

DenizBank AG 



FX & Markets Weekly

Week 12/2016

DenizBank AG
Economic Research
Vienna, Austria

Basci's farewell gift

Erdem Basci, the Governor of the Central Bank of Turkey since April 2011 delivered in his last monetary policy committee a 25bps cut to the overnight lending rate to 10,5%. The 1st rate cut since February 2015 doesn't immediately translate into a decline in the average funding cost. The TCMB controls the weighted average cost of bank funding via the amount of liquidity it lends through daily 1-week repo auctions, hereby forcing banks to borrow at higher overnight rates to cover imminent funding needs. Future monetary policy decisions will depend on inflation and inflation expectations. A tight liquidity stance will be continued. Swaps that track 1-month interest rate expectations for the overnight-lending rate 2 months from now declined to 10,09%, near the lowest level since December. That is 41bps less than the upper end of the corridor, and an indication that traders see more rate cuts when the new central bank governor is appointed. The yield on 10Y bonds rose 10bps to 10,23%, climbing above the 2Y rate for the first time in two months.

Ruble climbs for 6th week

Russian ruble climbed for a sixth week as local companies bought the currency to meet local tax payments, negating the impact of weaker oil prices. The currency of the world's largest energy exporter rose 0,7% to USD 68,07, appreciating for a second day and heading for the longest stretch of weekly gains in almost a year. Russian companies are due to pay about RUB 1,3trn (USD19bn) through March 30, the biggest tax bill of the year. While Brent oil had its first weekly loss in five, the rebound in the price of Russia's main export earner since January has seen crude close above USD40 per barrel for the past seven sessions. Moreover, the entire Russian Sovereign Bond (OFZ) curve is now below central bank's deposit rate (10,0%) due to low bond sale volumes, excess liquidity. Europe's biggest bondholders are being told by internal risk managers to avoid a new debt issue after regulators in the U.S. and EU warned foreign banks of helping Russia sell its first Eurobond since 2013.

Crude drops on U.S. supply gain

WTI and Brent dropped as rising U.S. crude stockpiles kept supplies at highest levels in more than 8 decades. Inventories rose 9,36m bbl last week to 532,2m bbl. That inventory build-up was far more than expected. Declines eased after the rig count went down by 15 to 372, the least since November 2009. IMF said benefits from cheap oil may not materialize until demand in global economy picks up, and central banks in advanced nations move away from near-zero interest rates.



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Economic Research and Development

Exchange Rates	Price as of 03/25/2016	Change % 5 days	Change % 1 Month	Change % 3 Months	Commodities Energy Futures	Price as of 03/25/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1169	-0,93	1,12	1,87	WTI crude	39,46	-5,28	15,82	-2,90
EUR/TRY	3,2107	-0,71	-0,94	0,20	BRENT crude	40,44	-2,65	15,31	0,80
EUR/CHF	1,0910	-0,16	-0,09	0,75	GAS oil	364,25	-3,70	15,73	-1,55
EUR/GBP	0,78988	1,44	-0,23	7,72	Heating oil	119,79	-4,51	11,53	1,09
EUR/JPY	126,3	0,43	1,50	-4,32	Natural gas	1,81	-6,71	-1,53	-17,95
EUR/RUB	75,9877	-1,21	-9,30	-1,46	Gold Spot	1.217,05	-3,05	-1,96	13,10
EUR/CNY	7,276	-0,45	1,03	2,62	Silver Spot	15,18	-3,93	-0,07	5,62
USD/TRY	2,873	0,20	-2,01	-1,34	Platinum Spot	947,88	-2,53	2,24	7,46
USD/JPY	113,08	1,38	0,37	-6,02	Palladium Spot	575,50	-2,43	18,81	2,98
USD/RUB	68,0195	-0,28	-10,33	-3,66	Copper	222,90	-2,77	6,09	4,72
USD/CNY	6,514	0,66	-0,30	0,59	Stock Indices	Price as of 03/25/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Sovereign Bonds 10Y	Price as of 03/25/2016	Change % 5 days	Change % 1 Month	Ask YTM	ATX (T-1)	2.221	-3,30	4,78	-7,49
Austria	122,75	0,10	-0,24	-0,02	BIST 100	81.582	-1,61	8,52	10,00
Belgium	115,60	0,10	-0,04	0,08	CAC 40 (T-1)	4.330	-2,55	1,91	-7,15
China	108,42	-0,13	0,13	2,73	DAX (T-1)	9.851	-0,41	5,57	-8,17
EFSF	121,27	-0,02	-0,03	-0,13	Dow Jones (T-1)	17.516	0,20	4,90	-0,21
ESM	115,17	0,03	0,07	0,11	Euro Stoxx 50 (T-1)	2.987	-1,85	3,80	-9,07
France	114,63	0,10	-0,18	0,02	FTSE 100 (T-1)	6.106	-1,53	1,56	-2,37
Germany	111,69	0,19	-0,39	-0,19	HANG SENG (T-1)	20.346	-0,77	7,71	-8,10
Greece	72,04	-0,21	14,28	8,83	IBEX 35 (T-1)	8.790	-2,10	6,99	-9,22
Japan	107,04	0,08	0,11	-0,24	MICEX	1.868	-2,38	3,58	7,74
Portugal	116,53	-0,89	3,04	2,51	NASDAQ 100 (T-1)	4.406	0,12	3,88	-4,70
Spain	129,59	-0,11	0,86	0,91	NIKKEI 225	17.003	0,39	5,34	-9,41
Russia	93,45	-0,89	2,82	9,18	S&P 500 (T-1)	2.036	-0,23	4,32	-1,22
Switzerland	132,48	-0,04	-0,86	-0,65	Interest Rate Futures	Price as of 03/25/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Turkey	86,23	-0,32	3,70	10,89	Bobl	130,95	0,11	-0,21	1,57
UK	104,22	-0,01	-0,55	1,07	Bund	163,01	0,43	-0,20	4,94
US	99,81	-0,19	-1,31	1,65	Risk Sentiment	Price as of 03/25/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Turkey related	Price as of 03/25/2016	Change % 5 days	Change % 1 Month	Change % 3 Months	Baltic Dry Index (T-1)	392	2,08	24,92	-15,06
TRY Basket	3,0412	-0,26	-1,44	-0,86	VIX	14,74	2,08	-22,87	-6,35
WAC of CBRT	8,92	-0,11	-1,65	1,48	Turkey 5Y CDS (T-1)	268,495	11,02	-11,53	-0,22
Gold TRY / gram	112,42	-2,86	-3,93	11,58	MSCI EM Index (T-1)	816,90	-1,59	10,64	1,19
TR Gov. B. 2Y yield	10,13	-0,39	-8,49	-8,33	USD Libor	Price as of 03/25/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Euribor/Eonia	Price as of 03/25/2016	Change % 5 days	Change % 1 Month	Change % 3 Months	USD Libor O/N	0,375	-0,08	0,81	2,02
Eonia (T-1)	-0,349	-0,58	-41,30	-43,03	USD Libor 1M	0,435	0,67	0,28	3,11
Euribor 1 Month	-0,331	-2,80	-26,34	-64,68	USD Libor 3M	0,629	0,83	-0,95	4,23
Euribor 3 Month	-0,242	-3,42	-20,40	-84,73	USD Libor 6M	0,911	2,54	3,71	10,11
Euribor 6 Month	-0,134	-2,29	-4,69	-235,00	USD Libor 12M	1,231	2,41	6,62	7,29
Euribor 12 Month	-0,005	-66,67	66,67	-108,33	TRY Libor	Price as of 03/25/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor	Price as of 03/25/2016	Change % 5 days	Change % 1 Month	Change % 3 Months	TRY Libor O/N	10,760	-2,32	-2,32	-2,32
EUR Libor O/N	-0,392	-0,92	-38,53	-39,24	TRY Libor 1M	10,975	-4,03	-5,63	-3,20
EUR Libor 1M	-0,330	-0,66	-25,15	-61,47	TRY Libor 3M	11,084	-3,79	-5,15	-2,56
EUR Libor 3M	-0,249	-0,40	-15,29	-95,74	TRY Libor 6M	11,169	-3,04	-4,88	-1,81
EUR Libor 6M	-0,139	-5,76	-7,73	-267,91	TRY Libor 12M	11,241	-2,55	-4,93	-1,17
EUR Libor 12M	-0,017	-76,52	16,10	-128,91					



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Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
03/18/2016 15:00	US	U. of Mich. Sentiment	Mar P	92.2	90.0	91.7
03/21/2016 13:30	US	Chicago Fed Nat Activity Index	Feb	0.25	-0.29	0.28
03/22/2016 14:00	US	FHFA House Price Index MoM	Jan	0.5%	0.5%	0.4%
03/22/2016 14:45	US	Markit US Manufacturing PMI	Mar P	51.9	51.4	51.3
03/22/2016 15:00	US	Richmond Fed Manufact. Index	Mar	0	22	-4
03/23/2016 12:00	US	MBA Mortgage Applications	Mar 18	--	-3.3%	-3.3%
03/24/2016 13:30	US	Initial Jobless Claims	Mar 19	269k	265k	265k
03/24/2016 13:30	US	Continuing Claims	Mar 12	2235k	2179k	2235k
03/24/2016 14:45	US	Markit US Services PMI	Mar P	51.4	51.0	49.7
03/24/2016 14:45	US	Markit US Composite PMI	Mar P	--	51.1	50.0
03/24/2016 16:00	US	Kansas City Fed Manf. Activity	Mar	--	-6	-12
03/25/2016 13:30	US	GDP Annualized QoQ	4Q T	1.0%	1.4%	1.0%
03/25/2016 13:30	US	Personal Consumption	4Q T	2.0%	2.4%	2.0%
03/25/2016 13:30	US	GDP Price Index	4Q T	0.9%	0.9%	0.9%
03/25/2016 13:30	US	Core PCE QoQ	4Q T	1.3%	1.3%	1.3%
03/18/2016 11:00	EU	Labour Costs YoY	4Q	--	1.3%	1.1%
03/21/2016 10:00	EU	ECB Current Account SA	Jan	--	25.4b	25.5b
03/21/2016 10:00	EU	Current Account NSA	Jan	--	6.3b	41.4b
03/21/2016 16:00	EU	Consumer Confidence	Mar A	-8.3	-9.7	-8.8
03/22/2016 10:00	EU	Markit Eurozone Manufacturing PMI	Mar P	51.4	51.4	51.2
03/22/2016 10:00	EU	Markit Eurozone Services PMI	Mar P	53.3	54.0	53.3
03/22/2016 10:00	EU	Markit Eurozone Composite PMI	Mar P	53.0	53.7	53.0
03/22/2016 11:00	EU	ZEW Survey Expectations	Mar	--	42531	42534
03/21/2016 09:00	TR	Consumer Confidence Index	Mar	--	67.00	66.64
03/22/2016 13:30	TR	Real Sector Confidence SA	Mar	--	104.1	105.2
03/22/2016 13:30	TR	Real Sector Confidence NSA	Mar	--	106.0	104.5
03/22/2016 13:30	TR	Capacity Utilization	Mar	--	74.3%	73.5%
03/24/2016 13:00	TR	Benchmark Repurchase Rate	Mar 24	7.50%	7.50%	7.50%
03/24/2016 13:00	TR	Overnight Lending Rate	Mar 24	10.75%	10.50%	10.75%
03/24/2016 13:00	TR	Overnight Borrowing Rate	Mar 24	7.25%	7.25%	7.25%
03/18/2016 09:00	RU	Money Supply Narrow Def	Mar 11	--	8.41t	8.40t
03/18/2016 11:30	RU	Key Rate	Mar 18	11.00%	11.00%	11.00%
03/18/2016 14:00	RU	PPI MoM	Feb	-0.5%	-1.5%	-1.2%
03/18/2016 14:00	RU	PPI YoY	Feb	5.3%	3.5%	7.5%
03/21/2016 14:00	RU	Unemployment Rate	Feb	6.0%	5.8%	5.8%
03/21/2016 14:00	RU	Real Disposable Income	Feb	-6.1%	-6.9%	-6.3%
03/21/2016 14:00	RU	Real Wages YoY	Feb	-5.6%	-2.6%	-6.1%
03/21/2016 14:00	RU	Retail Sales Real MoM	Feb	-1.5%	-2.5%	-26.4%
03/21/2016 14:00	RU	Retail Sales Real YoY	Feb	-5.0%	-5.9%	-7.3%
03/23/2016 14:00	RU	CPI Weekly YTD	Mar 21	--	2.0%	1.9%
03/23/2016 14:00	RU	CPI WoW	Mar 21	--	0.1%	0.1%
03/24/2016 14:00	RU	Gold and Forex Reserve	Mar 18	--	386.9b	381.1b
03/25/2016 09:00	RU	Money Supply Narrow Def	Mar 18	--	8.47t	8.41t

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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.