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CURRENCY REPORT.

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JAPAN ECONOMY

In a glance.

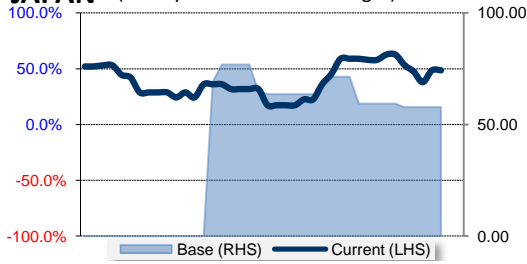
15-Nov-2013 (Friday)

Last Updated: 08:20AM (GMT +0800)



Figure 1: Fundamental Strength Index for last 40 days.

JAPAN (40 Days Fundamental Strength)

**BASE SUMMARY:**

INFLATION INDICATORS :	4.7	/ 18.8
GROWTH INDICATORS :	34.4	/ 62.5
EMPLOYMENT INDICATORS :	-	-
HOUSING INDICATORS :	-	-
BUSINESS SURVEY :	18.8	/ 18.8
CONSUMER SURVEY :	-	-

BASE STRENGTH :	BULLISH	57.81	/ 100
SHORT-TERM STRENGTH :	BULLISH	48.72%	

JAPANESE YEN¥ STABLE, DOMESTIC RECOVERY EVIDENT.

Japan Fundamentals Strong (57.81/100); Recent momentum STILL BULLISH at 48.72%.

(Fig2.1) Though still low (0.90%), JP inflation posted notable recovery.(Fig2.1) Tokyo Core Inflation still in deflation, but recovery is significant.(Fig2.3) Average Cash Earnings still weak, though in recovery.(Fig2.4) GDP strong at 0.90%.(Fig2.5) Trade balance weakened considerably, due to a strong yen.(Fig3.1) National accounts hurt from strong yen. Expected.(Fig3.2) Core Machinery Orders sees stabilization, though recently declined.(Fig3.3) Industrial Production strong.(Fig3.4) Tertiary Industry Activity declined -0.2%, but still neutral.(Fig3.5) Domestic Retail Sales betters, recent spike of 3.1% notable.(Fig3.6) Household Spending improving significantly.(Fig4.1) Capital expenditures weakens.(Fig4.2) Japanese manufacturing sector optimistic on economy.(Fig4.3) Businesses optimistic on economy outlook.

Conclusion: Economic recovery from Abenomic is evident, Japanese consumer activities and domestic production expands, alongside better earnings and spendings by Japanese households. Manufacturers and businesses optimistic on general outlook for Japanese economy. Though inflationary pressure is still low (long road to recover from deflation). Recent momentum dropped.

Table 1: Pending Fundamental Events for Japan & Past 15 economic data release.

UPCOMING FUNDAMENTAL EVENTS

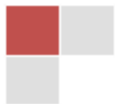
DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT
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PAST ECONOMIC EVENTS:

DATE	TIME	DETAILS	ACTUAL	FORECAST	PREVIOUS	
14-Nov Thursday	7:50am	Prelim GDP q/q	0.50%	0.40%	0.90%	→
14-Nov Thursday	7:50am	Prelim GDP Price Index y/y	-0.30%	-0.50%	-0.50%	→
14-Nov Thursday	12:30pm	Revised Industrial Production m/m	1.30%	1.50%	1.50%	→
13-Nov Wednesday	7:50am	Core Machinery Orders m/m	-2.10%	-1.80%	5.40%	↓
13-Nov Wednesday	7:50am	CGPI y/y	2.50%	2.50%	2.20%	→
12-Nov Tuesday	7:50am	Tertiary Industry Activity m/m	-0.20%	0.20%	0.60%	↓
12-Nov Tuesday	7:50am	M2 Money Stock y/y	4.10%	3.90%	3.90%	→
12-Nov Tuesday	1:00pm	Consumer Confidence	41.20	46.30	45.40	→
12-Nov Tuesday	2:00pm	Prelim Machine Tool Orders y/y	8.40%	-	-6.30%	→
11-Nov Monday	7:50am	Current Account	-13.00%	-10.00%	35.00%	↓
11-Nov Monday	7:50am	Bank Lending y/y	2.00%	-	2.00%	→
11-Nov Monday	1:00pm	Economy Watchers Sentiment	51.80	54.20	52.80	→
06-Nov Wednesday	1:00pm	Leading Indicators	1.10	1.09	1.07	→
05-Nov Tuesday	7:50am	Monetary Base y/y	45.80%	48.30%	46.10%	→
31-Oct Thursday	7:15am	Manufacturing PMI	54.20	-	52.50	→

Reports are distributed on Bi-Daily basis (Tuesdays, Thursdays and Saturdays.)

For disclaimer & more information on the calculation methodology, please refer to the back cover of this document.

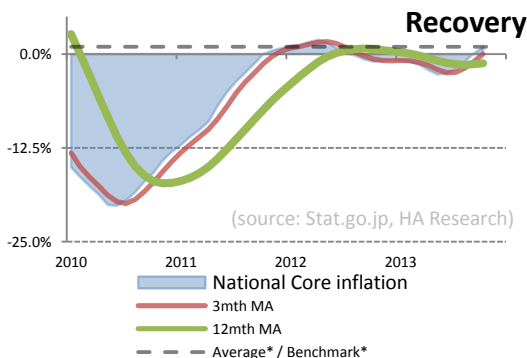


Japanese Currency Report

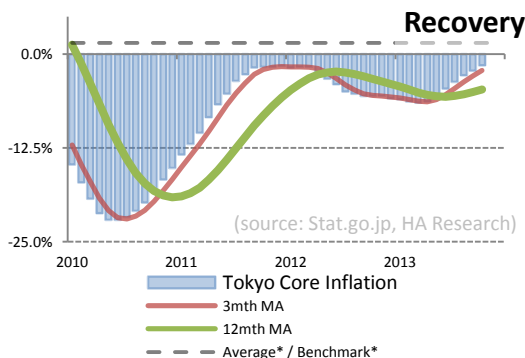
INFLATION INDICATORS



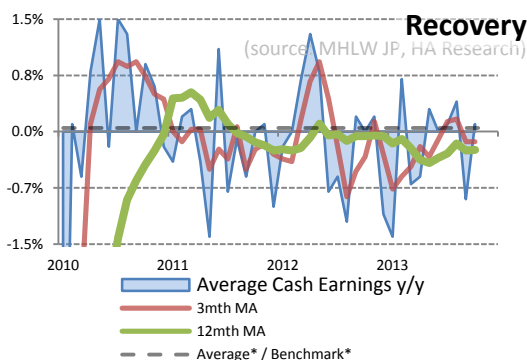
(Fig2.1) Though still low (0.90%), JP inflation posted notable recovery.



(Fig2.1) Tokyo Core Inflation still in deflation, but recovery is significant.

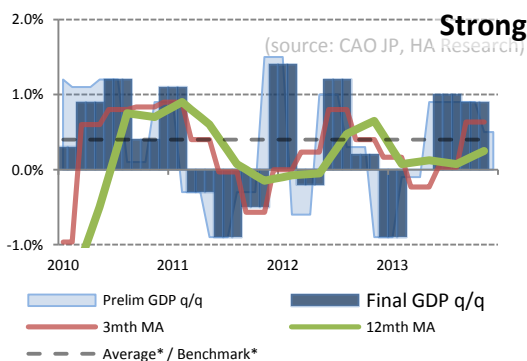


(Fig2.3) Average Cash Earnings still weak, though in recovery.

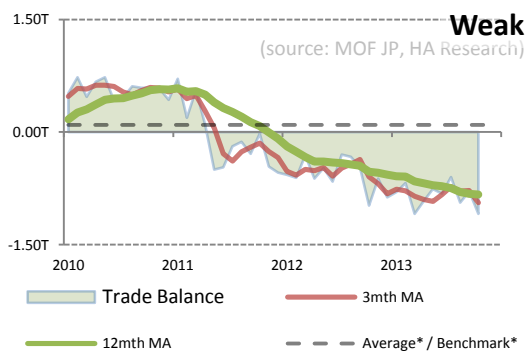


GROWTH INDICATORS

(Fig2.4) GDP strong at 0.90%.



(Fig2.5) Trade balance weakened considerably, due to a strong yen.

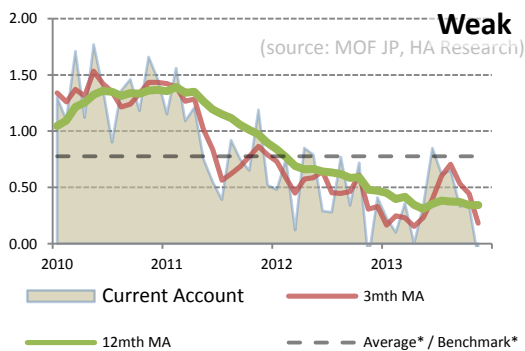


Average* / Benchmark* is a derivation of the following considerations: (1) moving averages across data used in the chart period; (2) Mandated target of Central Bank; (3) Market consensus benchmark; (4) Combination of either.

Figure/Chart annotations All figures/charts provided in this report are annotated in Figure(Page).(Chart #) format. Example Figure2.1 represents: Figure in (Page 2).(Chart 1 in page 2).

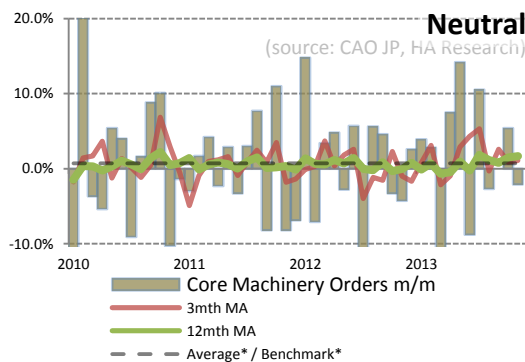


GROWTH INDICATORS (continued)

**(Fig3.1) National accounts hurt from strong yen. Expected.**

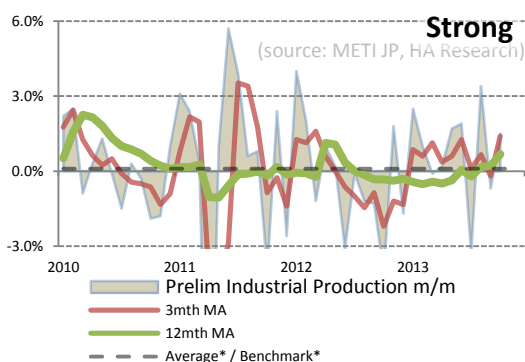
November:	-0.1T	Previous	0.4T
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Current Account Difference in trade balance, services, income flows, and unilateral transfers during the reported month;

(Fig3.2) Core Machinery Orders sees stabilization, though recently declined.

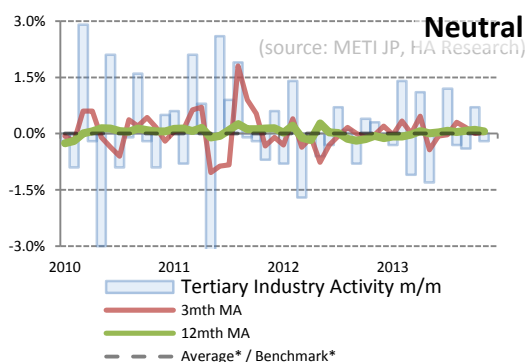
November:	-2.10%	Previous	5.40%
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C. Machinery Orders Change in new pte-sector purchase orders placed with manufacturers for machines, excluding ships and utilities;

(Fig3.3) Industrial Production strong.

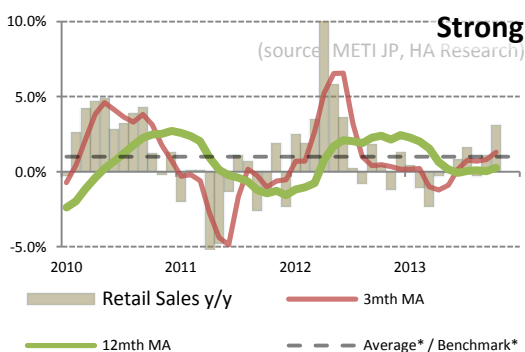
November:	Pending	Previous	1.50%
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Industrial Production Change in the total inflation-adjusted value of output produced by manufacturers, mines, and utilities;

(Fig3.4) Tertiary Industry Activity declined -0.2%, but still neutral.

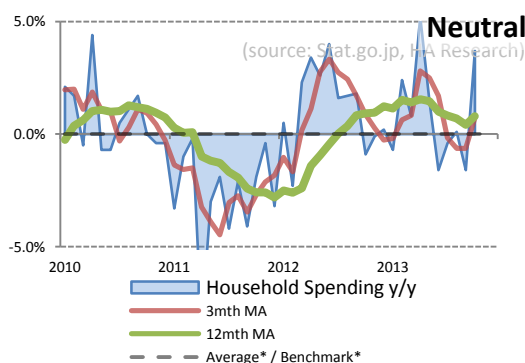
November:	-0.20%	Previous	0.70%
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Tertiary Ind. Activity Change in the total value of services purchased by businesses;

(Fig3.5) Domestic Retail Sales better, recent spike of 3.1% notable.

November:	Pending	Previous	3.10%
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Retail Sales Change in the total value of sales at the retail level;

(Fig3.6) Household Spending improving significantly.

November:	Pending	Previous	3.70%
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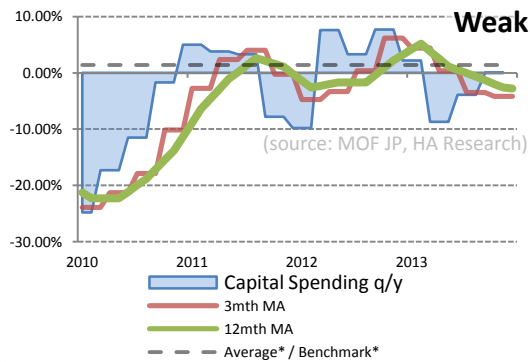
Household Spending Change in the inflation-adjusted value of all expenditures by consumers;

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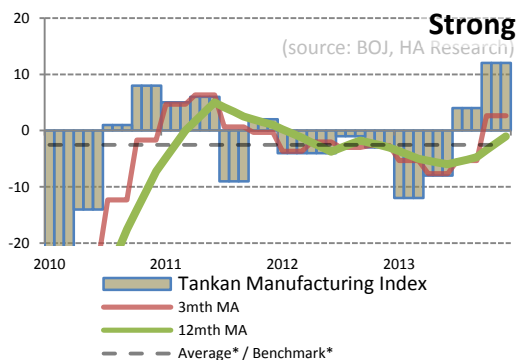


GROWTH INDICATORS (continued)

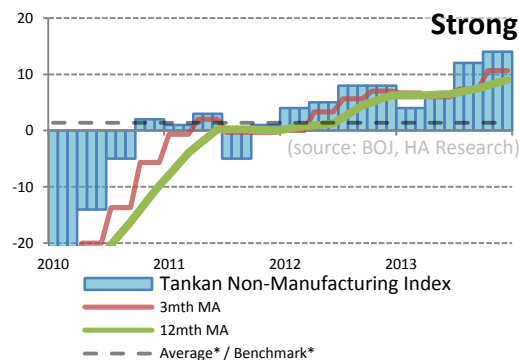
(Fig4.1) Capital expenditures weakens.November: **0.00%** Previous: **0.00%**

Capital Spending Change in the total value of new capital expenditures made by businesses;

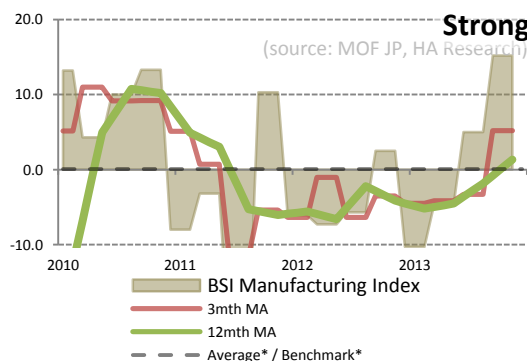
BUSINESS SURVEY

(Fig4.2) Japanese manufacturing sector optimistic on economy.November: **12.0** Previous: **12.0**

Tankan Manu. Index Survey of 1,200 large manufacturers to rate the relative level of general business conditions;

(Fig4.3) Businesses optimistic on economy outlook.November: **14.0** Previous: **14.0**

T. Non Manu. Index Survey of 1,200 large businesses to rate the relative level of general business conditions;

(Fig4.4) Japanese Manufacturers optimistic on general business outlook.November: **15.2** Previous: **15.2**

Business Survey Index Survey of large manufacturers to rate the relative level of general business conditions;

Average* / Benchmark* is a derivation of the following considerations: (1) moving averages across data used in the chart period; (2) Mandated target of Central Bank; (3) Market consensus benchmark; (4) Combination of either.

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