

DenizBank AG 



FX & Markets Weekly

Week 33/2016

**DenizBank AG
Economic Research
Vienna, Austria**

Crude oil re-enters bull market

Both Brent and WTI crude contracts for October and September delivery respectively surged over 8% this week. From a chart-technical perspective 50- and 100-day simple moving averages were so close to each other that they got surpassed at once hereby even increasing momentum of the rise. Crude hit its highest level since the Brexit vote, and turned from bear to bull market in only 16 days. In fact talks about an OPEC output freeze have bred. The freeze would not be very effective as Non-Gulf rivals have stepped up output. Another factor contributing to the rising oil prices were North American planned and unplanned refinery shutdowns. Lower rig counts have proved to be very damaging for the oil price but the rig count has recently bottomed and is now rising for the 10th week. Another very important factor contributing to the rising crude prices is the weak USD. Moreover, EPFR fund flows show a year-to-date increase in net asset of almost 32% into commodities, compared to just 2,5% in 2015, so the smart money is back in crude.

European equities see longest outflow streak ever

EPFR, a provider of fund flows and asset allocation data has recently highlighted a trend in outflows from European equities. It is the 28th week of outflows in a row. That was the longest streak of outflows by investment funds from European equities ever. Spanish IBEX 35 Index lost almost 3% in 5 days to Friday followed by Euro Stoxx 50 (-2,58%), and French CAC 40 (-2,28%). VSTOXX, the volatility index on Euro Stoxx 50 surged by 17,87%. Year-to-date it was down by 4,86%, and quarter-to-date even -19,10%.

USD slides on dampened rate hike prospects

The USD fell vs. most of its hard currency peers this week (-1,57% to GBP; -1,5% to CHF; -1,25 to EUR; and -0,95% to JPY) after Minutes of the July FOMC (Federal Open Markets Committee) got released. Policy makers were divided over timing of next rate hike and many participants would like to see more data on labor markets and inflation. As these Minutes are dated they are less relevant for the near term policy outlook than recent comments from policy makers. However, financial markets are economic release focused. Markets' concentration will now turn to the Jackson Hole conference on August 26 and to Janet Yellen's key note. Current Fed Funds Futures implied probabilities see only a 22% chance of a September rate hike, and similar in November of 28,7%. December's chances are currently at 51,8%.



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Exchange Rates	Price as of 08/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1320	1,42	2,78	1,00
EUR/TRY	3,3251	0,64	-0,73	-1,08
EUR/CHF	1,0842	-0,38	-0,11	-2,24
EUR/GBP	0,86888	0,53	3,46	13,29
EUR/JPY	113,3	0,34	-2,93	-7,82
EUR/RUB	72,3676	0,05	3,46	-3,68
EUR/CNY	7,5318	1,53	2,16	2,64
USD/TRY	2,9369	-0,75	-3,42	-2,01
USD/JPY	100,09	-1,08	-5,55	-8,73
USD/RUB	63,9298	-1,33	0,66	-4,65
USD/CNY	6,654	0,25	-0,65	1,58

Sovereign Bonds 10Y	Price as of 08/19/2016	Change % 5 days	Change % 1 Month	Ask YTM
Austria	123,90	-0,30	-0,04	-0,38
Belgium	117,64	-0,28	0,18	-0,30
China	109,22	-0,26	1,32	2,50
EFSF	121,88	-0,21	-0,07	-0,47
ESM	117,24	-0,22	0,12	-0,25
France	115,98	-0,26	0,19	-0,31
Germany	112,88	-0,27	-0,09	-0,46
Greece	76,94	0,58	-0,07	8,05
Japan	106,26	-0,12	-1,07	-0,19
Portugal	114,67	-2,47	-0,17	2,65
Spain	132,00	0,05	0,71	0,36
Russia	96,25	0,03	0,72	8,54
Switzerland	131,59	-0,27	-0,78	-0,78
Turkey	87,80	-1,18	-0,57	10,89
UK	108,70	-0,33	1,15	0,29
US	101,78	-0,31	-0,12	1,33

Turkey related	Price as of 08/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	3,1315	-0,07	-2,01	-1,50
WAC of CBRT	7,99	0,13	-2,32	-5,89
Gold TRY / gram	126,97	-0,19	-2,65	5,12
TR Gov. B. 2Y yield	9	-1,10	0,90	-8,35

Euribor/Eonia	Price as of 08/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,339	1,45	-1,50	-0,59
Euribor 1 Month	-0,369	-0,27	0,54	-5,73
Euribor 3 Month	-0,298	0,33	-1,02	-15,50
Euribor 6 Month	-0,189	-0,53	0,00	-32,17
Euribor 12 Month	-0,047	4,08	20,34	-327,27

EUR Libor	Price as of 08/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,401	-0,50	-0,32	-0,68
EUR Libor 1M	-0,371	-0,19	-0,78	-5,26
EUR Libor 3M	-0,320	-0,31	-5,51	-14,57
EUR Libor 6M	-0,202	-0,50	-4,97	-26,99
EUR Libor 12M	-0,073	-0,19	-8,05	-145,89

Commodities Energy Futures	Price as of 08/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	48,40	8,95	6,64	-1,92
BRENT crude	50,82	8,35	7,86	1,58
GAS oil	445,75	8,85	7,34	2,12
Heating oil	152,05	8,00	7,91	1,27
Natural gas	2,59	0,46	-3,38	11,84
Gold Spot	1.344,26	0,58	0,81	7,29
Silver Spot	19,40	-1,60	-2,69	18,15
Platinum Spot	1.115,60	-0,76	2,05	10,20
Palladium Spot	709,20	3,09	8,03	26,85
Copper	217,20	0,88	-4,43	4,65

Stock Indices	Price as of 08/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2.254	-0,63	2,12	3,35
BIST 100	77.648	-0,69	1,98	0,58
CAC 40	4.391	-2,35	1,48	2,61
DAX	10.536	-1,59	5,63	7,63
Dow Jones	18.511	-0,30	-0,20	6,23
Euro Stoxx 50	2.962	-2,65	1,13	1,54
FTSE 100	6.867	-0,76	2,48	13,38
HANG SENG	22.937	0,75	5,83	16,47
IBEX 35	8.424	-3,27	-0,64	-2,81
MICEX	1.963	-0,22	2,45	3,77
NASDAQ 100	4.791	-0,25	4,17	11,11
NIKKEI 225	16.546	-2,21	-1,06	-0,61
S&P 500 (T-1)	2.187	0,14	1,07	7,20

Interest Rate Futures	Price as of 08/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	133,51	-0,16	-0,04	1,00
Bund	167,15	-0,38	0,40	2,80

Risk Sentiment	Price as of 08/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index (T-1)	682	1,64	-8,58	7,57
VIX	11,93	3,29	-0,33	-26,94
Turkey 5Y CDS (T-1)	244,616	0,17	-8,87	-12,57
MSCI EM Index (T-1)	916,40	0,69	5,56	17,21

USD Libor	Price as of 08/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	0,416	-0,84	-0,08	8,22
USD Libor 1M	0,521	2,84	7,37	17,62
USD Libor 3M	0,817	-0,14	17,22	24,96
USD Libor 6M	1,215	0,65	20,58	26,90
USD Libor 12M	1,523	-0,16	14,62	17,31

TRY Libor	Price as of 08/19/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	8,732	-1,16	-5,35	-14,81
TRY Libor 1M	9,039	-1,40	-4,13	-12,67
TRY Libor 3M	9,264	-3,10	-2,27	-11,20
TRY Libor 6M	9,479	-1,61	-0,53	-9,33
TRY Libor 12M	9,635	-1,53	0,01	-8,19

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Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
08/15/2016 14:30	US	Empire Manufacturing	Aug	2.00	-4.21	0.55
08/16/2016 14:30	US	CPI MoM	Jul	0.0%	0.0%	0.2%
08/16/2016 14:30	US	CPI Ex Food and Energy MoM	Jul	0.2%	0.1%	0.2%
08/16/2016 14:30	US	CPI YoY	Jul	0.9%	0.8%	1.0%
08/16/2016 14:30	US	CPI Ex Food and Energy YoY	Jul	2.3%	2.2%	2.3%
08/16/2016 14:30	US	Real Avg Weekly Earnings YoY	Jul	--	1.4%	1.2%
08/16/2016 15:15	US	Industrial Production MoM	Jul	0.3%	0.7%	0.6%
08/16/2016 15:15	US	Capacity Utilization	Jul	75.6%	75.9%	75.4%
08/16/2016 15:15	US	Manufacturing (SIC) Production	Jul	0.3%	0.5%	0.4%
08/17/2016 13:00	US	MBA Mortgage Applications	Aug 12	--	-4.0%	7.1%
08/18/2016 14:30	US	Initial Jobless Claims	Jul 27	265k	262k	266k
08/18/2016 14:30	US	Continuing Claims	Aug 6	2145k	2175k	2155k
08/18/2016 14:30	US	Philadelphia Fed Business Outlook	Aug	2.0	2.0	-2.9
08/18/2016 16:00	US	Leading Index	Jul	0.3%	0.4%	0.3%
08/16/2016 11:00	EU	Trade Balance SA	Jun	25.3b	23.4b	24.5b
08/16/2016 11:00	EU	Trade Balance NSA	Jun	26.0b	29.2b	24.6b
08/16/2016 11:00	EU	ZEW Survey Expectations	Aug	--	42525	-14.7
08/18/2016 10:00	EU	ECB Current Account SA	Jun	--	28.2b	30.8b
08/18/2016 10:00	EU	Current Account NSA	Jun	--	37.6b	15.4b
08/18/2016 11:00	EU	Construction Output MoM	Jun	--	0.0%	-0.5%
08/18/2016 11:00	EU	Construction Output YoY	Jun	--	0.6%	-0.8%
08/18/2016 11:00	EU	CPI MoM	Jul	-0.5%	-0.6%	0.2%
08/18/2016 11:00	EU	CPI YoY	Jul F	0.2%	0.2%	0.2%
08/18/2016 11:00	EU	CPI Core YoY	Jul F	0.9%	0.9%	0.9%
08/01/2016 09:00	TR	Markit/ISO Turkey PMI Mfg	Jul	48.0	47.6	47.4
08/03/2016 09:00	TR	CPI MoM	Jul	0.60%	1.16%	0.47%
08/03/2016 09:00	TR	CPI YoY	Jul	8.16%	8.79%	7.64%
08/03/2016 09:00	TR	CPI Core Index YoY	Jul	8.54%	8.70%	8.67%
08/03/2016 09:00	TR	PPI MoM	Jul	0.20%	0.21%	0.41%
08/03/2016 09:00	TR	PPI YoY	Jul	3.93%	3.96%	3.41%
08/08/2016 09:00	TR	Industrial Production MoM	Jun	0.6%	-1.4%	1.6%
08/08/2016 09:00	TR	Industrial Production YoY	Jun	3.7%	1.1%	5.6%
08/11/2016 09:00	TR	Current Account Balance	Jun	-4.30b	-4.94b	-2.86b
08/15/2016 09:00	TR	Unemployment Rate	May	9.0%	9.4%	9.3%
08/15/2016 15:00	RU	Industrial Production YoY	Jul	0.8%	-0.3%	1.7%
08/15/2016 16:00	RU	Budget Balance YTD	Jul	-1625.0b	-1521.4b	-1514.9b
08/17/2016 15:00	RU	PPI MoM	Jul	1.3%	0.2%	2.7%
08/17/2016 15:00	RU	PPI YoY	Jul	5.2%	4.5%	5.1%
08/17/2016 15:00	RU	Unemployment Rate	Jul	5.4%	5.3%	5.4%

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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.