

DenizBank AG 



FX & Markets Weekly

Week 45/2015

**DenizBank AG
Economic Research
Vienna, Austria**

“The rate” falls below 1,08

Already last week, currency traders turned bullish on USD and bearish on EUR. The rate (EUR/USD) dropped from around 1,1315 to 1,1000. It was ECB Governor Draghi highlighting downside risks to GDP growth and inflation in euro area. He reiterated his pledge to use all measures available, and brought back the discussion of a further reduction of the already negative deposit rate. Additionally expansion of QE is still in the cards. This week it was Friday’s surprisingly high Nonfarm Payroll release that lead to a further decline in “the rate” to below 1,08, its lowest level since April. At the same time, the Fed funds future implied probability of a December rate hike increased to 70%, up from 56% previously. In fact currency traders are net-long USD, and net-short EUR since November 22.-23.

Turkish markets rally on election outcome

In my August 14 note I wrote: “I am confident that a snap election will lead to a single party government” (see [Weekly Market Report 33](#)). The election outcome was surprisingly high towards a single party government. AKP has regained a simple majority in the parliament. For constitutional changes a referendum is still required. There are no more elections scheduled until 2019 but we might be confronted with 1-2 referendums (new constitution, presidential system). Market reaction was very positive. BIST100 jumped over 5%, banking stocks even over 7% (largest gain since March 2014), EUR/TRY dropped over 5% on November 2 (open: 3,21/ low: 3,04/ close: 3,10). USD/TRY fell over 3% on the same day (open: 2,91/ low: 2,75/ close: 2,81). Also the 5 year USD credit default swaps dropped by over 5% below USD 250.

NFP surprise on the upside

With 271K (up from 142K, versus 185K cons. estimates) non-farm payrolls climbed by the most this year, and exceeded all expectations. Bets surged that the Fed will begin its rate hiking cycle this December. Following the release, U.S.-Treasuries fell and the USD strengthened. In second round effects, currencies of Emerging Markets depreciated against the USD.

6-Month Euribor turns negative

On Friday, the 6-month Euribor turned negative for the first time in history. Also through 1-, 3-, and 12-months the Euribor got fixed at all-time lows. The 6-month EUR Libor was already negative since October 28, but fell to a record low this week. With excess liquidity in the euro area at its highest level since YE2012, EUR money market rates are poised to decline.



DenizBank AG

Economic Research and Development

Exchange Rates	Price as of 11/06/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,0746	-2,38	-4,61	-1,66
EUR/TRY	3,1379	-2,20	-6,08	3,20
EUR/CHF	1,0783	-0,84	-1,15	0,68
EUR/GBP	0,71284	-0,09	-3,66	1,32
EUR/JPY	131,94	-0,63	-2,61	-3,09
EUR/RUB	69,4151	-1,51	-3,05	-1,21
EUR/CNY	6,912	-0,53	-2,99	2,15
USD/TRY	2,9192	0,13	-1,55	5,02
USD/JPY	122,77	1,80	2,10	-1,45
USD/RUB	64,5993	1,02	1,67	0,49
USD/CNY	6,3535	0,57	-0,04	2,32

Sovereign Bonds 10Y	Price as of 11/06/2015	Change % 5 days	Change % 1 Month	Ask YTM
Austria	120,62	-0,75	-0,34	0,41
Belgium	112,42	-0,93	-0,28	0,57
China	106,59	0,43	0,95	2,94
EFSF	120,28	-0,30	0,30	0,21
ESM	112,07	-0,58	0,14	0,56
France	112,24	-0,76	-0,10	0,45
Germany	108,77	-0,87	-0,36	0,28
Greece	76,13	1,75	3,03	7,63
Japan	104,88	-0,14	-0,03	0,10
Portugal	118,49	-1,17	-2,39	2,36
Spain	127,22	-1,16	-0,18	1,40
Russia	89,70	1,42	4,35	9,81
Switzerland	133,89	0,19	0,59	-0,59
Turkey	86,85	0,40	5,15	-1,87
UK	100,32	-0,78	-1,49	1,70
US	96,95	-1,30	-2,39	2,10

Turkey related	Price as of 11/06/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	3,0282	-1,15	-3,96	4,06
WAC of CBRT	8,75	0,23	-0,57	4,17
Gold TRY / gram	102,18	-4,45	-6,41	4,78
TR Gov. B. 2Y yield	10,04	-1,38	-8,81	0,30

Euribor/Eonia	Price as of 11/06/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,129	9,79	10,42	-19,44
Euribor 1 Month	-0,124	-4,20	-10,71	-55,00
Euribor 3 Month	-0,073	-7,35	-58,70	-204,17
Euribor 6 Month	-0,002	-133,33	-107,41	-104,26
Euribor 12 Month	0,096	-10,28	-30,94	-41,10

EUR Libor	Price as of 11/06/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,181	-4,96	-0,79	-0,79
EUR Libor 1M	-0,142	-6,42	-17,75	-54,27
EUR Libor 3M	-0,081	-8,64	-82,23	-318,40
EUR Libor 6M	-0,009	-209,67	-145,16	-117,16
EUR Libor 12M	0,085	-6,29	-32,38	-47,58

Commodities Energy Futures	Price as of 11/06/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	44,78	-3,95	-8,71	-3,85
BRENT crude	47,87	-3,43	-8,75	-7,21
GAS oil	455,75	-0,92	-7,65	-4,85
Heating oil	149,89	-1,12	-8,21	-6,03
Natural gas	2,32	0,30	-12,91	-24,44
Gold Spot	1.088,90	-4,58	-4,95	-0,24
Silver Spot	14,79	-4,89	-7,49	0,29
Platinum Spot	942,90	-4,33	0,88	-1,29
Palladium Spot	617,55	-8,42	-12,46	2,93
Copper	224,45	-3,19	-4,73	-4,49

Stock Indices	Price as of 11/06/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2.482	2,79	7,04	0,27
BIST 100	81.930	3,17	6,05	3,97
CAC 40	4.981	2,22	7,41	-3,58
DAX	10.980	1,68	11,41	-4,77
Dow Jones	17.795	0,86	6,11	2,28
Euro Stoxx 50	3.463	1,82	8,09	-5,12
FTSE 100	6.367	0,43	0,98	-5,32
HANG SENG	22.867	1,00	4,74	-6,19
IBEX 35	10.418	1,12	3,70	-6,90
MICEX	1.750	2,57	4,89	4,58
NASDAQ 100	4.675	0,72	8,72	3,39
NIKKEI 225	19.266	1,74	5,94	-6,77
S&P 500	2.090	0,83	5,89	0,62

Interest Rate Futures	Price as of 11/06/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	129,02	-0,25	0,03	0,57
Bund	155,34	-1,10	-0,45	1,07

Risk Sentiment	Price as of 11/06/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index (T-1)	640	-12,09	-26,35	-46,71
VIX	15,53	-0,60	-22,78	8,79
Turkey 5Y CDS (T-1)	245,555	-3,02	-14,53	1,01
MSCI EM Index (T-1)	864,14	1,92	4,28	-2,35

USD Libor	Price as of 11/06/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	0,131	4,97	-0,76	3,97
USD Libor 1M	0,195	1,30	0,21	1,57
USD Libor 3M	0,341	2,18	7,36	9,63
USD Libor 6M	0,571	3,47	8,72	12,12
USD Libor 12M	0,901	3,77	7,75	7,91

TRY Libor	Price as of 11/06/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	11,015	0,00	-0,94	0,00
TRY Libor 1M	10,965	-2,28	-6,15	-0,94
TRY Libor 3M	10,995	-4,21	-7,51	-1,11
TRY Libor 6M	11,070	-3,57	-6,89	-0,89
TRY Libor 12M	11,084	-3,86	-6,77	-0,76



DenizBank AG

Economic Research and Development

Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
10/30/2015 13:30	US	Personal Income	Sep	0.2%	0.1%	0.3%
10/30/2015 13:30	US	Personal Spending	Sep	0.2%	0.1%	0.4%
10/30/2015 14:45	US	Chicago Purchasing Manager	Oct	49.5	56.2	48.7
11/02/2015 15:45	US	Markit US Manufacturing PMI	Oct F	54.0	54.1	54.0
11/02/2015 16:00	US	ISM Manufacturing	Oct	50.0	50.1	50.2
11/04/2015 14:15	US	ADP Employment Change	Oct	180k	182k	200k
11/04/2015 14:30	US	Trade Balance	Sep	-\$41.00b	-\$40.81b	-\$48.33b
11/04/2015 15:45	US	Markit US Composite PMI	Oct F	--	55.0	54.5
11/04/2015 15:45	US	Markit US Services PMI	Oct F	54.5	54.8	54.4
11/04/2015 16:00	US	ISM Non-Manf. Composite	Oct	56.5	59.1	56.9
11/05/2015 14:30	US	Initial Jobless Claims	Oct 31	262k	276k	260k
11/05/2015 14:30	US	Continuing Claims	Oct 24	2140k	2163k	2144k
11/05/2015 14:30	US	Unit Labor Costs	3Q P	2.5%	1.4%	-1.4%
11/06/2015 14:30	US	Change in Nonfarm Payrolls	Oct	185k	271k	142k
11/06/2015 14:30	US	Change in Private Payrolls	Oct	169k	268k	118k
11/06/2015 14:30	US	Change in Manufact. Payrolls	Oct	-5k	0k	-9k
11/06/2015 14:30	US	Unemployment Rate	Oct	5.0%	5.0%	5.1%
11/06/2015 14:30	US	Underemployment Rate	Oct	9.9%	9.8%	10.0%
11/06/2015 14:30	US	Change in Household Employment	Oct	187.5	320.0	-236.0
11/06/2015 14:30	US	Labor Force Participation Rate	Oct	62.4%	62.4%	62.4%
10/30/2015 11:00	EU	Unemployment Rate	Sep	11.0%	10.8%	11.0%
10/30/2015 11:00	EU	CPI Estimate YoY	Oct	0.0%	0.0%	-0.1%
10/30/2015 11:00	EU	CPI Core YoY	Oct A	0.9%	1.0%	0.9%
11/02/2015 10:00	EU	Markit Eurozone Manufacturing PMI	Oct F	52.0	52.3	52.0
11/04/2015 10:00	EU	Markit Eurozone Services PMI	Oct F	54.2	54.1	54.2
11/04/2015 10:00	EU	Markit Eurozone Composite PMI	Oct F	54.0	53.9	54.0
11/04/2015 11:00	EU	PPI MoM	Sep	-0.5%	-0.3%	-0.8%
11/04/2015 11:00	EU	PPI YoY	Sep	-3.3%	-3.1%	-2.6%
11/05/2015 10:10	EU	Markit Eurozone Retail PMI	Oct	--	51.3	51.9
11/05/2015 11:00	EU	Retail Sales MoM	Sep	0.2%	-0.1%	0.0%
11/05/2015 11:00	EU	Retail Sales YoY	Sep	3.0%	2.9%	2.3%
10/30/2015 08:00	TR	Trade Balance	Sep	-4.00b	-3.74b	-4.89b
11/02/2015 09:00	TR	Turkey PMI Manufacturing	Oct	49.2	49.5	48.8
11/03/2015 08:00	TR	CPI MoM	Oct	1.55%	1.55%	0.89%
11/03/2015 08:00	TR	CPI YoY	Oct	7.80%	7.58%	7.95%
11/03/2015 08:00	TR	CPI Core Index YoY	Oct	8.47%	8.92%	8.23%
11/03/2015 08:00	TR	PPI MoM	Oct	1.10%	-0.20%	1.53%
11/03/2015 08:00	TR	PPI YoY	Oct	7.00%	5.74%	6.92%
11/02/2015 07:00	RU	Markit Russia PMI Mfg	Oct	48.9	50.2	49.1
11/02/2015 15:30	RU	Reserve Fund	Oct	--	\$65.7b	\$70.5b
11/02/2015 15:30	RU	Wellbeing Fund	Oct	--	\$73.5b	\$73.7b

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

Mag. Ahmet Hüsrev BILGIN, Economic Research and Development

Tel: 0505105/2430

Email: ahmet.bilgin@denizbank.at

Disclaimer:

This publication was prepared by DenizBank AG exclusively for marketing purposes pursuant to section 36 (2) WAG 2007. 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 re-production 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 the products named nor is it an investment recommendation or financial analysis pursuant to section 36 (1) WAG 2007.

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:

Ahmet Mesut Ersoy, Mehmet Ulvi Taner, Dr. Thomas Roznovsky, Tuncay Akdevelioglu;

Members of the Supervisory Board:

Sergey Gorkov, Hakan Ates, Dr. Kurt Heindl, Derya Kumru, Wouter van Roste, Alexander Vedyakhin

Shareholder structure: Member of the Sberbank Group

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