

The background of the cover features a complex financial market chart with multiple data series. A prominent red line graph trends upwards from the bottom left towards the right. Overlaid on this are several candlestick charts in shades of green and blue. Various numerical values are scattered across the chart, including 1.7810, 1.7900, 1.7855, 1.7765, 11.12, 14.56, 19.00, and 08.47. The overall color scheme is dark blue with highlights in red, green, and white.

FX & Markets Weekly

Week 51/2018

Mag. Ahmet Hüsrev BILGIN
Chief Economist
Vienna, Austria



Fed hikes rates by ¼ point

As widely anticipated, the U.S. Federal Open Markets Committee raised its Federal Funds Target Range by ¼ point to 2,25%-2,5%. In terms of economic projections, real GDP growth has been revised down by 0,1ppt to 3,0% for 2018, and by 0,2ppt to 2,3% for 2019. Fed Chairman Powell said there was “significant uncertainty” about future rate hikes, pointing to weakness in financial markets and a moderating growth outlook. The dot-plot suggest 2 hikes a 25 bps in 2019, and 1 more in 2020.

WTI drops to lowest since April 2016

The moderating growth outlook heading into next year is not boding well for crude oil. Since reaching multi-year highs in October, now a multi-year low has been reached in WTI crude futures. The U.S. economy is the largest crude oil consumer in the world. It is also the largest crude oil producer when its shale oil industry is pumping as it is nowadays. So the prospect of a slower growing U.S. economy is putting down ward pressure on crude oil prices. But the OPEC+ output cuts will show their effect in the coming months. Moreover, price moves might be exaggerated on thin liquidity during holidays.

EUR/USD rises above 1,14

In Europe, Italy has reached a deal with the EU not to start an excessive debt procedure, and not to impose financial penalties on Italy in 2019. In the U.S., Fed’s dovish rate hike, and the prospect of a partial government shutdown have had their impact on EUR/USD. Also the option market’s perception changed. 25 delta risk reversals have turned positive (in favour of EUR), up to 3 weeks maturity.

Global stock markets plummet another round

Triggered by the Fed rate hike, but also by the revised down macroeconomic forecasts, as well as the monetary tightening that the ECB has announced, global liquidity conditions are tightening. For global stock markets that is not good news. This week, led by local ATX (-5,5%), and French CAC40 (-3,32%) all euro area stock indices plunged. U.S. stocks even took a harder hit with NASDAQ down 7,75%, Dow Jones (-7,65%), and S&P500 (-6,9%).



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Economic Research and Development

Exchange Rates	Price as of 12/21/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR/USD	1,1414	0,93	0,13	-2,88
EUR/TRY	6,0596	-0,16	0,33	-18,08
EUR/CHF	1,1313	0,26	-0,18	0,44
EUR/GBP	0,90172	0,33	1,12	0,35
EUR/JPY	126,86	-1,06	-1,54	-4,13
EUR/RUB	78,1884	3,55	4,41	-0,06
EUR/CNY	7,8804	1,04	-0,36	-2,22
USD/TRY	5,2996	-1,16	0,04	-15,75
USD/JPY	111,15	-1,97	-1,64	-1,27
USD/RUB	68,5164	2,33	4,30	2,96
USD/CNY	6,9041	-0,05	-0,33	0,69

Sovereign Bonds 10Y	Price as of 12/21/2018	Change % 5 days	Change % 1 Month	Ask YTM
Austria	103,35	0,04	0,92	0,30
Belgium	103,89	-0,20	0,35	0,46
China	95,41	-0,46	0,46	3,23
EFSF	111,77	0,01	-0,09	-0,28
ESM	110,44	0,09	0,26	-0,03
France	98,73	0,10	0,55	0,41
Germany	99,91	0,01	0,95	0,01
Greece	96,30	-0,24	0,71	4,41
Japan	101,53	-0,03	0,59	-0,10
Portugal	111,36	0,04	2,22	1,28
Spain	101,87	0,32	2,03	1,04
Russia	97,65	-0,43	-0,19	8,74
Switzerland	112,38	0,42	0,99	-0,42
Turkey	82,90	6,41	3,10	15,97
UK	102,91	-0,46	0,57	1,09
US	94,69	0,71	2,14	2,75

Turkey related	Price as of 12/21/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Basket	5,6802	-0,91	0,16	-16,73
WAC of CBRT (T-1)	24,00	0,00	0,00	0,00
Gold TRY / gram	214,86	0,59	2,74	-11,48
TR Gov. B. 2Y yield	20,87	-2,25	-0,38	-17,83

Euribor/Eonia	Price as of 12/21/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
Eonia (T-1)	-0,362	-0,28	0,00	1,09
Euribor 1 Month	-0,366	0,54	0,81	1,35
Euribor 3 Month	-0,310	0,32	1,90	2,82
Euribor 6 Month	-0,238	0,00	7,39	11,19
Euribor 12 Month	-0,119	7,03	19,60	29,17

EUR Libor	Price as of 12/21/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
EUR Libor O/N	-0,464	-1,25	0,64	-3,54
EUR Libor 1M	-0,408	0,42	2,43	-0,96
EUR Libor 3M	-0,348	2,09	2,63	1,21
EUR Libor 6M	-0,309	5,01	6,13	2,44
EUR Libor 12M	-0,183	13,59	16,68	15,97

Commodities Energy Futures	Price as of 12/21/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
WTI crude	45,37	-11,77	-17,14	-34,93
BRENT crude	53,19	-11,58	-16,50	-31,31
GAS oil	508,00	-8,45	-14,88	-25,52
Heating oil	172,05	-6,68	-12,32	-23,08
Natural gas	3,71	-3,29	-17,33	18,21
Gold Spot	1 261,03	1,78	2,71	5,08
Silver Spot	14,75	1,05	1,47	3,01
Platinum Spot	791,60	0,78	-6,55	-4,21
Palladium Spot	1 242,80	0,21	7,77	18,35
Copper	269,30	-2,41	-3,99	-6,24

Stock Indices	Price as of 12/21/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
ATX	2 729	-6,34	-11,34	-19,05
BIST 100	92 162	1,72	-0,67	-6,02
CAC 40	4 689	-3,34	-5,71	-14,61
DAX	10 627	-2,17	-5,46	-14,49
Dow Jones (T-1)	22 860	-7,06	-6,56	-14,52
Euro Stoxx 50	2 997	-3,07	-4,96	-12,63
FTSE 100	6 708	-1,97	-4,82	-10,41
HANG SENG	25 753	-1,31	-0,84	-7,87
IBEX 35	8 553	-3,71	-4,51	-10,78
MOEX	2 338	-1,04	-0,71	-3,53
NASDAQ 100 (T-1)	6 243	-7,75	-5,06	-17,10
NIKKEI 225	20 166	-5,65	-6,24	-15,52
S&P 500 (T-1)	2 467	-6,91	-6,89	-15,78

Interest Rate Futures	Price as of 12/21/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
Bobl	132,36	0,01	0,39	1,12
Bund	163,42	0,13	1,25	2,29

Risk Sentiment	Price as of 12/21/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
Baltic Dry Index	1318	-5,92	30,75	-6,72
VIX	27,86	28,57	33,70	138,10
Turkey 5Y CDS (T-1)	365,674	-4,34	-4,56	-8,78
MSCI EM Index (T-1)	959,79	-1,25	-1,56	-8,72

USD Libor	Price as of 12/21/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
USD Libor O/N	2,392	9,47	9,68	24,51
USD Libor 1M	2,506	2,09	8,26	13,11
USD Libor 3M	2,822	0,75	5,41	18,92
USD Libor 6M	2,908	0,25	0,76	12,19
USD Libor 12M	3,073	-0,79	-1,20	5,67

TRY Libor	Price as of 12/21/2018	Change % 5 days	Change % 1 Month	Change % 3 Months
TRY Libor O/N	24,304	-0,12	0,66	-2,69
TRY Libor 1M	24,658	-0,02	-1,60	-3,44
TRY Libor 3M	24,648	-0,18	-2,56	-6,79
TRY Libor 6M	24,649	-0,48	-5,51	-7,18
TRY Libor 12M	24,587	-0,43	-6,16	-11,60

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Economic Research and Development

Date	Country	Economic Release	Period	Consensus	Actual	Prior
12/17/2018 16:00	US	NAHB Housing Market Index	Dec	60	56	60
12/17/2018 22:00	US	Total Net TIC Flows	Oct	--	\$42.0b	-\$29.1b
12/17/2018 22:00	US	Net Long-term TIC Flows	Oct	--	\$31.3b	\$30.8b
12/18/2018 14:30	US	Housing Starts	Nov	1226k	1256k	1228k
12/18/2018 14:30	US	Housing Starts MoM	Nov	-0.2%	3.2%	1.5%
12/18/2018 14:30	US	Building Permits	Nov	1260k	1328k	1263k
12/18/2018 14:30	US	Building Permits MoM	Nov	-0.4%	5.0%	-0.6%
12/19/2018 13:00	US	MBA Mortgage Applications	Dec 14	--	-5.8%	1.6%
12/19/2018 14:30	US	Current Account Balance	3Q	-\$125.0b	-\$124.8b	-\$101.5b
12/19/2018 16:00	US	Existing Home Sales	Nov	5.20m	5.32m	5.22m
12/19/2018 16:00	US	Existing Home Sales MoM	Nov	-0.4%	1.9%	1.4%
12/19/2018 20:00	US	FOMC Rate Decision (Upper Bound)	Dec 19	2.50%	2.50%	2.25%
12/19/2018 20:00	US	FOMC Rate Decision (Lower Bound)	Dec 19	2.25%	2.25%	2.00%
12/19/2018 20:00	US	Interest Rate on Excess Reserves	Dec 20	2.40%	2.40%	2.20%
12/20/2018 14:30	US	Initial Jobless Claims	Dec 15	215k	214k	206k
12/20/2018 14:30	US	Continuing Claims	Dec 8	1663k	1688k	1661k
12/20/2018 15:45	US	Bloomberg Consumer Comfort	Dec 16	--	58.8	59.4
12/20/2018 15:45	US	Bloomberg Economic Expectations	Dec	--	50.0	56.0
12/21/2018 14:30	US	GDP Annualized QoQ	3Q T	3.5%	3.4%	3.5%
12/21/2018 14:30	US	Personal Consumption	3Q T	3.6%	3.5%	3.6%
12/17/2018 11:00	EA	Trade Balance SA	Oct	14.0b	12.5b	13.4b
12/17/2018 11:00	EA	Trade Balance NSA	Oct	--	14.0b	13.1b
12/17/2018 11:00	EA	CPI Core YoY	Nov F	1.0%	1.0%	1.0%
12/17/2018 11:00	EA	CPI YoY	Nov F	2.0%	1.9%	2.0%
12/17/2018 11:00	EA	CPI MoM	Nov	-0.2%	-0.2%	0.2%
12/19/2018 11:00	EA	Construction Output MoM	Oct	--	-1.6%	2.0%
12/19/2018 11:00	EA	Construction Output YoY	Oct	--	1.8%	4.6%
12/20/2018 10:00	EA	ECB Current Account SA	Oct	--	23.0b	16.9b
12/17/2018 08:00	TR	Industrial Production MoM	Oct	0.0%	-1.9%	-2.7%
12/17/2018 08:00	TR	Industrial Production YoY	Oct	-4.3%	-5.7%	-2.7%
12/17/2018 08:00	TR	Unemployment Rate	Sep	11.6%	11.4%	11.1%
12/17/2018 09:00	TR	Central Gov't Budget Balance	Nov	--	7.6b	-5.4b
12/18/2018 12:30	TR	House Price Index YoY	Oct	--	11.30%	10.48%
12/18/2018 12:30	TR	House Price Index MoM	Oct	--	1.72%	1.22%
12/20/2018 08:00	TR	Home Sales	Nov	--	89.6k	146.5k
12/20/2018 08:00	TR	Home Sales (YoY)	Nov	--	-27.0%	19.2%
12/20/2018 12:30	TR	Foreigners Net Bond Invest	Dec 14	--	-\$63m	-\$177m
12/20/2018 12:30	TR	Foreigners Net Stock Invest	Dec 14	--	-\$70m	-\$68m
12/21/2018 08:00	TR	Consumer Confidence Index	Dec	--	58.2	59.6
12/17/2018 14:00	RU	Industrial Production YoY	Nov	3.5%	2.4%	3.7%
12/18/2018 14:00	RU	PPI MoM	Nov	1.0%	0.7%	3.3%
12/18/2018 14:00	RU	PPI YoY	Nov	16.9%	16.8%	16.9%
12/19/2018 14:30	RU	Retail Sales Real YoY	Nov	2.1%	3.0%	1.9%
12/19/2018 14:30	RU	Unemployment Rate	Nov	4.8%	4.8%	4.7%
12/19/2018 14:30	RU	Cargo Shipments YoY	Nov	1.8%	2.4%	-0.1%
12/19/2018 14:30	RU	Construction YoY	Nov	1.5%	4.3%	2.9%

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

Mag. Ahmet Hüsrev BILGIN, Chief Economist, DenizBank AG

Tel: 0505105/2430

Email: ahmet.bilgin@denizbank.at

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DPR number: 0845981

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Members of the Management Board:

Ahmet Mesut Ersoy, Mehmet Ulvi Taner, Tuncay Akdevelioglu, Cenk Izgi, Bernhard Achberger;

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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.