

FX & Markets Weekly

Week 22/2020

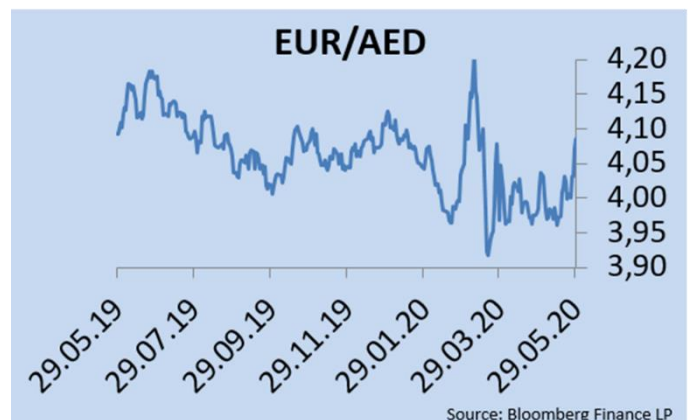
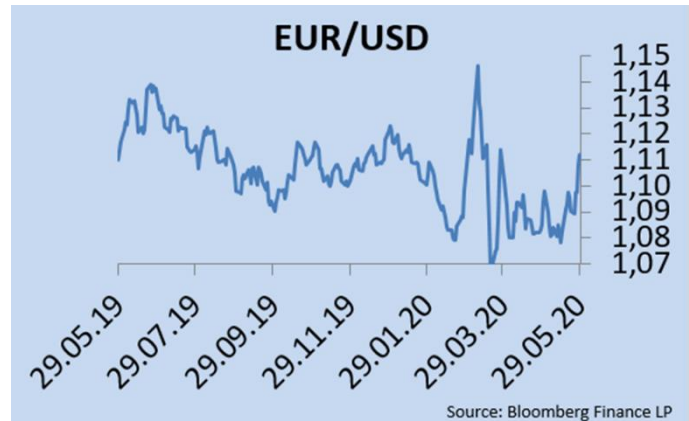
Mag. Ahmet Hüsrev BILGIN
Chief Economist

EUR/USD jumps by 2 big figures

After a relatively stable 21st week (weekly open 1,0909, weekly close 1,0901), the EUR/USD exchange rate rose this week on Tuesday by 0,76% and on Thursday by 0,97% and is currently trading around 1,1111. The USD was particularly weak this week, with the Dollar Spot Index breaking below its March 27 low, and reaching its lowest since March 16. At the same time, high beta currencies enjoyed strong gains, with moves of at least 1% in the likes of AUD, NZD and NOK, and close to 2% for the MXN. USD felt the tension as political risks were mounting that could lead to sanctions and foreign trade barriers. Moreover, the St. Louis Federal Reserve Bank's U.S. Financial Stress Index jumped by 92,57% this week, to its highest since October 2011. It measures the degree of financial stress in the markets and is constructed from 18 weekly data series: 7 interest rate series, 6 yield spreads and 5 other indicators. At currently -0,07 it is still below the threshold of above average financial market stress which is zero. The recent rise could to some degree have been distracted by month and quarter end flows though. Meanwhile, the EUR strengthened on the prospect of an EU wide recovery fund, as well as further potential central bank easing on the back of recent ECB Governing Council members' comments. A total of EUR 750 bn is suggested by the European Commission of which EUR 500bn in guarantees and EUR 250bn in loans. Challenging is the fact that it needs the full consent of all 27 member states. On the other hand, the ECB is expected to widen its Pandemic Emergency Asset Purchase Program by EUR 500bn at its June meeting to EUR 1,25 trn.

Romania, Poland cut interest rates

The central bank of Romania lowered its benchmark interest rate by 25bps to 1,75% at an unscheduled monetary policy committee. It was the second cut in a row. Already in March 50bps had been reduced. Poland moved a third time in a row and reduced the benchmark rate by 40bps to 0,1%. It came down from 1,5% pre-covid.



DenizBank AG

Economic Research and Development

Exchange Rates	Price as of 29-May-20	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1097	1,86	2,36	-0,68
EUR/TRY	7,5724	2,02	0,27	9,11
EUR/CHF	1,0686	0,88	0,88	-0,07
EUR/GBP	0,90061	0,58	3,29	3,24
EUR/JPY	119,62	1,98	3,38	-0,69
EUR/RUB	78,3963	0,59	-1,22	5,45
EUR/CNY	7,9218	2,01	3,18	2,33
USD/TRY	6,8233	0,13	-2,05	9,88
USD/JPY	107,79	0,10	1,00	-0,01
USD/RUB	70,6461	-1,23	-3,50	6,17
USD/CNY	7,139	0,10	0,85	2,52

Sovereign Bonds 10Y	Price as of 29-May-20	Change % 5 days	Change % 1 Month	Ask YTM
Austria	107,14	0,11	0,24	-0,37
Belgium	107,92	0,25	0,27	-0,30
China	100,71	-0,02	1,00	2,41
EFSF	106,79	-0,05	-0,18	-0,53
ESM	108,91	na	0,04	-0,44
France	103,61	0,23	0,28	-0,30
Germany	103,98	-0,22	-0,25	-0,63
Greece	114,58	0,98	3,66	1,35
Japan	101,45	-0,09	-0,30	-0,14
Portugal	117,13	1,06	2,32	0,07
Spain	107,52	0,72	2,09	0,12
Russia	117,20	-0,31	2,81	5,14
Switzerland	111,49	-0,20	-0,27	-0,66
Turkey	94,10	-0,71	-3,09	11,96
UK	109,37	-0,08	0,81	-0,03
US	109,80	0,09	0,18	0,46

Turkey related	Price as of 29-May-20	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	7,1975	1,14	-0,84	9,47
WAC of CBRT	8,03	-2,90	-7,70	-23,81
Gold TRY / gram	379,90	0,05	-0,16	19,38
TR Gov. B. 2Y yield	9,8	0,00	9,38	-21,03

Euribor/Eonia	Price as of 28-May-20	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,456	0,87	-0,44	-0,66
Euribor 1 Month	-0,461	2,95	-6,71	5,53
Euribor 3 Month	-0,290	-2,84	-25,00	31,60
Euribor 6 Month	-0,142	2,07	12,88	63,21
Euribor 12 Month	-0,078	0,00	31,58	74,92

EUR Libor	Price as of 29-May-20	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,560	1,63	1,16	1,41
EUR Libor 1M	-0,467	-2,28	-10,06	12,45
EUR Libor 3M	-0,347	-7,25	-99,18	26,46
EUR Libor 6M	-0,198	-47,29	-151,91	54,30
EUR Libor 12M	-0,121	-59,89	-366,50	65,77

Commodities	Price as of 29-May-20	Change % 5 days	Change % 1 Month	Change % 3 Months
Energy Futures				
WTI crude	33,51	-1,09	75,47	-25,82
BRENT crude	34,76	-0,94	43,62	-29,81
GAS oil	278,00	-2,87	20,60	-36,55
Heating oil	92,50	-6,47	19,05	-37,20
Natural gas	1,77	-4,05	-15,02	-5,53
Gold Spot	1 731,72	-0,06	1,95	8,45
Silver Spot	17,77	3,45	17,65	6,11
Platinum Spot	833,12	-0,18	8,38	-3,02
Palladium Spot	1 917,90	-2,55	-1,63	-24,72
Copper	240,90	-0,86	1,71	-5,25

Stock Indices	Price as of 29-May-20	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2 219	4,44	-1,48	-20,29
BIST 100	105 214	2,90	3,47	-0,82
CAC 40	4 701	5,80	0,67	-11,44
DAX	11 604	4,79	4,47	-2,40
Dow Jones	25 209	2,90	2,23	-0,89
Euro Stoxx 50	3 052	5,06	1,88	-8,32
FTSE 100	6 080	1,20	-0,46	-7,50
HANG SENG	22 961	0,14	-6,83	-12,13
IBEX 35	7 106	6,19	0,80	-18,47
MOEX	2 730	0,78	2,53	-1,96
NASDAQ 100	9 412	0,17	4,57	11,01
NIKKEI 225	21 878	7,31	10,66	3,48
S&P 500	3 010	2,11	2,42	1,91

Interest Rate Futures	Price as of 29-May-20	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	135,12	-0,19	-0,21	-0,65
Bund	172,47	-0,40	-0,37	-1,30

Risk Sentiment	Price as of 29-May-20	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index	489	-1,01	-23,95	-8,60
VIX	29,88	1,46	-4,07	-25,31
Turkey 5Y CDS	562	0,00	-6,10	97,69
MSCI EM Index (T-1)	925,34	2,22	0,62	-7,97

USD Libor	Price as of 29-May-20	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	0,062	1,23	12,06	-96,08
USD Libor 1M	0,183	5,04	-50,69	-87,96
USD Libor 3M	0,344	-6,84	-49,90	-76,48
USD Libor 6M	0,510	-10,57	-36,67	-63,52
USD Libor 12M	0,674	-1,21	-25,05	-51,25

TRY Libor	Price as of 29-May-20	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	7,643	0,42	-6,02	-29,09
TRY Libor 1M	7,872	0,00	-6,29	-23,63
TRY Libor 3M	7,872	0,00	-6,29	-22,76
TRY Libor 6M	8,093	0,01	-6,12	-20,77
TRY Libor 12M	8,102	0,12	-6,13	-21,34

DenizBank AG

Economic Research and Development

Date	Country	Economic Release	Period	Consensus	Actual	Prior
05/25/20 09:00	AT	Industrial Production SA MoM	Mar	--	-9.5%	-2.4%
05/25/20 09:00	AT	Industrial Prod. WDA YoY	Mar	--	-12.1%	-2.3%
05/27/20 10:00	AT	Manufacturing PMI	May	--	40.4	31.6
05/29/20 09:00	AT	PPI MoM	Apr	--	-0.8%	-0.9%
05/29/20 09:00	AT	PPI YoY	Apr	--	-2.4%	-1.5%
05/29/20 09:00	AT	GDP SA QoQ	1Q F	--	-2.6%	-2.5%
05/29/20 09:00	AT	GDP NSA YoY	1Q F	--	-2.9%	-2.7%
05/25/20 08:00	GE	Private Consumption QoQ	1Q	-2.0%	-3.2%	0.0%
05/25/20 08:00	GE	Government Spending QoQ	1Q	0.6%	0.2%	0.3%
05/25/20 08:00	GE	GDP SA QoQ	1Q F	-2.2%	-2.2%	-2.2%
05/25/20 08:00	GE	GDP NSA YoY	1Q F	-1.9%	-1.9%	-1.9%
05/25/20 08:00	GE	GDP WDA YoY	1Q F	-2.3%	-2.3%	-2.3%
05/25/20 08:00	GE	Capital Investment QoQ	1Q	0.0%	-0.2%	-0.2%
05/25/20 10:00	GE	IFO Business Climate	May	78.5	79.5	74.3
05/25/20 10:00	GE	IFO Expectations	May	75.0	80.1	69.4
05/25/20 10:00	GE	IFO Current Assessment	May	80.0	78.9	79.5
05/26/20 08:00	GE	GfK Consumer Confidence	Jun	-18.0	-18.9	-23.4
05/28/20 14:00	GE	CPI EU Harmonized MoM	May P	-0.1%	0.0%	0.4%
05/28/20 14:00	GE	CPI EU Harmonized YoY	May P	0.4%	0.5%	0.8%
05/28/20 14:00	GE	CPI MoM	May P	-0.1%	-0.1%	0.4%
05/28/20 14:00	GE	CPI YoY	May P	0.6%	0.6%	0.9%
05/29/20 08:00	GE	Import Price Index MoM	Apr	-1.4%	-1.8%	-3.5%
05/29/20 08:00	GE	Import Price Index YoY	Apr	-7.2%	-7.4%	-5.5%
05/29/20 08:00	GE	Retail Sales MoM	Apr	-12.0%	-5.3%	-5.6%
05/29/20 08:00	GE	Retail Sales NSA YoY	Apr	-14.0%	-6.5%	-2.8%
05/28/20 11:00	EA	Economic Confidence	May	70.6	67.5	67.0
05/28/20 11:00	EA	Industrial Confidence	May	-26.5	-27.5	-30.4
05/28/20 11:00	EA	Services Confidence	May	-27.9	-43.6	-35.0
05/28/20 11:00	EA	Consumer Confidence	May F	--	-18.8	-18.8
05/29/20 10:00	EA	M3 Money Supply YoY	Apr	8.2%	8.3%	7.5%
05/29/20 11:00	EA	CPI MoM	May P	-0.1%	-0.1%	0.3%
05/29/20 11:00	EA	CPI Estimate YoY	May	0.1%	0.1%	0.4%
05/29/20 11:00	EA	CPI Core YoY	May P	0.8%	0.9%	0.9%
05/26/20 14:30	US	Chicago Fed Nat Activity Index	Apr	-3.50	-16.74	-4.19
05/26/20 16:00	US	New Home Sales	Apr	480k	623k	627k
05/26/20 16:00	US	New Home Sales MoM	Apr	-23.4%	0.6%	-15.4%
05/26/20 16:00	US	Conf. Board Consumer Confidence	May	87.0	86.6	86.9
05/26/20 16:00	US	Conf. Board Expectations	May	--	96.9	93.8
05/26/20 16:00	US	Conf. Board Present Situation	May	--	71.1	76.4
05/26/20 16:30	US	Dallas Fed Manf. Activity	May	-61.0	-49.2	-73.7
05/27/20 13:00	US	MBA Mortgage Applications	May 22	--	2.7%	-2.6%
05/27/20 16:00	US	Richmond Fed Manufact. Index	May	-40	-27	-53
05/28/20 14:30	US	Durable Goods Orders	Apr P	-19.0%	-17.2%	-14.7%
05/28/20 14:30	US	Durables Ex Transportation	Apr P	-15.0%	-7.4%	-0.4%
05/28/20 14:30	US	GDP Annualized QoQ	1Q S	-4.8%	-5.0%	-4.8%

Should you have any queries, please contact me as follows:

Mag. Ahmet Hüsrev BILGIN, Chief Economist, DenizBank AG

Email: economic.research@denizbank.at

Disclaimer:

This publication was prepared by DenizBank AG exclusively for marketing purposes as a marketing communication pursuant to Article 36 paragraph 2 of the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016. The information contained in this report is based on the knowledge of the various authors at the time the various texts were finalised for publication. DenizBank AG reserves the right to amendments or additions in this regard at any time without prior notice. The contents of this newsletter are protected by intellectual property rights – especially copyright. The use of texts, parts of texts or image material or the reproduction of information or data requires the prior written consent of DenizBank AG. We have carefully checked the information in this report and have prepared it to our best knowledge and judgement. However, DenizBank AG does not assume any liability whatsoever for the accuracy, completeness or up-to-datedness of the information contained in this report and/or for the realisation of the forecasts made therein. This applies likewise for all other websites accessed via links contained within this report. The main source was the following: Bloomberg Finance LP. Every investment decision must be made in accordance with the personal circumstances of the investor. This report is intended for customers who are able to make their investment decisions independently and who do not solely rely on information provided by DenizBank AG. This report is non-binding and does not constitute an offer to purchase/sell the products named nor is it an investment research pursuant to Article 36 paragraph 1 of the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

Website credits and disclosures made in accordance with Sections 24 and 25 Media Act:

Media content owner: DenizBank AG (FN 142199 t, Commercial Court of Vienna),

Thomas-Klestil-Platz 1, 1030 Vienna;

Registered address of the company: Vienna;

DPR number: 0845981

Object of the company: Banking;

Members of the Management Board:

Wouter van Roste, Dina Karin Hösele, Florian Dangl;

Members of the Supervisory Board:

Hakan Ates, Derya Kumru, Suryanarayan Subramanian, Jonathan Edward Morris, Aysenur Hickiran, Ruslan Abil, Hayri

Cansever, Döne Yalcin-Mock, Bernhard Raberger;

Shareholder structure: Member of the ENBD Group

Purpose of document: This report summarises the significant developments within the financial markets over the previous week and comments on their underlying background.