

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. A grid of light blue lines is visible across the chart. Various numerical values are scattered throughout, including 1.7810, 1.7900, 1.7855, 1.7765, 11.12, 14.56, 19.00, and 08.47. Some areas of the chart are circled in light blue.

FX & Markets Weekly

Week 19/2019

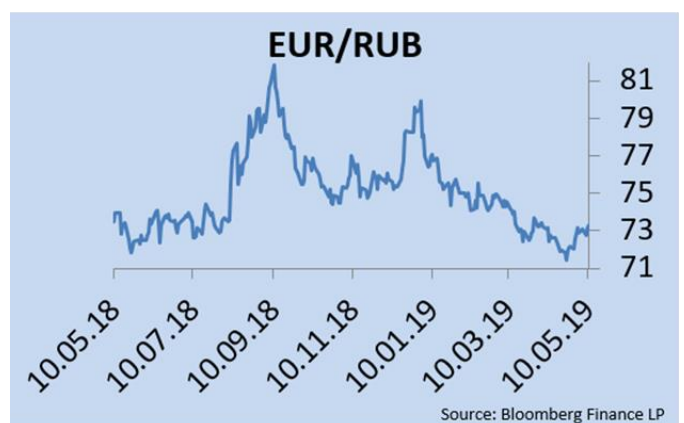
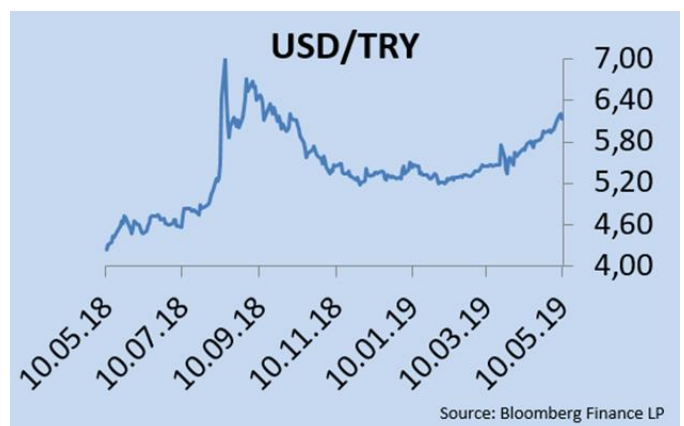
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Lira dives on prolonged political uncertainty

This week, the High Election Board in Turkey ruled to repeat the Istanbul municipal vote on June 23. It is due to the prolonged political uncertainty that the lira is heading to close the week over 3% down against the euro, and around 2,8% down versus the U.S. dollar. The decision to cancel and re-run the Istanbul mayoral election is likely to prompt the Turkish government to continue loosening fiscal policy in the coming weeks. Fitch had affirmed Turkey at BB already last week, but issued a comment after the High Election Board's decision: "Notwithstanding what happens in Istanbul, if we have a clear political calendar, it does provide a window to implement structural reforms that could put the economy on a firm footing." "The new economy program that was announced, contains some reforms that the private sector view favorably. However, there is some uncertainty over the timing of the implementation of these commitments". "After the 23rd of June, it still means that the government has 4 years, and for us it is important what's done over that time." Furthermore, the Central Bank of Turkey suspended the 1-week repo auctions again. The move effectively raises the cost of funding by 150 basis points without an official increase in the benchmark interest rate. In a separate statement, the Central Bank lowered the amount of foreign currency, commercial lenders are required to park at the regulator as part of their mandatory lira reserves, which will absorb 7,2 billion liras from the system. At the same time, the monetary authority increased reserve requirements for foreign-currency liabilities by 100 basis points. Overall, the changes will withdraw a combined USD 200 million of foreign-exchange liquidity from the market, according to the statement.

Global stocks sell-off

Remember the financial adage "sell in May and go away"? Nowadays, also several political, geopolitical issues are increasing stock market investors' concerns. Asian stocks are heading for their worst week since October after higher import tariffs for Chinese goods kicked in, even as the trade negotiations are ongoing, and China vowed to retaliate. The U.S. also banned trade in Iranian iron, steel, aluminium, and copper, hours after Iran said it may partially breach its nuclear deal in 60 days, as the crude oil waiver expired.



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Economic Research and Development

Exchange Rates	Price as of 05/10/2019	Change % 5 days	Change % 1 Month	Change % 3 Months	Commodities Energy Futures	Price as of 05/10/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1228	0,29	-0,40	-0,35	WTI crude	61,82	-0,23	-4,41	14,40
EUR/TRY	6,8896	3,09	7,36	15,63	BRENT crude	70,79	-0,11	-0,74	14,27
EUR/CHF	1,1374	-0,10	0,65	0,44	GAS oil	639,00	-1,54	1,47	10,70
EUR/GBP	0,8623	1,45	0,30	-1,66	Heating oil	205,42	-0,76	-1,66	8,26
EUR/JPY	123,2	-0,99	-1,44	-1,02	Natural gas	2,58	0,31	-6,09	-4,13
EUR/RUB	73,3479	0,65	1,25	-1,12	Gold Spot	1 286,04	0,47	-1,90	-1,70
EUR/CNY	7,6625	1,66	1,36	-0,11	Silver Spot	14,76	-1,28	-3,50	-6,00
USD/TRY	6,1319	2,81	7,77	16,02	Platinum Spot	856,98	-1,71	-5,24	9,10
USD/JPY	109,72	-1,24	-1,04	-0,66	Palladium Spot	1 304,70	-4,83	-6,25	-5,77
USD/RUB	65,3302	0,36	1,66	-0,77	Copper	276,60	-1,92	-5,74	-2,11
USD/CNY	6,8236	1,31	1,60	0,46	Stock Indices	Price as of 05/10/2019	Change% 5 days	Change % 1 Month	Change % 3 Months
Sovereign Bonds 10Y	Price as of 05/10/2019	Change % 5 days	Change % 1 Month	Ask YTM	ATX	3 070	-3,25	-2,33	3,61
Austria	105,70	0,31	-0,03	-0,02	BIST 100	88 840	-5,56	-8,55	-13,40
Belgium	106,65	0,08	-0,17	0,06	CAC 40	5 335	-3,81	-2,07	7,57
China	96,61	1,32	na	3,27	DAX	12 052	-2,84	1,29	10,57
EFSF	110,78	-0,01	-0,31	-0,43	Dow Jones (T-1)	25 828	-1,82	-1,26	2,88
ESM	110,91	0,13	-0,12	-0,28	Euro Stoxx 50	3 364	-3,91	-1,73	7,33
France	101,64	0,21	-0,16	0,03	FTSE 100	7 225	-1,68	-2,62	2,21
Germany	102,17	0,46	0,15	-0,30	HANG SENG	28 550	-5,09	-5,21	2,16
Greece	103,17	-0,57	-0,20	3,36	IBEX 35	9 133	-2,88	-2,85	3,18
Japan	101,88	0,05	-0,16	-0,16	MOEX	2 527	-1,94	-1,75	0,90
Portugal	116,08	0,03	0,36	0,58	NASDAQ 100 (T-1)	7 583	-1,83	-0,38	9,69
Spain	105,41	0,06	0,48	0,55	NIKKEI 225	21 345	-4,32	-1,58	4,98
Russia	101,68	-0,02	0,22	8,01	S&P 500 (T-1)	2 871	-1,60	-0,61	6,01
Switzerland	113,11	0,45	0,09	-0,59	Interest Rate Futures	Price as of 05/10/2019	Change% 5 days	Change % 1 Month	Change % 3 Months
Turkey	68,50	-6,93	-14,16	19,83	Bobl	133,26	0,25	0,11	0,48
UK	103,90	0,65	-0,19	0,94	Bund	166,15	0,55	0,17	1,20
US	97,53	0,68	0,29	2,36	Risk Sentiment	Price as of 05/10/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
Turkey related	Price as of 05/10/2019	Change % 5 days	Change % 1 Month	Change % 3 Months	Baltic Dry Index	974	-5,62	32,70	62,06
TRY Basket	6,5107	2,93	7,52	15,81	VIX	19,72	52,53	47,59	24,87
WAC of CBRT	24,11	0,46	-3,17	0,46	Turkey 5Y CDS (T-1)	494,321	11,69	19,09	54,21
Gold TRY / gram	253,53	3,30	5,73	14,21	MSCI EM Index (T-1)	1 028,40	-5,02	-6,17	-0,74
TR Gov. B. 2Y yield	24,36	6,52	14,64	32,61	USD Libor	Price as of 05/10/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
Euribor/Eonia	Price as of 05/10/2019	Change % 5 days	Change % 1 Month	Change % 3 Months	USD Libor O/N	2,356	-0,90	-1,34	-1,23
Eonia (T-1)	-0,364	-0,55	1,09	-0,55	USD Libor 1M	2,449	-0,71	-1,33	-2,20
Euribor 1 Month	-0,367	-0,55	0,00	0,27	USD Libor 3M	2,528	-1,25	-2,90	-6,30
Euribor 3 Month	-0,309	0,00	0,32	-0,33	USD Libor 6M	2,587	-1,16	-1,52	-5,65
Euribor 6 Month	-0,231	-0,44	0,00	0,86	USD Libor 12M	2,693	-1,90	-1,71	-8,26
Euribor 12 Month	-0,118	-3,51	-5,36	-8,26	TRY Libor	Price as of 05/10/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor	Price as of 05/10/2019	Change % 5 days	Change % 1 Month	Change % 3 Months	TRY Libor O/N	25,926	5,09	2,56	7,35
EUR Libor O/N	-0,474	0,63	-0,91	-1,84	TRY Libor 1M	25,983	2,02	1,99	7,59
EUR Libor 1M	-0,415	0,58	0,31	0,78	TRY Libor 3M	26,755	1,69	4,13	11,39
EUR Libor 3M	-0,359	-4,11	-0,64	-7,86	TRY Libor 6M	27,300	1,91	6,52	14,21
EUR Libor 6M	-0,307	-0,89	0,60	-3,81	TRY Libor 12M	27,820	1,49	8,50	16,68
EUR Libor 12M	-0,214	-2,74	-6,01	-26,27					

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Economic Research and Development

Date	Country	Economic Release	Period	Consensus	Actual	Prior
04/29/2019 16:30	US	Dallas Fed Manf. Activity	Apr	10.0	2.0	43532
04/30/2019 15:45	US	MNI Chicago PMI	Apr	58.5	52.6	58.7
04/30/2019 16:00	US	Conf. Board Consumer Confidence	Apr	126.8	129.2	124.1
04/30/2019 16:00	US	Conf. Board Present Situation	Apr	--	168.3	160.6
04/30/2019 16:00	US	Conf. Board Expectations	Apr	--	103.0	99.8
05/01/2019 14:15	US	ADP Employment Change	Apr	180k	275k	129k
05/01/2019 15:45	US	Markit US Manufacturing PMI	Apr F	52.4	52.6	52.4
05/01/2019 16:00	US	ISM Manufacturing	Apr	55.0	52.8	55.3
05/01/2019 16:00	US	ISM Employment	Apr	--	52.4	57.5
05/01/2019 16:00	US	ISM New Orders	Apr	--	51.7	57.4
05/01/2019 20:00	US	FOMC Rate Decision (Upper Bound)	May 1	2.50%	2.50%	2.50%
05/01/2019 20:00	US	FOMC Rate Decision (Lower Bound)	May 1	2.25%	2.25%	2.25%
05/01/2019 20:00	US	Interest Rate on Excess Reserves	May 2	2.40%	2.35%	2.40%
05/02/2019 14:30	US	Unit Labor Costs	1Q P	1.5%	-0.9%	2.0%
05/03/2019 14:30	US	Change in Nonfarm Payrolls	Apr	190k	263k	196k
05/03/2019 14:30	US	Two-Month Payroll Net Revision	Apr	--	16k	--
05/03/2019 14:30	US	Change in Private Payrolls	Apr	188k	236k	182k
05/03/2019 14:30	US	Change in Manufact. Payrolls	Apr	10k	4k	-6k
05/03/2019 14:30	US	Unemployment Rate	Apr	3.8%	3.6%	3.8%
05/03/2019 14:30	US	Labor Force Participation Rate	Apr	63.0%	62.8%	63.0%
05/03/2019 14:30	US	Wholesale Inventories MoM	Mar P	0.2%	0.0%	0.2%
05/03/2019 14:30	US	Retail Inventories MoM	Mar	0.1%	-0.3%	0.3%
05/03/2019 15:45	US	Markit US Services PMI	Apr F	52.9	53.0	52.9
05/03/2019 15:45	US	Markit US Composite PMI	Apr F	--	53.0	52.8
05/03/2019 16:00	US	ISM Non-Manufacturing Index	Apr	57.0	55.5	56.1
05/07/2019 16:00	US	JOLTS Job Openings	Mar	7350	7488	7087
05/09/2019 14:30	US	Trade Balance	Mar	-\$50.1b	-\$50.0b	-\$49.4b
05/09/2019 14:30	US	Initial Jobless Claims	May 4	220k	228k	230k
05/09/2019 15:45	US	Bloomberg Consumer Comfort	May 5	--	59.8	60.4
05/09/2019 16:00	US	Wholesale Inventories MoM	Mar F	0.0%	-0.1%	0.0%
05/09/2019 16:00	US	Wholesale Trade Sales MoM	Mar	0.6%	2.3%	0.3%
04/29/2019 11:00	EA	Economic Confidence	Apr	105.0	104.0	105.5
04/29/2019 11:00	EA	Business Climate Indicator	Apr	0.49	0.42	0.53
04/29/2019 11:00	EA	Industrial Confidence	Apr	-2.0	-4.1	-1.7
04/29/2019 11:00	EA	Consumer Confidence	Apr F	-7.9	-7.9	-7.9
04/30/2019 11:00	EA	Unemployment Rate	Mar	7.8%	7.7%	7.8%
04/30/2019 11:00	EA	GDP SA QoQ	1Q A	0.3%	0.4%	0.2%
04/30/2019 11:00	EA	GDP SA YoY	1Q A	1.1%	1.2%	1.1%
05/02/2019 10:00	EA	Markit Eurozone Manufacturing PMI	Apr F	47.8	47.9	47.8
05/03/2019 11:00	EA	PPI MoM	Mar	0.1%	-0.1%	0.1%
05/03/2019 11:00	EA	PPI YoY	Mar	3.0%	2.9%	3.0%
05/03/2019 11:00	EA	CPI Core YoY	Apr A	1.0%	1.2%	0.8%
05/03/2019 11:00	EA	CPI Estimate YoY	Apr	1.6%	1.7%	1.4%
05/06/2019 10:00	EA	Markit Eurozone Services PMI	Apr F	52.5	52.8	52.5
05/06/2019 10:00	EA	Markit Eurozone Composite PMI	Apr F	51.3	51.5	51.3
05/06/2019 10:30	EA	Sentix Investor Confidence	May	1.2	5.3	-0.3

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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.