,87	1,30	-1,50
EUR Libor 6M	-0,308	0,09	5,39	1,82
EUR Libor 12M	-0,183	0,16	16,32	14,14

Commodities Energy Futures	Price as of 12/28/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	45,02	-1,85	-10,81	-38,06
BRENT crude	52,23	-3,92	-11,63	-36,18
GAS oil	497,25	-4,74	-10,69	-30,77
Heating oil	167,31	-4,40	-8,85	-28,99
Natural gas	3,36	-5,13	-26,29	8,43
Gold Spot	1 278,08	1,70	4,67	7,19
Silver Spot	15,35	4,82	7,16	4,80
Platinum Spot	792,71	0,67	-3,72	-2,88
Palladium Spot	1 270,98	3,13	7,65	18,20
Copper	271,40	0,72	-3,47	-3,86

Stock Indices	Price as of 12/28/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2 746	-4,95	-9,61	-17,89
BIST 100	90 198	-1,83	-4,14	-9,78
CAC 40	4 692	-1,79	-5,85	-14,59
DAX	10 559	-1,69	-6,55	-13,78
Dow Jones	23 243	1,47	-8,56	-12,33
Euro Stoxx 50	2 993	-1,92	-5,54	-11,96
FTSE 100	6 738	-0,39	-3,78	-10,26
HANG SENG	25 504	-1,40	-4,42	-8,22
IBEX 35	8 502	-3,03	-6,59	-9,44
MOEX	2 365	0,04	-1,38	-5,14
NASDAQ 100	6 313	0,88	-8,90	-17,43
NIKKEI 225	20 015	-1,85	-9,75	-17,02
S&P 500 (T-1)	2 489	0,87	-9,29	-14,59

Interest Rate Futures	Price as of 12/28/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	132,52	0,17	0,44	1,39
Bund	163,52	0,09	1,11	2,50

Risk Sentiment	Price as of 12/28/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index	1271	-9,60	16,29	-12,34
VIX	29,58	4,23	59,98	144,06
Turkey 5Y CDS (T-1)	364,428	-0,57	-6,30	-3,34
MSCI EM Index (T-1)	952,33	-0,78	-3,97	-9,12

USD Libor	Price as of 12/28/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	2,392	0,03	9,62	10,18
USD Libor 1M	2,520	0,54	7,47	11,47
USD Libor 3M	2,797	-0,87	3,34	16,62
USD Libor 6M	2,873	-1,20	-0,47	10,34
USD Libor 12M	3,013	-1,95	-3,86	3,24

TRY Libor	Price as of 12/28/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	24,252	-0,21	-0,44	-3,76
TRY Libor 1M	24,644	-0,06	-1,39	-9,73
TRY Libor 3M	24,654	0,02	-1,73	-11,83
TRY Libor 6M	24,653	0,02	-3,90	-12,42
TRY Libor 12M	24,559	-0,11	-4,90	-15,24

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Date	Country	Economic Release	Period	Consensus	Actual	Prior
12/21/2018 14:30	US	GDP Annualized QoQ	3Q T	3.5%	3.4%	3.5%
12/24/2018 14:30	US	Chicago Fed Nat Activity Index	Nov	0.20	0.22	0.24
12/26/2018 15:00	US	S&P CoreLogic CS 20-City YoY NSA	Oct	4.86%	5.03%	5.15%
12/26/2018 15:00	US	S&P CoreLogic CS 20-City MoM SA	Oct	0.30%	0.41%	0.33%
12/26/2018 15:00	US	S&P CoreLogic CS 20-City NSA Index	Oct	--	213.89	213.76
12/26/2018 15:00	US	S&P CoreLogic CS US HPI YoY NSA	Oct	--	5.48%	5.51%
12/26/2018 15:00	US	S&P CoreLogic CS US HPI NSA Index	Oct	--	206.03	205.82
12/26/2018 16:00	US	Richmond Fed Manufact. Index	Dec	15	-8	14
12/27/2018 14:30	US	Initial Jobless Claims	Dec 22	216k	216k	214k
12/27/2018 14:30	US	Continuing Claims	Dec 15	1675k	1701k	1688k
12/27/2018 15:00	US	FHFA House Price Index MoM	Oct	0.3%	0.3%	0.2%
12/27/2018 15:45	US	Bloomberg Consumer Comfort	Dec 23	--	59.4	58.8
12/27/2018 16:00	US	Conf. Board Consumer Confidence	Dec	133.5	128.1	135.7
12/27/2018 16:00	US	Conf. Board Present Situation	Dec	--	171.6	172.7
12/27/2018 16:00	US	Conf. Board Expectations	Dec	--	99.1	111.0
12/21/2018 16:00	EA	Consumer Confidence	Dec A	-4.3	-6.2	-3.9
12/21/2018 08:00	TR	Consumer Confidence Index	Dec	--	58.2	59.6
12/26/2018 12:30	TR	Real Sector Confidence SA	Dec	--	97.7	96.8
12/26/2018 12:30	TR	Real Sector Confidence NSA	Dec	--	91.5	92.8
12/26/2018 12:30	TR	Capacity Utilization	Dec	--	74.1%	74.1%
12/27/2018 12:30	TR	Foreigners Net Bond Invest	Dec 21	--	\$159m	-\$63m
12/27/2018 12:30	TR	Foreigners Net Stock Invest	Dec 21	--	\$239m	-\$70m
12/28/2018 08:00	TR	Economic Confidence	Dec	--	75.2	73.7
12/28/2018 09:00	TR	Foreign Tourist Arrivals YoY	Nov	--	19.0%	25.5%
12/21/2018 09:02	RU	Money Supply Narrow Def	Dec 14	--	10.38t	10.22t
12/26/2018 14:00	RU	CPI WoW	Dec 24	--	0.3%	0.2%
12/26/2018 14:00	RU	CPI Weekly YTD	Dec 24	--	4.2%	3.9%
12/27/2018 14:00	RU	Gold and Forex Reserve	Dec 21	--	466.0b	464.9b
12/28/2018 07:00	RU	Markit Russia PMI Mfg	Dec	52.0	51.7	52.6
12/28/2018 09:00	RU	Money Supply Narrow Def	Dec 21	--	10.48t	10.38t

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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.