

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 shades of green and blue. 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 palette is dark blue and black, with highlights in red, green, and white.

# FX & Markets Weekly

**Week 12/2019**

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## Turkey dollarization hits record high

This week, Turkish peoples' foreign currency holdings at local banks rose above USD 175bn. As a response, the banker's association hiked the taxes on FX deposits up to 1 year to 20%, up from 13%. Meanwhile, the BIST100 index declined by 1,5% in 5 days to just above 101,000 points, as credit default swaps (5Y USD) rose above 350. In the past month, Turkey sovereign bond yields widened in the belly of the curve and in the long end. E.g. 6-year securities are currently yielding 194bps more (17,93%). The lira depreciated against Euro and U.S. Dollar by over 2% this week.

## Fed leaves rates unchanged

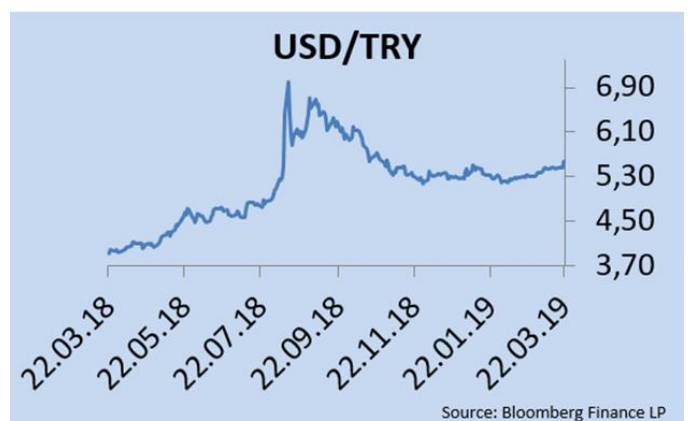
As widely expected, the FOMC left interest rates unchanged, revised down macroeconomic projections, as well as the rates outlook. The so called "dotplot" shows now no change to the federal funds target range (2,25%-2,50%) in 2019, and only one 25bps hike in 2020. Moreover, the balance sheet runoff will end in September. The Fed will get rid of the Mortgage Backed Securities in its balance sheet, and reinvest more into Treasuries instead, starting from September. EUR/USD had a pretty volatile week, closed on Wednesday in Europe around 1,1355, but touched levels above 1,1440 after the Fed, and is currently trading around 1,1308.

## Gold bulls are back

Spot gold rose above its last chart-technical hurdle this week. By surpassing the 50-day simple moving average, the bulls re-entered the gold market. Currently a troy ounce is priced at USD 1312. Levels around 1325 and even 1350 seem to be within reach.

## GBP dives on Brexit impasse

After more than 7 hours of negotiations, the European Union finally had its decision: 2 extra weeks to prevent an imminent no-deal Brexit, and for either Theresa May or British Parliament to find a way to stop the U.K. leaving the EU without a deal. Key question will be whether the Brits want and are allowed to participate in EU elections on May 23. GBP is week-over week down 1,2% against the Euro, and 1,3% against the USD.



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## Economic Research and Development

Exchange Rates	Price as of 03/22/2019	Change % 5 days	Change % 1 Month	Change % 3 Months	Commodities Energy Futures	Price as of 03/22/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1305	-0,19	-0,26	-0,92	WTI crude	59,29	0,63	2,49	26,99
EUR/TRY	6,2838	1,90	4,28	4,00	BRENT crude	67,01	-0,37	-0,51	22,61
EUR/CHF	1,1243	-0,95	-0,86	-0,31	GAS oil	602,75	-0,74	-2,86	16,83
EUR/GBP	0,8591	0,84	-1,02	-4,23	Heating oil	196,12	-0,39	-3,45	15,78
EUR/JPY	124,63	-1,29	-0,66	-1,01	Natural gas	2,78	-0,36	1,68	-4,66
EUR/RUB	72,7213	-0,96	-1,89	-7,11	Gold Spot	1 311,77	0,71	-1,33	3,41
EUR/CNY	7,5888	-0,27	-0,31	-3,70	Silver Spot	15,43	0,92	-3,11	4,42
USD/TRY	5,5547	2,07	4,53	5,01	Platinum Spot	853,82	2,78	1,43	8,58
USD/JPY	110,25	-1,10	-0,40	-0,11	Palladium Spot	1 567,22	1,04	4,63	25,86
USD/RUB	64,3324	-0,78	-1,66	-6,25	Copper	287,45	-1,22	-2,63	7,25
USD/CNY	6,7128	-0,01	-0,01	-2,70	Stock Indices	Price as of 03/22/2019	Change% 5 days	Change % 1 Month	Change % 3 Months
Sovereign Bonds 10Y	Price as of 03/22/2019	Change % 5 days	Change % 1 Month	Ask YTM	ATX	3 056	0,50	0,93	12,63
Austria	105,57	0,71	0,97	0,01	BIST 100	100 903	-2,26	-2,15	9,91
Belgium	106,65	0,45	1,04	0,08	CAC 40	5 307	-1,78	1,79	13,10
China	96,62	-0,85	-0,10	3,11	DAX	11 454	-1,90	0,05	7,80
EFSF	111,14	-0,02	-0,13	-0,37	Dow Jones (T-1)	25 963	0,98	-0,27	15,67
ESM	110,87	0,14	0,18	-0,21	Euro Stoxx 50	3 327	-1,66	1,81	10,97
France	101,56	0,69	1,47	0,04	FTSE 100	7 258	0,45	1,15	8,03
Germany	101,82	0,53	0,56	-0,25	HANG SENG	29 113	0,35	1,03	13,05
Greece	102,15	0,11	2,84	3,50	IBEX 35	9 255	-0,84	0,64	8,26
Japan	102,16	0,17	0,14	-0,19	MOEX	2 496	0,91	0,43	6,48
Portugal	115,01	0,12	1,18	0,75	NASDAQ 100 (T-1)	7 493	3,46	5,68	23,93
Spain	104,62	0,72	1,24	0,67	NIKKEI 225	21 627	1,60	0,76	7,25
Russia	101,65	1,06	1,26	8,02	S&P 500 (T-1)	2 855	1,65	2,23	18,14
Switzerland	113,77	0,60	0,72	-0,64	Interest Rate Futures	Price as of 03/22/2019	Change% 5 days	Change % 1 Month	Change % 3 Months
Turkey	83,75	-1,41	-5,15	15,85	Bobl	132,74	0,25	0,19	0,77
UK	104,53	1,08	0,67	0,86	Bund	165,45	0,80	0,85	2,89
US	97,19	0,85	1,35	2,40	Risk Sentiment	Price as of 03/22/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
Turkey related	Price as of 03/22/2019	Change % 5 days	Change % 1 Month	Change % 3 Months	Baltic Dry Index	695	-4,30	8,83	-46,05
TRY Basket	5,9191	1,88	4,35	4,42	VIX	14,20	10,02	4,89	-52,94
WAC of CBRT	24,00	0,00	0,00	0,00	Turkey 5Y CDS (T-1)	351,759	10,75	9,14	-4,18
Gold TRY / gram	234,27	2,79	3,14	9,15	MSCI EM Index (T-1)	1 069,68	1,17	1,04	11,74
TR Gov. B. 2Y yield	18,44	-1,55	-2,02	-11,64	USD Libor	Price as of 03/22/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
Euribor/Eonia	Price as of 03/22/2019	Change % 5 days	Change % 1 Month	Change % 3 Months	USD Libor O/N	2,389	-0,06	0,05	-0,11
Eonia (T-1)	-0,371	-0,82	-0,27	0,80	USD Libor 1M	2,499	0,69	0,58	-0,29
Euribor 1 Month	-0,367	0,27	0,00	-0,27	USD Libor 3M	2,610	-0,59	-1,37	-7,50
Euribor 3 Month	-0,309	0,00	0,32	0,32	USD Libor 6M	2,676	0,16	-1,11	-7,97
Euribor 6 Month	-0,228	1,72	1,30	4,20	USD Libor 12M	2,787	-1,88	-3,62	-9,31
Euribor 12 Month	-0,108	0,92	0,00	9,24	TRY Libor	Price as of 03/22/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor	Price as of 03/22/2019	Change % 5 days	Change % 1 Month	Change % 3 Months	TRY Libor O/N	24,148	0,02	-0,01	-0,64
EUR Libor O/N	-0,469	-0,15	-0,40	-1,08	TRY Libor 1M	24,148	0,00	0,02	-2,07
EUR Libor 1M	-0,416	-0,38	-0,69	-1,93	TRY Libor 3M	23,900	-0,19	-0,15	-3,04
EUR Libor 3M	-0,336	1,76	0,21	3,61	TRY Libor 6M	23,830	-0,13	-0,15	-3,32
EUR Libor 6M	-0,297	0,19	-1,76	3,70	TRY Libor 12M	23,621	-0,09	-0,79	-3,93
EUR Libor 12M	-0,181	-4,44	-12,59	1,09					

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## Economic Research and Development

Date	Country	Economic Release	Period	Consensus	Actual	Prior
03/18/2019 15:00	US	NAHB Housing Market Index	Mar	63	62	62
03/19/2019 15:00	US	Factory Orders	Jan	0.3%	0.1%	0.1%
03/19/2019 15:00	US	Factory Orders Ex Trans	Jan	--	-0.2%	-0.6%
03/19/2019 15:00	US	Durable Goods Orders	Jan F	0.4%	0.3%	0.4%
03/19/2019 15:00	US	Durables Ex Transportation	Jan F	-0.1%	-0.2%	-0.1%
03/19/2019 15:00	US	Cap Goods Orders Nondef Ex Air	Jan F	0.8%	0.8%	0.8%
03/19/2019 15:00	US	Cap Goods Ship Nondef Ex Air	Jan F	--	0.8%	0.8%
03/20/2019 12:00	US	MBA Mortgage Applications	Mar 15	--	1.6%	2.3%
03/20/2019 19:00	US	FOMC Rate Decision (Upper Bound)	Mar 20	2.50%	2.50%	2.50%
03/20/2019 19:00	US	FOMC Rate Decision (Lower Bound)	Mar 20	2.25%	2.25%	2.25%
03/20/2019 19:00	US	Interest Rate on Excess Reserves	Mar 21	2.40%	2.40%	2.40%
03/21/2019 13:30	US	Philadelphia Fed Business Outlook	Mar	4.8	13.7	-4.1
03/21/2019 13:30	US	Initial Jobless Claims	Mar 16	225k	221k	229k
03/21/2019 13:30	US	Continuing Claims	Mar 9	1770k	1750k	1776k
03/21/2019 14:45	US	Bloomberg Consumer Comfort	Mar 17	--	61.5	60.8
03/21/2019 14:45	US	Bloomberg Economic Expectations	Mar	--	47.5	54.5
03/21/2019 15:00	US	Leading Index	Feb	0.1%	0.2%	-0.1%
03/18/2019 11:00	EA	Trade Balance SA	Jan	15.0b	17.0b	15.6b
03/18/2019 11:00	EA	Trade Balance NSA	Jan	--	1.5b	17.0b
03/19/2019 11:00	EA	Construction Output MoM	Jan	--	-1.4%	-0.4%
03/19/2019 11:00	EA	Construction Output YoY	Jan	--	-0.7%	0.7%
03/19/2019 11:00	EA	Labour Costs YoY	4Q	--	2.3%	2.5%
03/19/2019 11:00	EA	ZEW Survey Expectations	Mar	--	-2.5	-16.6
03/21/2019 16:00	EA	Consumer Confidence	Mar A	-7.1	-7.2	-7.4
03/22/2019 10:00	EA	ECB Current Account SA	Jan	--	36.8b	16.2b
03/22/2019 10:00	EA	Markit Eurozone Manufacturing PMI	Mar P	49.5	47.6	49.3
03/22/2019 10:00	EA	Markit Eurozone Services PMI	Mar P	52.7	52.7	52.8
03/22/2019 10:00	EA	Markit Eurozone Composite PMI	Mar P	52.0	51.3	51.9
03/18/2019 08:00	TR	Home Sales	Feb	--	78.5k	72.9k
03/18/2019 08:00	TR	Home Sales (YoY)	Feb	--	-18.2%	-24.8%
03/18/2019 12:30	TR	House Price Index YoY	Jan	--	7.60%	9.69%
03/18/2019 12:30	TR	House Price Index MoM	Jan	--	-0.99%	-0.01%
03/21/2019 08:00	TR	Consumer Confidence SA	Mar	--	59.4	57.8
03/21/2019 12:30	TR	Foreigners Net Bond Invest	Mar 15	--	-\$122m	-\$113m
03/21/2019 12:30	TR	Foreigners Net Stock Invest	Mar 15	--	-\$107m	\$46m
03/18/2019 14:00	RU	Industrial Production YoY	Feb	1.5%	4.1%	1.1%
03/19/2019 14:00	RU	PPI YoY	Feb	8.9%	9.0%	9.5%
03/19/2019 14:00	RU	PPI MoM	Feb	0.5%	0.1%	-3.3%
03/20/2019 15:00	RU	Real Wages YoY	Feb	0.0%	0.7%	0.2%
03/20/2019 15:00	RU	Retail Sales Real YoY	Feb	1.5%	2.0%	1.6%
03/20/2019 15:00	RU	Unemployment Rate	Feb	4.9%	4.9%	4.9%
03/20/2019 15:00	RU	Cargo Shipments YoY	Feb	1.8%	1.7%	2.4%
03/20/2019 15:00	RU	Construction YoY	Feb	-1.0%	0.3%	0.1%
03/21/2019 14:00	RU	Gold and Forex Reserve	Mar 15	--	482.5b	479.3b
03/22/2019 09:00	RU	Money Supply Narrow Def	Mar 15	--	10.32t	10.30t
03/22/2019 11:30	RU	Key Rate	Mar 22	7.75%	7.75%	7.75%

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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.