

DenizBank AG 



FX & Markets Weekly

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ECB delivers QE extension and expansion

The ECB decided to continue purchasing assets at the current pace of EUR 80bn until March 2017. From April 2017 on, the monthly total will be reduced to EUR 60bn until at least December 2017. Additionally shorter maturities will be purchased (also 1-2 years securities) even when the yield is below the current O/N deposit rate of -0,4%. December macroeconomic projections by ECB staff foresee annual HICP (harmonized index of consumer prices) at 0,2% in 2016, at 1,3% in 2017, at 1,5% in 2018 and 1,7% in 2019.

Good week for global stock markets

This week saw all major stock market indices rising across the world. All but the Shanghai Shenzen CSI 300 have added in value. German DAX (+6,55%), Italian FTSE MIB(+6,71%), and Spanish IBEX 35 (+6,38%) outperformed, followed by Euro Stoxx 50 (+5,94%), and French CAC 40 (+5,13%). Also American stock market indices surged this week led by Mexican IPC (+4,05%), as U.S. Dow Jones and S&P500 are close to their record highs.

RUB outperforms all majors

Even though last week's crude oil surge moderated this week, the RUB continued its appreciation against all majors. This week it was on the back of rising natural gas prices. Driver of which were below-normal temperatures across most of the U.S., but at the same time shrinking U.S. gas inventories (-42bcf last week). Futures for January delivery jumped almost 8% in 5 days. The ruble's performance was remarkable against JPY (+3,09%), followed by +2,87% vs. GBP, +2,82 vs. NOK, +2,81 vs. EUR, +2,65 vs. CHF, and +1,71 vs. USD.

Natural gas surges to 2-year high

Are weather forecasts driving financial markets? In the case of natural gas futures, yes. This week saw an outbreak of polar air leading to frigid weather in the Midwest and Northeast, hereby boosting demand to heat homes and businesses. The gas rally gained momentum expanding to an incredible 58% YTD-performance. Gas futures for January delivery rose 9,2 cents, or 2,6% to USD 3,695 per million British thermal units on the NY Mercantile Exchange, the highest settlement since December 2014. Moreover, Russia and Ukraine have clashed several times over natural gas deliveries and invoices in the past. This week, under the mediation of the European Commission, Gazprom and Naftogaz discussed bottlenecks and prices. Bear in mind, Ukraine is among the transit countries to provide Russian gas to Europe.



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Economic Research and Development

Exchange Rates	Price as of 12/09/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,0534	-1,16	-3,65	-6,17
EUR/TRY	3,6772	-2,10	4,54	10,31
EUR/CHF	1,0750	-0,28	-0,01	-1,86
EUR/GBP	0,83834	-0,05	-4,80	-0,96
EUR/JPY	121,34	0,27	5,34	5,25
EUR/RUB	66,0368	-3,08	-5,35	-9,20
EUR/CNY	7,2856	-0,82	-1,86	-3,03
USD/TRY	3,4903	-0,90	8,54	17,54
USD/JPY	115,19	1,49	9,34	12,18
USD/RUB	62,6899	-1,74	-1,76	-3,31
USD/CNY	6,908	0,41	1,72	3,34

Sovereign Bonds 10Y	Price as of 12/09/2016	Change % 5 days	Change % 1 Month	Ask YTM
Austria	101,64	-0,58	-1,68	0,57
Belgium	102,86	-0,70	-1,99	0,68
China	97,14	-0,76	-1,27	3,07
EFSF	119,31	-0,20	-0,66	-0,24
ESM	114,04	-0,29	-1,17	0,08
France	94,73	-0,85	-2,54	0,80
Germany	96,69	-0,67	-1,39	0,35
Greece	80,33	-1,19	5,42	6,54
Japan	100,54	-0,21	-1,16	0,04
Portugal	92,45	-1,23	-4,49	3,81
Spain	98,08	0,27	-2,15	1,51
Russia	98,56	1,47	-0,25	8,54
Switzerland	112,81	-0,62	-2,32	-0,13
Turkey	97,50	0,10	-4,24	10,89
UK	100,59	-0,49	-1,59	1,43
US	96,28	-0,35	na	2,42

Turkey related	Price as of 12/09/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	3,5837	-1,54	6,37	13,56
WAC of CBRT (T-1)	8,28	-0,36	6,02	4,68
Gold TRY / gram	130,32	-2,27	-1,25	2,77
TR Gov. B. 2Y yield	10,94	0,09	13,02	21,56

Euribor/Eonia	Price as of 12/09/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,346	-0,58	-0,58	-2,67
Euribor 1 Month	-0,371	0,00	0,54	-0,54
Euribor 3 Month	-0,316	-0,96	-1,28	-4,98
Euribor 6 Month	-0,217	0,46	-2,84	-9,60
Euribor 12 Month	-0,081	-6,58	-15,71	-42,11

EUR Libor	Price as of 12/09/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,410	0,00	-1,23	-2,32
EUR Libor 1M	-0,383	0,92	-0,11	-2,68
EUR Libor 3M	-0,334	0,00	-0,43	-4,66
EUR Libor 6M	-0,220	1,91	-3,01	-6,79
EUR Libor 12M	-0,086	-2,73	-11,24	-12,27

Commodities Energy Futures	Price as of 12/09/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	51,44	-0,27	12,19	8,07
BRENT crude	54,11	-0,48	14,30	9,76
GAS oil	477,00	-0,16	12,82	8,52
Heating oil	163,20	-1,47	11,86	9,53
Natural gas	3,75	9,02	31,02	15,51
Gold Spot	1.161,42	-1,31	-8,95	-12,49
Silver Spot	16,92	1,13	-8,34	-11,12
Platinum Spot	918,96	-0,97	-8,09	-13,38
Palladium Spot	740,36	-0,40	8,79	9,80
Copper	266,05	1,39	7,80	26,74

Stock Indices	Price as of 12/09/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2.602	3,20	5,97	7,90
BIST 100	75.727	3,18	-0,63	-1,72
CAC 40	4.774	5,42	5,08	6,30
DAX	11.211	6,64	5,31	6,03
Dow Jones (T-1)	19.664	2,56	5,77	8,72
Euro Stoxx 50	3.201	6,17	4,74	4,85
FTSE 100	6.949	3,26	0,55	2,55
HANG SENG	22.761	0,87	1,54	-5,55
IBEX 35	9.164	6,47	2,95	1,54
MICEX	2.209	3,74	9,79	8,89
NASDAQ 100 (T-1)	4.886	3,11	1,27	4,38
NIKKEI 225	18.996	3,10	16,89	11,97
S&P 500 (T-1)	2.254	2,84	4,20	5,94

Interest Rate Futures	Price as of 12/09/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	132,96	0,09	0,11	-0,26
Bund	161,91	-0,41	-1,24	-2,49

Risk Sentiment	Price as of 12/09/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index (T-1)	1.122	-6,19	17,61	39,55
VIX	12,27	-12,96	-14,53	-29,77
Turkey 5Y CDS (T-1)	285,586	-6,77	5,72	17,89
MSCI EM Index (T-1)	879,32	3,08	-0,09	-3,30

USD Libor	Price as of 12/09/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N (T-1)	0,434	-0,13	0,44	3,00
USD Libor 1M	0,680	5,15	26,76	29,06
USD Libor 3M	0,957	1,07	7,90	12,24
USD Libor 6M	1,296	0,34	4,29	3,68
USD Libor 12M	1,648	0,24	5,93	5,89

TRY Libor	Price as of 12/09/2016	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	8,620	0,13	4,57	1,60
TRY Libor 1M	9,224	-0,01	6,43	5,54
TRY Libor 3M	9,890	0,31	8,44	8,35
TRY Libor 6M	10,624	0,76	9,20	12,50
TRY Libor 12M	10,984	-0,27	9,96	14,66

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Date Time	Country	Economic Release	Period	Consensus	Actual	Prior
12/05/2016 15:45	US	Markit US Services PMI	Nov F	54.9	54.6	54.7
12/05/2016 16:00	US	ISM Non-Manf. Composite	Nov	55.5	57.2	54.8
12/06/2016 14:30	US	Trade Balance	Oct	-\$42.0b	-\$42.6b	-\$36.4b
12/06/2016 14:30	US	Nonfarm Productivity	3Q F	3.3%	3.1%	3.1%
12/06/2016 14:30	US	Unit Labor Costs	3Q F	0.3%	0.7%	0.3%
12/06/2016 16:00	US	Durable Goods Orders	Oct F	3.4%	4.6%	4.8%
12/06/2016 16:00	US	Durables Ex Transportation	Oct F	0.5%	0.8%	1.0%
12/07/2016 13:00	US	MBA Mortgage Applications	Dec 2	--	-0.7%	-9.4%
12/07/2016 16:00	US	JOLTS Job Openings	Oct	5500	5534	5486
12/07/2016 21:00	US	Consumer Credit	Oct	\$18.650b	\$16.018b	\$19.292b
12/08/2016 14:30	US	Initial Jobless Claims	Dec 3	255k	258k	268k
12/08/2016 14:30	US	Continuing Claims	Oct	2048k	2005k	2081k
12/02/2016 11:00	EA	PPI MoM	Oct	0.5%	0.8%	0.1%
12/02/2016 11:00	EA	PPI YoY	Oct	-1.0%	-0.4%	-1.5%
12/05/2016 10:00	EA	Markit Eurozone Services PMI	Nov F	54.1	53.8	54.1
12/05/2016 10:00	EA	Markit Eurozone Composite PMI	Nov F	54.1	53.9	54.1
12/05/2016 10:30	EA	Sentix Investor Confidence	Dec	14.3	10.0	13.1
12/05/2016 11:00	EA	Retail Sales MoM	Oct	0.8%	1.1%	-0.2%
12/05/2016 11:00	EA	Retail Sales YoY	Oct	1.7%	2.4%	1.1%
12/06/2016 10:10	EA	Markit Eurozone Retail PMI	Nov	--	48.6	48.6
12/06/2016 11:00	EA	GDP SA QoQ	3Q F	0.3%	0.3%	0.3%
12/06/2016 11:00	EA	GDP SA YoY	3Q F	1.6%	1.7%	1.6%
12/06/2016 11:00	EA	Gross Fix Cap QoQ	3Q	0.4%	0.2%	0.0%
12/06/2016 11:00	EA	Govt Expend QoQ	3Q	0.4%	0.5%	0.1%
12/06/2016 11:00	EA	Household Cons QoQ	3Q	0.3%	0.3%	0.2%
12/05/2016 08:00	TR	CPI MoM	Nov	0.89%	0.52%	1.44%
12/05/2016 08:00	TR	CPI YoY	Nov	7.40%	7.00%	7.16%
12/05/2016 08:00	TR	CPI Core Index YoY	Nov	7.11%	6.99%	7.04%
12/05/2016 08:00	TR	PPI MoM	Nov	0.95%	2.00%	0.84%
12/05/2016 08:00	TR	PPI YoY	Nov	3.90%	6.41%	2.84%
12/06/2016 12:30	TR	Effective Exchange Rate	Nov	--	95.24	98.51
12/08/2016 08:00	TR	Industrial Production MoM	Oct	4.0%	3.7%	-3.8%
12/08/2016 08:00	TR	Industrial Production YoY	Oct	1.5%	2.0%	-3.1%
12/08/2016 12:30	TR	Foreigners Net Stock Invest	Dec 2	--	-\$48m	-\$11m
12/08/2016 12:30	TR	Foreigners Net Bond Invest	Dec 2	--	-\$85m	-\$969m
12/05/2016 07:00	RU	Markit Russia PMI Services	Nov	52.5	54.7	52.7
12/06/2016 14:00	RU	CPI MoM	Nov	0.5%	0.4%	0.4%
12/06/2016 14:00	RU	CPI YoY	Nov	5.9%	5.8%	6.1%
12/06/2016 14:00	RU	CPI YTD	Nov	5.1%	5.0%	4.5%
12/06/2016 14:00	RU	CPI Core MoM	Nov	0.4%	0.4%	0.4%
12/06/2016 14:00	RU	CPI Core YoY	Nov	6.2%	6.2%	6.4%
12/07/2016 14:00	RU	Official Reserve Assets	Nov	390.0b	385.3b	390.7b
12/08/2016 14:00	RU	Gold and Forex Reserve	Dec 2	--	385.3b	385.7b
12/09/2016 09:00	RU	Money Supply Narrow Def	Dec 2	--	8.48t	8.53t

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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.