

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, 108.47, and 105.14. The overall color palette is dark blue and black, with highlights in red, green, and white.

FX & Markets Weekly

Week 7/2019

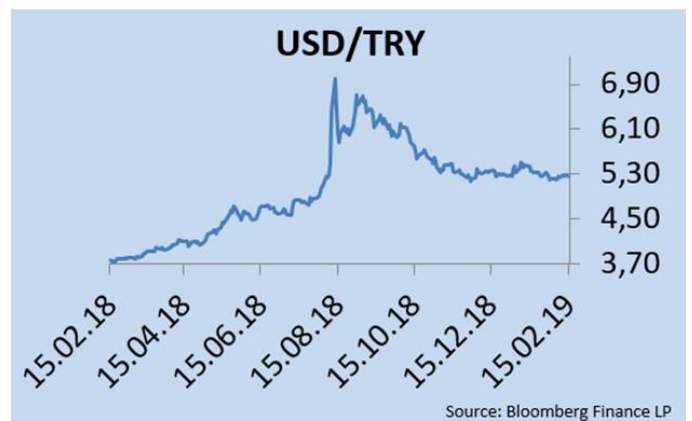
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Euro drops to 14-week low

EUR/USD dropped below 1,13 already on Monday, and is currently testing levels below 1,1250. From a macro-economic perspective, this week 4Q18 real GDP growth in the euro area came in at 0,2% q/q, unchanged from previous quarter. If sustained at this speed, growth would be too slow to keep the labour market tightening and inflation rising, making it unlikely for the ECB to hike interest rates this year. In fact, ECB Executive Board Member Coeure mentioned even TLTROs again (Targeted Long Term Refinancing Operations). Furthermore, German economy just avoided a technical recession and stagnated at 0,0% q/q, after -0,2% real GDP growth in 3Q. Growth in the euro area has slowed, but the worst is probably over and soft data in the week ahead, should bring signs of stabilization. We expect a slight pickup in the PMI and no big slippage in German ZEW and IFO indicators. The euro-area composite PMI should record a small rebound in February, as business sentiment for French services recovers slightly. Minutes from the European Central Bank will bring more colour on the January monetary policy meeting. Also the political agenda had this week an impact on the Euro. In Spain, Parliament did not approve the budget proposal of PM Sanchez and he called early elections to be held on April 28. In Italy League lawmaker and economic adviser Borghi said the nation could leave the EU if upcoming elections don't bring reform. "Either we manage to change it or we'll need to leave". The yield on Italy 10-year bonds rose as much as 11 basis points to 2,91%, with the spread over those on their German peers widening to 280 basis points.

Europe stock funds suffer 2nd biggest outflow ever

Europe stock funds saw outflows of USD 5,9bn in the week to Feb. 13, their 2nd largest weekly outflows on record, according to EPFR Global data. U.S. equity funds saw slight outflows of USD 0,6bn, as EM equity funds saw inflows of USD 1,6bn, and Japan equity funds saw small outflow of USD 0,3bn. In terms of fixed income, Investment Grade bond funds saw inflows of USD 3,8bn, High Yield bond inflows at USD 0,3bn, inflows into Mortgage Backed Security funds hit record high at USD 2b.



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Economic Research and Development

Exchange Rates	Price as of 02/15/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1248	-0,66	-1,25	-0,59
EUR/TRY	5,9352	-0,15	-4,51	-2,12
EUR/CHF	1,1337	0,08	0,70	-0,43
EUR/GBP	0,87844	0,51	-1,80	-1,03
EUR/JPY	124,39	0,10	0,54	-3,02
EUR/RUB	75,0259	1,27	-1,73	0,22
EUR/CNY	7,6203	-0,26	-1,38	-2,97
USD/TRY	5,2766	0,54	-3,24	-1,37
USD/JPY	110,59	0,78	1,81	-2,44
USD/RUB	66,7045	1,92	-0,50	0,80
USD/CNY	6,775	0,44	0,21	-2,36

Sovereign Bonds 10Y	Price as of 02/15/2019	Change % 5 days	Change % 1 Month	Ask YTM
Austria	104,47	-0,13	0,49	0,15
Belgium	105,33	0,07	0,63	0,26
China	96,81	0,20	0,48	3,15
EFSF	111,33	-0,10	-0,27	-0,32
ESM	110,62	-0,15	0,07	-0,12
France	99,90	-0,02	0,60	0,26
Germany	101,19	-0,12	0,60	-0,16
Greece	99,40	0,68	2,09	3,96
Japan	101,96	-0,00	0,19	-0,16
Portugal	113,09	0,56	1,56	1,03
Spain	102,88	-0,02	1,05	0,91
Russia	100,35	-0,79	-0,00	8,25
Switzerland	112,94	-0,20	0,45	-0,51
Turkey	89,70	-2,19	6,55	14,40
UK	103,77	-0,18	0,66	0,97
US	95,67	-0,34	0,29	2,62

Turkey related	Price as of 02/15/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	5,606	0,08	-3,92	-1,77
WAC of CBRT	24,00	0,00	0,00	0,00
Gold TRY / gram	223,37	0,67	-1,09	7,04
TR Gov. B. 2Y yield	18,6	1,25	3,39	-6,81

Euribor/Eonia	Price as of 02/15/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,370	-1,93	-1,09	-2,78
Euribor 1 Month	-0,368	0,00	0,27	0,81
Euribor 3 Month	-0,308	0,00	0,00	2,53
Euribor 6 Month	-0,232	0,43	1,70	9,73
Euribor 12 Month	-0,108	0,92	7,69	26,53

EUR Libor	Price as of 02/15/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,463	0,49	0,55	0,79
EUR Libor 1M	-0,414	1,16	1,56	-0,66
EUR Libor 3M	-0,337	-1,42	-1,24	8,74
EUR Libor 6M	-0,290	1,88	2,07	12,79
EUR Libor 12M	-0,172	-1,52	1,87	21,84

Commodities	Price as of 02/15/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
Energy Futures				
WTI crude	54,92	4,25	4,91	-3,75
BRENT crude	65,15	4,96	7,24	-3,01
GAS oil	609,50	5,09	9,28	-2,98
Heating oil	199,11	4,32	6,76	-2,86
Natural gas	2,59	0,31	-20,25	-27,95
Gold Spot	1 316,59	0,14	2,24	8,53
Silver Spot	15,64	-1,20	0,40	9,89
Platinum Spot	789,24	-1,45	-1,04	-6,03
Palladium Spot	1 428,93	1,72	8,22	23,80
Copper	278,60	-0,87	5,75	0,83

Stock Indices	Price as of 02/15/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	3 023	1,97	4,47	-3,60
BIST 100	102 610	0,04	10,01	9,86
CAC 40	5 156	3,86	7,67	2,37
DAX	11 305	3,57	3,71	-0,50
Dow Jones (T-1)	25 439	1,07	5,71	0,59
Euro Stoxx 50	3 240	3,23	5,50	1,46
FTSE 100	7 253	2,55	5,17	3,04
HANG SENG	27 901	-0,16	3,99	6,89
IBEX 35	9 103	2,59	2,67	0,14
MOEX	2 485	-1,21	1,36	3,83
NASDAQ 100 (T-1)	7 022	1,70	5,29	1,92
NIKKEI 225	20 901	0,72	1,68	-4,14
S&P 500 (T-1)	2 746	1,47	5,19	0,57

Interest Rate Futures	Price as of 02/15/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	133,09	-0,14	0,05	0,89
Bund	166,34	-0,19	0,93	2,98

Risk Sentiment	Price as of 02/15/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index	628	4,49	-42,70	-38,43
VIX	15,75	0,57	-15,00	-20,87
Turkey 5Y CDS (T-1)	315,032	-0,64	-14,99	-14,33
MSCI EM Index (T-1)	1 039,19	0,31	3,39	5,95

USD Libor	Price as of 02/15/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	2,387	0,05	0,01	9,53
USD Libor 1M	2,480	-0,95	-1,08	7,73
USD Libor 3M	2,683	-0,55	-3,27	1,62
USD Libor 6M	2,754	0,43	-3,23	-3,72
USD Libor 12M	2,906	-1,01	-3,40	-6,81

TRY Libor	Price as of 02/15/2019	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	24,150	0,00	-0,42	1,47
TRY Libor 1M	24,148	-0,01	-1,77	-3,74
TRY Libor 3M	23,988	-0,13	-2,62	-5,17
TRY Libor 6M	23,911	0,03	-3,02	-8,34
TRY Libor 12M	23,827	-0,07	-3,48	-9,13

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Economic Research and Development

Date	Country	Economic Release	Period	Consensus	Actual	Prior
02/13/2019 13:00	US	MBA Mortgage Applications	Feb 8	--	-3.7%	-2.5%
02/13/2019 14:30	US	CPI MoM	Jan	0.1%	0.0%	-0.1%
02/13/2019 14:30	US	CPI Ex Food and Energy MoM	Jan	0.2%	0.2%	0.2%
02/13/2019 14:30	US	CPI YoY	Jan	1.5%	1.6%	1.9%
02/13/2019 14:30	US	CPI Ex Food and Energy YoY	Jan	2.1%	2.2%	2.2%
02/13/2019 20:00	US	Monthly Budget Statement	Dec	-\$11.0b	-\$13.5b	-\$23.2b
02/14/2019 14:30	US	PPI Final Demand MoM	Jan	0.1%	-0.1%	-0.2%
02/14/2019 14:30	US	PPI Ex Food and Energy MoM	Jan	0.2%	0.3%	-0.1%
02/14/2019 14:30	US	PPI Ex Food, Energy, Trade MoM	Jan	0.2%	0.2%	0.0%
02/14/2019 14:30	US	PPI Final Demand YoY	Jan	2.1%	2.0%	2.5%
02/14/2019 14:30	US	PPI Ex Food and Energy YoY	Jan	2.5%	2.6%	2.7%
02/14/2019 14:30	US	PPI Ex Food, Energy, Trade YoY	Jan	2.7%	2.5%	2.8%
02/14/2019 14:30	US	Initial Jobless Claims	Feb 9	225k	239k	234k
02/14/2019 14:30	US	Continuing Claims	Feb 2	1740k	1773k	1736k
02/14/2019 14:30	US	Retail Sales Advance MoM	Dec	0.1%	-1.2%	0.2%
02/14/2019 15:45	US	Bloomberg Consumer Comfort	Feb 10	--	60.0	58.2
02/14/2019 16:00	US	Business Inventories	Nov	0.2%	-0.1%	0.6%
02/15/2019 14:30	US	Empire Manufacturing	Feb	7.0	8.8	3.9
02/13/2019 11:00	EA	Industrial Production SA MoM	Dec	-0.4%	-0.9%	-1.7%
02/13/2019 11:00	EA	Industrial Production WDA YoY	Dec	-3.3%	-4.2%	-3.3%
02/14/2019 11:00	EA	Employment QoQ	4Q P	--	0.3%	0.2%
02/14/2019 11:00	EA	Employment YoY	4Q P	--	1.2%	1.3%
02/14/2019 11:00	EA	GDP SA QoQ	4Q P	0.2%	0.2%	0.2%
02/14/2019 11:00	EA	GDP SA YoY	4Q P	1.2%	1.2%	1.2%
02/15/2019 08:00	EA	EU27 New Car Registrations	Jan	--	-4.6%	-8.4%
02/15/2019 11:00	EA	Trade Balance SA	Dec	15.7b	15.6b	15.1b
02/15/2019 11:00	EA	Trade Balance NSA	Dec	--	17.0b	19.0b
02/14/2019 08:00	TR	Current Account Balance	Dec	-1.50b	-1.44b	0.99b
02/14/2019 08:00	TR	Industrial Production MoM	Dec	--	-1.4%	-0.3%
02/14/2019 08:00	TR	Industrial Production YoY	Dec	-7.5%	-9.8%	-6.5%
02/14/2019 12:30	TR	Expected Inflation Next 12 Mth	Feb	--	15.47%	15.91%
02/14/2019 12:30	TR	Foreigners Net Bond Invest	Feb 8	--	-\$206m	\$106m
02/14/2019 12:30	TR	Foreigners Net Stock Invest	Feb 8	--	-\$106m	\$270m
02/15/2019 08:00	TR	Unemployment Rate	Nov	11.8%	12.3%	11.6%
02/15/2019 09:00	TR	Central Gov't Budget Balance	Jan	--	5.1b	-18.1b
02/11/2019 14:00	RU	Imports	Dec	22.3b	22.5b	21.5b
02/11/2019 14:00	RU	Exports	Dec	38.9b	41.4b	40.5b
02/11/2019 14:00	RU	Trade Balance	Dec	18.2b	18.9b	19.0b
02/13/2019 14:00	RU	CPI Weekly YTD	Feb 11	--	1.2%	1.1%
02/13/2019 14:00	RU	CPI WoW	Feb 11	--	0.1%	0.1%
02/14/2019 12:35	RU	Budget Balance YTD	Jan	145.0b	282.6b	2745.7b
02/14/2019 14:00	RU	Gold and Forex Reserve	Feb 8	--	475.0b	477.7b
02/15/2019 09:00	RU	Money Supply Narrow Def	Feb 8	--	10.20t	10.13t
02/15/2019 14:00	RU	Industrial Production YoY	Jan	1.8%	1.1%	2.0%

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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.