

# FX & Markets Weekly

Week 40/2020

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### Volatility jumps

As globally confirmed Covid-19 cases rise above 34 mio. FX volatility along with stock market volatility jumped this week. Countries hardest hit, are imposing lockdowns, others issue travel warnings. Masks become mandatory in widespread use. Infections of celebrities and politically exposed people make headlines. The latest of which, are U.S. President Trump, and the First Lady. In the run-up to U.S. elections uncertainty about the outcome of the elections, as well as about the duration of the pandemic is rising. Traders added long-volatility trades this week, following a rather calm September. Options based expectations for higher volatility in the short term have climbed. At the same time, volatility spreads between 1-week and 1-month are widening, suggesting FX volatility will persist even after the elections. Moreover, U.S. stock market volatility as measured by VIX has jumped by over 8,5% week to date, reaching 29,55 it's highest since early September. The spike in volatility increased safe haven demand. Asia/Pacific equity indices slumped across the board, as the infection of U.S. President Trump could even harden his tough stance towards China.

### Crude oil slumps

Demand for crude oil has been struggling to recover amid a resurgent coronavirus, while supply from the OPEC+ continues to rise. Russia raised its crude and condensate production last month, while Saudi Arabia's crude exports jumped to a 4-month high. Brent crude for December delivery fell below USD 40 a barrel, it's lowest since May. Year-to-date, Brent is down over 40%. Brent's slump also dragged other commodities lower with copper touching a 7-week low, and crop futures falling. On the other hand, gold spot rose by 2,4% this week to levels above USD 1900 per Troy Ounce. Year-to-date, spot gold is up over 25%. So clearly markets turned risk off.



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## Economic Research and Development

Exchange Rates	Price as of 2-Oct-20	Change % 5 days	Change % 1 Month	Change % 3 Months	Commodities	Price as of 2-Oct-20	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1703	0,67	-1,17	4,27	Energy Futures				
EUR/TRY	9,0614	1,65	3,61	17,80	WTI crude	37,19	-7,30	-10,85	-9,04
EUR/CHF	1,0786	-0,14	-0,14	1,52	BRENT crude	39,30	-7,10	-12,19	-9,15
EUR/GBP	0,90552	-0,81	1,82	0,45	GAS oil	312,75	-3,61	-13,22	-15,61
EUR/JPY	123,13	0,25	-2,07	1,98	Heating oil	108,34	-4,16	-10,37	-14,69
EUR/RUB	92,0362	1,24	2,95	16,22	Natural gas	2,41	-14,21	-17,84	4,83
EUR/CNY	7,9461	0,30	-1,72	0,10	Gold Spot	1 909,21	2,55	-1,41	7,44
USD/TRY	7,7427	1,03	4,84	13,02	Silver Spot	24,05	5,08	-11,63	33,74
USD/JPY	105,21	-0,35	-0,90	-2,21	Platinum Spot	887,71	4,54	-1,44	8,93
USD/RUB	78,6469	0,52	4,17	11,45	Palladium Spot	2 313,17	3,81	3,04	20,31
USD/CNY	6,791	-0,27	-0,84	-3,88	Copper	289,40	-2,63	-4,22	4,67
Sovereign Bonds 10Y	Price as of 2-Oct-20	Change % 5 days	Change % 1 Month	Ask YTM	Stock Indices	Price as of 2-Oct-20	Change % 5 days	Change % 1 Month	Change % 3 Months
Austria	108,32	0,04	0,12	-0,61	ATX	2 089	0,33	-5,70	-8,68
Belgium	109,21	0,10	0,26	-0,59	BIST 100	1 143	1,68	5,46	-2,23
China	97,83	-0,02	1,00	2,88	CAC 40	4 782	1,14	-4,93	-5,27
EFSF	105,60	-0,07	-0,31	-0,68	DAX	12 588	0,97	-4,93	-0,15
ESM	108,55	-0,01	-0,10	-0,59	Dow Jones	27 817	3,73	-4,41	7,70
France	104,98	0,11	0,29	-0,55	Euro Stoxx 50	3 163	0,86	-5,21	-4,70
Germany	104,43	0,08	0,21	-0,74	FTSE 100	5 833	-0,14	-1,79	-6,50
Greece	117,64	0,31	0,69	0,69	HANG SENG	23 459	-1,19	-6,85	-3,96
Japan	101,28	-0,07	0,15	-0,12	IBEX 35	6 705	1,24	-4,10	-10,51
Portugal	117,77	0,14	0,10	-0,18	MOEX	2 842	-2,23	-4,20	1,56
Spain	109,12	0,12	0,31	-0,19	NASDAQ 100	11 583	6,30	-6,74	12,00
Russia	113,20	0,51	-0,61	5,68	NIKKEI 225	23 030	-0,75	-0,93	3,99
Switzerland	111,39	0,02	0,03	-0,74	S&P 500	3 381	4,13	-5,59	8,01
Turkey	92,60	-0,22	1,15	13,95	Interest Rate	Price as of 2-Oct-20	Change % 5 days	Change % 1 Month	Change % 3 Months
UK	109,02	-0,14	-0,09	-0,06	Futures				
US	109,92	0,04	-0,03	0,36	Bobl	135,32	0,06	0,15	0,38
Turkey related	Price as of 2-Oct-20	Change % 5 days	Change % 1 Month	Change % 3 Months	Bund	174,87	0,10	0,58	0,96
TRY Basket	8,4024	1,43	4,17	15,55	Risk Sentiment	Price as of 2-Oct-20	Change % 5 days	Change % 1 Month	Change % 3 Months
WAC of CBRT	11,2	4,77	10,34	47,56	Baltic Dry Index	1869	12,12	29,34	2,52
Gold TRY / gram	475,28	3,58	3,34	21,39	VIX	28,79	8,83	8,05	3,72
TR Gov. B. 2Y yield	12,97	0,15	-1,89	38,27	Turkey 5Y CDS	523	-3,68	5,44	13,59
Euribor/Eonia	Price as of 1-Oct-20	Change % 5 days	Change % 1 Month	Change % 3 Months	MSCI EM Index (T-1)	1 084,84	2,43	-3,04	5,99
Eonia (T-1)	-0,485	-4,08	-3,85	-3,19	USD Libor	Price as of 2-Oct-20	Change % 5 days	Change % 1 Month	Change % 3 Months
Euribor 1 Month	-0,518	-1,54	-3,14	-2,73	USD Libor O/N	0,081	1,40	-1,52	-1,97
Euribor 3 Month	-0,498	-1,01	-4,18	-19,42	USD Libor 1M	0,140	-4,19	-9,53	-14,50
Euribor 6 Month	-0,481	-1,91	-9,07	-63,05	USD Libor 3M	0,234	7,17	-7,06	-23,13
Euribor 12 Month	-0,442	-2,08	-18,50	-89,70	USD Libor 6M	0,245	-9,77	-14,94	-33,15
EUR Libor	Price as of 2-Oct-20	Change % 5 days	Change % 1 Month	Change % 3 Months	USD Libor 12M	0,358	-3,18	-15,88	-33,63
EUR Libor O/N	-0,588	-0,10	-0,34	-3,99	TRY Libor	Price as of 2-Oct-20	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor 1M	-0,571	-0,71	-4,50	-14,85	TRY Libor O/N	12,071	2,21	17,71	58,61
EUR Libor 3M	-0,528	-2,81	-4,59	-32,30	TRY Libor 1M	12,600	2,16	10,87	60,07
EUR Libor 6M	-0,496	1,22	-4,74	-48,31	TRY Libor 3M	13,120	0,77	7,06	66,67
EUR Libor 12M	-0,440	-0,95	-14,76	-86,66	TRY Libor 6M	13,380	0,95	6,36	65,33
					TRY Libor 12M	13,650	1,56	7,01	68,48

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## Economic Research and Development

Date	Country	Economic Release	Period	Consensus	Actual	Prior
09/28/20 10:00	AT	Bank Austria Manufacturing PMI	Sep	--	51.7	51.0
09/30/20 09:00	AT	PPI MoM	Aug	--	0.0%	0.1%
09/30/20 09:00	AT	PPI YoY	Aug	--	-1.9%	-2.1%
09/29/20 08:44	GE	CPI North Rhine Westphalia MoM	Sep	--	-0.2%	0.0%
09/29/20 08:44	GE	CPI North Rhine Westphalia YoY	Sep	--	-0.3%	-0.2%
09/29/20 09:00	GE	CPI Saxony MoM	Sep	--	-0.1%	-0.3%
09/29/20 09:00	GE	CPI Saxony YoY	Sep	--	0.1%	0.1%
09/29/20 09:55	GE	CPI Baden Wuerttemberg MoM	Sep	--	-0.2%	-0.2%
09/29/20 09:55	GE	CPI Baden Wuerttemberg YoY	Sep	--	0.0%	0.3%
09/29/20 10:00	GE	CPI Hesse MoM	Sep	--	-0.2%	-0.3%
09/29/20 10:00	GE	CPI Hesse YoY	Sep	--	-0.5%	-0.3%
09/29/20 10:00	GE	CPI Bavaria MoM	Sep	--	-0.3%	0.0%
09/29/20 10:00	GE	CPI Bavaria YoY	Sep	--	-0.2%	0.1%
09/29/20 14:00	GE	CPI EU Harmonized MoM	Sep P	-0.1%	-0.4%	-0.2%
09/29/20 14:00	GE	CPI EU Harmonized YoY	Sep P	-0.1%	-0.4%	-0.1%
09/29/20 14:00	GE	CPI MoM	Sep P	-0.1%	-0.2%	-0.1%
09/29/20 14:00	GE	CPI YoY	Sep P	0.0%	-0.2%	0.0%
09/30/20 08:00	GE	Import Price Index MoM	Aug	0.0%	0.1%	0.3%
09/30/20 08:00	GE	Import Price Index YoY	Aug	-4.1%	-4.0%	-4.6%
09/30/20 08:00	GE	Retail Sales MoM	Aug	0.4%	3.1%	-0.9%
09/30/20 08:00	GE	Retail Sales NSA YoY	Aug	4.2%	3.7%	4.2%
09/30/20 09:55	GE	Unemployment Change (000's)	Sep	-7.0k	-8.0k	-9.0k
09/30/20 09:55	GE	Unemployment Claims Rate SA	Sep	6.4%	6.3%	6.4%
09/30/20 10:00	GE	CPI Brandenburg MoM	Sep	--	0.1%	-0.5%
09/30/20 10:00	GE	CPI Brandenburg YoY	Sep	--	-0.2%	-0.4%
10/01/20 09:55	GE	Germany Manufacturing PMI	Sep F	56.6	56.4	56.6
09/29/20 09:00	TR	Economic Confidence	Sep	--	88.5	85.9
09/30/20 09:00	TR	Trade Balance	Aug	-6.30b	-6.28b	-2.70b
10/01/20 09:00	TR	Markit/ISO Turkey PMI Mfg	Sep	53.8	52.8	54.3
10/01/20 13:30	TR	Foreigners Net Bond Invest	Sep 25	--	\$116m	-\$134m
10/01/20 13:30	TR	Foreigners Net Stock Invest	Sep 25	--	-\$102m	\$3m
09/28/20 16:30	US	Dallas Fed Manf. Activity	Sep	9.5	13.6	8.0
09/30/20 14:30	US	GDP Annualized QoQ	2Q T	-31.7%	-31.4%	-31.7%
10/01/20 14:30	US	Initial Jobless Claims	Sep 26	850k	837k	870k
10/01/20 14:30	US	Continuing Claims	Sep 19	12200k	11767k	12580k
10/01/20 15:45	US	US Manufacturing PMI	Sep F	53.5	53.2	53.5
10/01/20 16:00	US	ISM Manufacturing	Sep	56.5	55.4	56.0
10/02/20 14:30	US	Two-Month Payroll Net Revision	Sep	--	145k	--
10/02/20 14:30	US	Change in Nonfarm Payrolls	Sep	859k	661k	1371k
10/02/20 14:30	US	Change in Private Payrolls	Sep	850k	877k	1027k
10/02/20 14:30	US	Change in Manufact. Payrolls	Sep	35k	66k	29k
10/02/20 14:30	US	Unemployment Rate	Sep	8.2%	7.9%	8.4%
10/02/20 14:30	US	Labor Force Participation Rate	Sep	61.9%	61.4%	61.7%

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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.