

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 top 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, 108.47, and 105.14. The overall color scheme is dark blue with glowing green and red lines.

# FX & Markets Weekly

**Week 6/2019**

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## Euro depreciates on EC's downward revisions

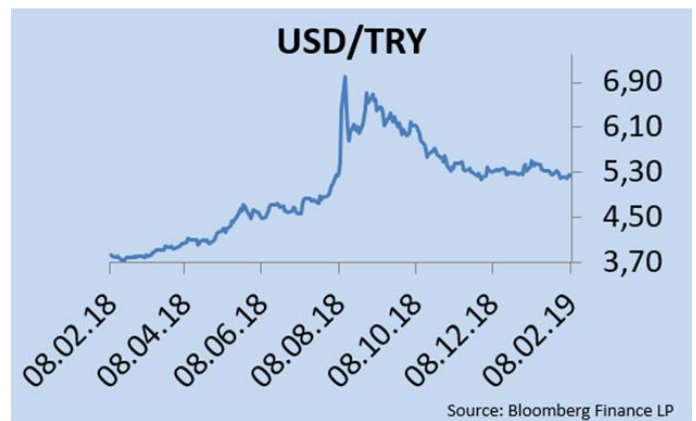
This week, the European Commission released its quarterly macro-economic forecasts. Euro-area GDP growth was revised down to 1,3% y/y for 2019 (1,9% forecast 3 month ago), and to 1,6% y/y for 2020 (1,7% forecasts 3 months ago). Austria was revised down to 1,6% y/y for 2019 and 2020 (down from 2,0% and 1,8% respectively). Germany has been revised down to 1,1% y/y for 2019 (down from 1,8%), as 2020 remained unchanged at 1,7%. Largest downward revision was for Italy, -1 percentage point to 0,2% y/y in 2019, -0,5 ppt to 0,8% y/y in 2020. There have also been upward revisions, with the largest for Malta +0,3 ppt to 5,2% y/y, followed by Greece (+0,2 ppt to 2,2% y/y). The euro depreciated by 0,95% against USD and CNY. 0,7% versus JPY and 0,39% against CHF.

## EM ETFs see biggest inflows in year

Traders piled into emerging-market ETFs for a 16th straight week. Investors added USD 3,9bn to stock and bond ETFs across developing nations as well as those that target specific countries in the week ended Feb. 1, the most in more than a year. That has pushed up this year's inflows to USD 11,8bn. Emerging markets had a strong start to 2019, with stocks showing the best performance since 2016. Investors were attracted by cheaper valuations, the prospect of the Federal Reserve remaining on hold and optimism over trade talks. With the Fed and ECB on hold, the backdrop would be supportive for EM assets to outperform.

## Reserve Bank of India surprisingly cuts rate

Under its new Governor Shaktikanta Das, in a sharp reversal from October, when the Reserve Bank of India took rate cuts off the table, RBI has cut its repurchase rate by 25bps to 6,25%, and dropped even its hawkish bias. The Monetary Policy Committee changed its policy stance back to neutral from calibrated tightening, providing Prime Minister Narendra Modi with the kind of stimulus he needs to stoke economic growth in an election year. The RBI once again lowered its inflation projection, as inflation slowed to an 18-month low of 2,2% in December.



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## Economic Research and Development

Exchange Rates	Price as of 02/08/2019	Change % 5 days	Change % 1 Month	Change % 3 Months	Commodities Energy Futures	Price as of 02/08/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1349	-0,93	-0,91	-0,38	WTI crude	52,79	-4,60	5,21	-13,98
EUR/TRY	5,9523	-0,30	-5,55	-4,58	BRENT crude	62,07	-1,10	5,38	-12,97
EUR/CHF	1,1362	-0,38	1,13	-0,73	GAS oil	581,50	0,78	6,21	-12,30
EUR/GBP	0,87509	-0,07	-2,80	0,56	Heating oil	191,15	-0,06	5,06	-10,84
EUR/JPY	124,65	-0,65	0,22	-3,99	Natural gas	2,58	-5,45	-8,82	-16,48
EUR/RUB	74,7689	-0,30	-2,19	-1,55	Gold Spot	1 314,83	-0,25	2,20	7,48
EUR/CNY	7,655	-0,98	-2,31	-3,45	Silver Spot	15,85	-0,34	1,19	9,88
USD/TRY	5,2416	0,64	-4,67	-4,06	Platinum Spot	800,19	-2,93	-2,47	-7,74
USD/JPY	109,83	0,29	1,13	-3,63	Palladium Spot	1 391,63	2,65	5,08	22,88
USD/RUB	65,885	0,64	-1,30	-1,20	Copper	282,95	2,00	6,49	2,82
USD/CNY	6,7451	0,73	-1,55	-2,53	Stock Indices	Price as of 02.08.2019	Change% 5 days	Change % 1 Month	Change % 3 Months
Sovereign Bonds 10Y	Price as of 02.08.2019	Change % 5 days	Change % 1 Month	Ask YTM	ATX	2 979	-0,41	2,89	-7,59
Austria	104,51	0,31	1,09	0,15	BIST 100	102 272	-0,68	12,72	9,34
Belgium	105,21	0,20	1,29	0,28	CAC 40	4 971	-1,00	4,10	-3,17
China	96,75	0,27	0,02	3,10	DAX	10 959	-1,97	1,45	-4,92
EFSF	111,43	-0,01	-0,10	-0,33	Dow Jones (T-1)	25 170	0,68	5,81	-3,90
ESM	110,73	0,14	0,42	-0,13	Euro Stoxx 50	3 141	-0,98	2,78	-3,02
France	99,86	0,12	1,38	0,27	FTSE 100	7 080	0,84	3,17	-0,86
Germany	101,21	0,42	1,11	-0,16	HANG SENG	27 946	1,51	9,05	7,76
Greece	99,69	0,83	2,98	3,86	IBEX 35	8 865	-1,70	0,22	-3,38
Japan	101,96	-0,03	0,34	-0,16	MOEX	2 506	-0,73	4,75	2,65
Portugal	112,34	-0,03	2,09	1,13	NASDAQ 100 (T-1)	6 905	-0,03	5,39	-3,54
Spain	102,88	-0,12	1,86	0,91	NIKKEI 225	20 333	-2,19	0,64	-9,58
Russia	101,00	-0,10	2,75	8,13	S&P 500 (T-1)	2 706	0,07	5,11	-3,59
Switzerland	112,98	0,20	0,64	-0,51	Interest Rate Futures	Price as of 02.08.2019	Change% 5 days	Change % 1 Month	Change % 3 Months
Turkey	91,50	-1,30	10,94	13,97	Bobl	133,21	0,17	0,50	1,46
UK	103,84	0,57	0,66	0,97	Bund	166,46	0,59	1,67	3,99
US	95,95	0,33	0,75	2,58	Risk Sentiment	Price as of 02/08/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
Turkey related	Price as of 02/08/2019	Change % 5 days	Change % 1 Month	Change % 3 Months	Baltic Dry Index	610	-5,43	-51,66	-50,45
TRY Basket	5,5967	0,03	-5,13	-4,35	VIX	17,16	6,26	-16,22	2,57
WAC of CBRT	24,00	0,00	0,00	0,00	Turkey 5Y CDS (T-1)	311,775	0,71	-15,67	-14,83
Gold TRY / gram	221,57	0,39	-2,58	3,11	MSCI EM Index (T-1)	1 041,97	-0,78	6,81	4,88
TR Gov. B. 2Y yield	18,37	0,16	-6,61	-14,80	USD Libor	Price as of 02/08/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
Euribor/Eonia	Price as of 02/08/2019	Change % 5 days	Change % 1 Month	Change % 3 Months	USD Libor O/N	2,386	0,49	-0,23	9,44
Eonia (T-1)	-0,363	-1,68	0,55	-0,28	USD Libor 1M	2,504	-0,39	-0,45	8,01
Euribor 1 Month	-0,368	0,27	-1,38	0,27	USD Libor 3M	2,698	-1,28	-3,05	3,18
Euribor 3 Month	-0,308	0,00	0,00	2,53	USD Libor 6M	2,742	-1,72	-3,88	-4,05
Euribor 6 Month	-0,233	0,85	1,27	9,34	USD Libor 12M	2,936	-0,87	-2,67	-6,53
Euribor 12 Month	-0,109	0,91	7,63	26,35	TRY Libor	Price as of 02/08/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor	Price as of 02/08/2019	Change % 5 days	Change % 1 Month	Change % 3 Months	TRY Libor O/N	24,150	0,00	-0,33	-2,09
EUR Libor O/N	-0,466	-0,22	-0,15	-1,56	TRY Libor 1M	24,150	-0,07	-1,72	-4,23
EUR Libor 1M	-0,419	0,34	0,71	-2,41	TRY Libor 3M	24,019	-0,40	-2,39	-5,13
EUR Libor 3M	-0,332	2,76	0,64	6,70	TRY Libor 6M	23,903	0,04	-2,97	-8,49
EUR Libor 6M	-0,296	0,15	0,43	8,97	TRY Libor 12M	23,843	-0,03	-3,40	-9,57
EUR Libor 12M	-0,170	-1,19	4,28	23,75					

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## Economic Research and Development

Date	Country	Economic Release	Period	Consensus	Actual	Prior
02/01/2019 15:45	US	Markit US Manufacturing PMI	Jan F	54.9	54.9	54.9
02/01/2019 16:00	US	ISM Manufacturing	Jan	54.0	56.6	54.1
02/01/2019 16:00	US	ISM New Orders	Jan	--	58.2	51.1
02/04/2019 16:00	US	Factory Orders	Nov	0.3%	-0.6%	-2.1%
02/04/2019 16:00	US	Factory Orders Ex Trans	Nov	--	-1.3%	0.3%
02/04/2019 16:00	US	Durable Goods Orders	Nov F	1.5%	0.7%	0.8%
02/04/2019 16:00	US	Durables Ex Transportation	Nov F	0.0%	-0.4%	-0.3%
02/04/2019 16:00	US	Cap Goods Orders Nondef Ex Air	Nov F	-0.1%	-0.6%	-0.6%
02/04/2019 16:00	US	Cap Goods Ship Nondef Ex Air	Nov F	0.0%	-0.2%	-0.1%
02/05/2019 15:45	US	Markit US Services PMI	Jan F	54.2	54.2	54.2
02/05/2019 15:45	US	Markit US Composite PMI	Jan F	--	54.4	54.5
02/05/2019 16:00	US	ISM Non-Manufacturing Index	Jan	57.1	56.7	57.6
02/06/2019 13:00	US	MBA Mortgage Applications	Feb 01	--	-2.5%	-3.0%
02/06/2019 14:30	US	Trade Balance	Nov	-\$54.0b	-\$49.3b	-\$55.5b
02/07/2019 14:30	US	Initial Jobless Claims	Feb 02	221k	234k	253k
02/07/2019 14:30	US	Continuing Claims	Jan 26	1733k	1736k	1782k
02/07/2019 15:45	US	Bloomberg Consumer Comfort	Feb 03	--	58.2	57.4
02/07/2019 21:00	US	Consumer Credit	Dec	\$17.000b	\$16.554b	\$22.149b
02/01/2019 10:00	EA	Markit Eurozone Manufacturing PMI	Jan F	50.5	50.5	50.5
02/01/2019 11:00	EA	CPI Core YoY	Jan A	1.0%	1.1%	1.0%
02/01/2019 11:00	EA	CPI Estimate YoY	Jan	1.4%	1.4%	1.6%
02/04/2019 10:30	EA	Sentix Investor Confidence	Feb	-1.3	-3.7	-1.5
02/04/2019 11:00	EA	PPI MoM	Dec	-0.5%	-0.8%	-0.3%
02/04/2019 11:00	EA	PPI YoY	Dec	3.1%	3.0%	4.0%
02/05/2019 10:00	EA	Markit Eurozone Services PMI	Jan F	50.8	51.2	50.8
02/05/2019 10:00	EA	Markit Eurozone Composite PMI	Jan F	50.7	51.0	50.7
02/05/2019 11:00	EA	Retail Sales MoM	Dec	-1.6%	-1.6%	0.6%
02/05/2019 11:00	EA	Retail Sales YoY	Dec	0.5%	0.8%	1.1%
02/01/2019 08:00	TR	Markit/ISO Turkey PMI Mfg	Jan	--	44.2	44.2
02/04/2019 08:00	TR	CPI MoM	Jan	1.03%	1.06%	-0.40%
02/04/2019 08:00	TR	CPI YoY	Jan	20.30%	20.35%	20.30%
02/04/2019 08:00	TR	PPI MoM	Jan	--	0.45%	-2.22%
02/04/2019 08:00	TR	PPI YoY	Jan	32.15%	32.93%	33.64%
02/04/2019 08:00	TR	CPI Core Index YoY	Jan	19.00%	19.02%	19.53%
02/05/2019 12:30	TR	Effective Exchange Rate	Jan	--	75.61	75.00
02/07/2019 12:30	TR	Foreigners Net Bond Invest	Feb 1	--	\$106m	-\$70m
02/07/2019 12:30	TR	Foreigners Net Stock Invest	Feb 1	--	\$270m	\$322m
02/07/2019 15:30	TR	Cash Budget Balance	Jan	--	2.5b	-23.7b
02/04/2019 14:00	RU	Annual GDP YOY	2018	1.9%	2.3%	1.5%
02/05/2019 07:00	RU	Markit Russia PMI Services	Jan	54.1	54.9	54.4
02/05/2019 07:00	RU	Markit Russia PMI Composite	Jan	--	53.6	53.9
02/06/2019 14:00	RU	CPI YoY	Jan	5.1%	5.0%	4.3%
02/06/2019 14:00	RU	CPI MoM	Jan	1.1%	1.0%	0.8%

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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.