

**DenizBank AG** 



**FX & Markets Weekly**

**Week 49/2015**

**DenizBank AG  
Economic Research  
Vienna, Austria**



### EGB curves flatten

Euro area government bond curves flattened this week. 2-5Y yields rose while 10-30Y yields fell as markets re-priced ECB decisions. But euro area sovereign bond ETF investors had already been divesting in the run-up to the meeting. 5 measures were taken. First, to lower the interest rate on the deposit facility by 10 basis points to -0,30%. Second, to extend the asset purchase programme until March 2017. Third, to reinvest the principal payments on the securities purchased as they mature (technical details not yet communicated). Fourth, to include EUR denominated debt by regional and local governments in the euro area into the public sector purchase programme. Fifth, to continue main refinancing operations and 3-month LTROs as fixed rate tender procedures with full allotment until YE 2017.

### EUR/USD surges over 4 big figures

The ECB was far from exceeding market expectations at yesterday's monetary policy committee. The prolongation of QE by 6 months was less than the markets had expected. They were hoping for an increase in the monthly amount of purchases. On the other hand the cut in the deposit rate is nothing but punishment for financial institutions. This measure will not lead to an easing of lending standards. Draghi added the deposit rate is in his view operating as the policy rate as money market rates are tracking it. The market impact was immense as the rate surged over 4 big figures. The intraday trading range was between 1,0524 and 1,0942. The deposit rate cut pushed the rate higher over 1 big figure, and the press conference with non-standard measures another 3 big figures. Draghi's argument that more will be done if necessary was not enough given his history of over-delivering market expectations.

### US-Treasury curve flattest in 10 months

2-year yields climbed 21bps in November, that is the most in a month since December 2009. The spread between 2-10Y securities fell to 122bps, the lowest since February. A flattening of the yield curve suggests investors see the Fed funds rate upper bound rising only slowly. And the future implied probability of a December liftoff is currently at 74%.

### Stock markets crash as Draghi under-delivers

This week global equities crashed with largest declines in the German DAX (-4,47%) followed by the multi-national Euro Stoxx 50 (-4,17%), and French CAC 40 (-4,06%) by the time of writing.



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## Economic Research and Development

Exchange Rates	Price as of 12/04/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,0917	2,78	0,29	-2,34
EUR/TRY	3,1649	1,93	1,58	-5,91
EUR/CHF	1,0900	-0,08	0,94	0,57
EUR/GBP	0,72247	2,35	2,11	-1,82
EUR/JPY	134,18	3,03	1,56	1,02
EUR/RUB	74,1757	4,99	7,65	-3,20
EUR/CNY	6,9645	2,62	0,57	-1,74
USD/TRY	2,8982	-0,84	1,26	-3,59
USD/JPY	122,91	0,24	1,26	3,45
USD/RUB	67,9493	2,13	7,34	-0,95
USD/CNY	6,4027	0,13	1,04	0,74

Sovereign Bonds 10Y	Price as of 12/04/2015	Change % 5 days	Change % 1 Month	Ask YTM
Austria	120,65	-1,21	-0,46	0,39
Belgium	112,46	-1,35	-0,50	0,57
China	106,53	0,25	na	3,03
EFSF	120,18	-0,90	-0,36	0,20
ESM	112,25	-1,15	-0,27	0,54
France	112,35	-1,28	-0,41	0,44
Germany	108,87	-1,44	-0,51	0,27
Greece	74,67	-4,76	-1,19	8,02
Japan	104,79	-0,17	-0,11	0,11
Portugal	120,21	-1,20	0,31	2,13
Spain	128,26	-1,23	-0,09	1,25
Russia	90,32	0,52	0,31	9,84
Switzerland	133,31	-0,69	-0,35	-0,56
Turkey	83,60	-0,23	0,70	9,78
UK	101,11	-0,67	0,41	1,60
US	97,08	-0,74	-0,67	2,10

Turkey related	Price as of 12/04/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	3,0338	0,72	1,55	-4,67
WAC of CBRT	8,73	-0,23	0,69	0,00
Gold TRY / gram	99,58	-0,10	-2,90	-8,44
TR Gov. B. 2Y yield	10,81	2,66	8,64	-3,31

Euribor/Eonia	Price as of 12/04/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,136	2,16	-1,49	-9,68
Euribor 1 Month	-0,171	-6,88	-40,16	-64,42
Euribor 3 Month	-0,113	0,00	-63,77	-232,35
Euribor 6 Month	-0,030	25,00	0,00	-178,95
Euribor 12 Month	0,068	41,67	-32,67	-56,96

EUR Libor	Price as of 12/04/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,191	-3,09	-5,95	-5,95
EUR Libor 1M	-0,180	-9,56	-31,25	-65,79
EUR Libor 3M	-0,110	6,67	-40,00	-227,67
EUR Libor 6M	-0,026	48,58	-140,06	-168,18
EUR Libor 12M	0,076	99,97	-10,93	-49,14

Commodities Energy Futures	Price as of 12/04/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	41,21	-0,10	-11,73	-12,93
BRENT crude	44,11	-0,42	-9,50	-14,24
GAS oil	409,25	-2,65	-11,28	-16,69
Heating oil	136,73	-0,01	-9,84	-16,25
Natural gas	2,18	-1,76	-11,12	-27,74
Gold Spot	1.068,66	0,78	-4,08	-5,00
Silver Spot	14,25	0,85	-5,94	-2,50
Platinum Spot	856,59	2,12	-10,62	-13,86
Palladium Spot	544,50	-1,48	-12,95	-5,56
Copper	207,10	0,70	-11,07	-10,54

Stock Indices	Price as of 12/04/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2.465	-0,42	1,27	9,41
BIST 100	74.143	-2,78	-12,13	0,80
CAC 40	4.731	-4,21	-4,56	4,41
DAX	10.750	-4,93	-1,00	6,96
Dow Jones	17.478	-1,88	-2,18	8,54
Euro Stoxx 50	3.337	-4,50	-3,11	4,77
FTSE 100	6.271	-1,74	-2,32	3,67
HANG SENG	22.236	0,76	-3,55	6,70
IBEX 35	10.060	-2,56	-4,07	2,29
MICEX	1.764	-1,48	0,31	4,18
NASDAQ 100	4.607	-1,42	-2,35	10,09
NIKKEI 225	19.504	-1,91	3,05	9,62
S&P 500	2.050	-1,88	-2,51	6,68

Interest Rate Futures	Price as of 12/04/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	129,02	-0,98	-0,37	0,15
Bund	155,66	-2,16	-0,75	0,18

Risk Sentiment	Price as of 12/04/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index (T-1)	574	2,14	-12,63	-34,40
VIX	18,11	19,22	16,76	-34,86
Turkey 5Y CDS (T-1)	261,225	1,53	9,99	-6,67
MSCI EM Index (T-1)	819,25	-0,86	-5,63	3,89

USD Libor	Price as of 12/04/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	0,131	0,00	-0,38	-3,69
USD Libor 1M	0,276	13,03	42,60	38,27
USD Libor 3M	0,462	11,54	37,25	39,16
USD Libor 6M	0,692	5,89	23,50	28,82
USD Libor 12M	1,018	4,50	14,85	19,69

TRY Libor	Price as of 12/04/2015	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	11,015	0,00	0,00	-0,48
TRY Libor 1M	10,975	0,07	0,09	-6,08
TRY Libor 3M	11,089	-0,01	1,06	-5,10
TRY Libor 6M	11,120	0,00	0,45	-4,84
TRY Libor 12M	11,169	-0,18	0,90	-4,41



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Economic Research and Development

Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
11/30/2015 15:45	US	Chicago Purchasing Manager Index	Nov	54.0	48.7	56.2
11/30/2015 16:00	US	Pending Home Sales MoM	Oct	1.0%	0.2%	-2.3%
11/30/2015 16:00	US	Pending Home Sales NSA YoY	Oct	4.3%	2.1%	2.5%
11/30/2015 16:30	US	Dallas Fed Manf. Activity	Nov	-10.0	-4.9	-12.7
12/01/2015 15:45	US	Markit US Manufacturing PMI	Nov F	52.6	52.8	52.6
12/01/2015 16:00	US	Construction Spending MoM	Oct	0.6%	1.0%	0.6%
12/01/2015 16:00	US	ISM Manufacturing	Nov	50.5	48.6	50.1
12/02/2015 13:00	US	MBA Mortgage Applications	Nov 27	--	-0.2%	-3.2%
12/02/2015 14:15	US	ADP Employment Change	Nov	190k	217k	182k
12/03/2015 14:30	US	Initial Jobless Claims	Nov 28	269k	269k	260k
12/03/2015 14:30	US	Continuing Claims	Nov 21	2190k	2161k	2207k
12/03/2015 16:00	US	Factory Orders	Oct	1.4%	1.5%	-1.0%
12/03/2015 16:00	US	Durable Goods Orders	Oct F	--	2.9%	3.0%
12/03/2015 16:00	US	Durables Ex Transportation	Oct F	--	0.5%	0.5%
12/04/2015 14:30	US	Change in Nonfarm Payrolls	Nov	200k	211k	271k
12/04/2015 14:30	US	Change in Private Payrolls	Nov	190k	197k	268k
12/04/2015 14:30	US	Change in Manufact. Payrolls	Nov	0k	-1k	0k
12/04/2015 14:30	US	Unemployment Rate	Nov	5.0%	5.0%	5.0%
12/04/2015 14:30	US	Trade Balance	Oct	-\$40.50b	-\$43.89b	-\$40.81b
12/01/2015 10:00	EU	Markit Eurozone Manufacturing PMI	Nov F	52.8	52.8	52.8
12/01/2015 11:00	EU	Unemployment Rate	Oct	10.8%	10.7%	10.8%
12/02/2015 11:00	EU	PPI MoM	Oct	-0.4%	-0.3%	-0.3%
12/02/2015 11:00	EU	PPI YoY	Oct	-3.2%	-3.1%	-3.1%
12/02/2015 11:00	EU	CPI Estimate YoY	Nov	0.2%	0.1%	0.1%
12/02/2015 11:00	EU	CPI Core YoY	Nov A	1.1%	0.9%	1.1%
12/03/2015 10:00	EU	Markit Eurozone Services PMI	Nov F	54.6	54.2	54.6
12/03/2015 10:00	EU	Markit Eurozone Composite PMI	Nov F	54.4	54.2	54.4
12/03/2015 11:00	EU	Retail Sales MoM	Oct	0.2%	-0.1%	-0.1%
12/03/2015 11:00	EU	Retail Sales YoY	Oct	2.6%	2.5%	2.9%
12/04/2015 10:10	EU	Markit Eurozone Retail PMI	Nov	--	48.5	51.3
11/30/2015 09:00	TR	Trade Balance	Oct	-3.95b	-3.62b	-3.74b
12/01/2015 09:00	TR	Turkey PMI Manufacturing	Nov	49.8	50.9	49.5
12/03/2015 09:00	TR	CPI MoM	Nov	0.40%	0.67%	1.55%
12/03/2015 09:00	TR	CPI YoY	Nov	7.84%	8.10%	7.58%
12/03/2015 09:00	TR	CPI Core Index YoY	Nov	9.00%	9.22%	8.92%
12/03/2015 09:00	TR	PPI MoM	Nov	0.30%	-1.42%	-0.20%
12/03/2015 09:00	TR	PPI YoY	Nov	--	5.25%	5.74%
12/01/2015 07:00	RU	Russia PMI Manufacturing	Nov	50.0	50.1	50.2
12/04/2015 14:00	RU	CPI MoM	Nov	0.7%	0.8%	0.7%
12/04/2015 14:00	RU	CPI YoY	Nov	14.9%	15.0%	15.6%
12/04/2015 14:00	RU	CPI Core MoM	Nov	0.6%	0.6%	0.7%
12/04/2015 14:00	RU	CPI Core YoY	Nov	16.0%	15.9%	16.4%

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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.