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HA Research

CURRENCY FUNDAMENTAL QUANTIFIED.



CURRENCY REPORT.

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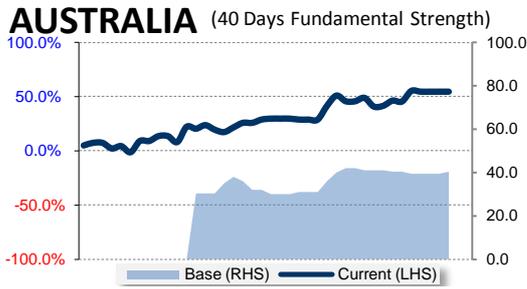
AUSTRALIAN ECONOMY In a glance.

19-Nov-2013 (Tuesday)

Last Updated: 10:46AM (GMT +0800)



Figure 1: Fundamental Strength Index for last 40 days.



* HOW TO USE THESE? - see footnote on Fundamental Strengths.

BASE SUMMARY:

INFLATION INDICATORS :	8.7	/ 19.2
GROWTH INDICATORS :	10.6	/ 34.6
EMPLOYMENT INDICATORS :	1.0	/ 11.5
HOUSING INDICATORS :	11.5	/ 19.2
BUSINESS SURVEY :	4.8	/ 7.7
CONSUMER SURVEY :	3.8	/ 7.7
BASE STRENGTH :	BEARISH	40.38 / 100
SHORT-TERM STRENGTH :	BULLISH	54.42%

AUSTRALIAN DOLLAR (A\$) NEUTRAL to BULLISH (UPSIDE TO BE CAPPED)

Australia Fundamentals Moderate (40.38/100); Recent momentum BULLISH at 54.42%.

(Fig2.1) Australian Inflation recovers, below RBA's 2%-3% band.(Fig2.2) Core inflation subdued, too.(Fig2.3) but PPI showing strong inflationary pressure.(Fig2.4) Business also paid more to import, could pass on cost to consumers.(Fig2.5) Laour Cost remains lower, weak.(Fig3.1) Australian GDP continues to weaken.(Fig3.2) domestic Retail Sales picks up, though.(Fig3.3) International trade remains lower from 2010-2011 boom.(Fig3.5) Private credit take-up rate strong.(Fig4.1) Company's profit stabilizes.(Fig4.2) Auto sales weak, low confidence in durable spending.(Fig4.3) Business capital expenditures remains weak.(Fig4.4) Jobless rate stubbornly high.(Fig4.5) Job creation remains stale, weak.(Fig5.1) New job posting advertisement slightly better.(Fig5.2) Housing remains strong component of Australia.(Fig5.3) New homes sales on healthy trend.(Fig5.4) New home loans take-up stable.(Fig5.5) Building approvals issuance strong.(Fig6.2) Business confident about economy recovering.(Fig6.4) Consumers also confident about economic recovery.(Fig6.5) Expectation of inflation weak, though.

Conclusion: Inflation, growth, labour market still weak and possibly still require loose interest rates. Housing remains strong, business and consumer sentiments optimistic.

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

UPCOMING FUNDAMENTAL EVENTS					
DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT
19-Nov Tuesday	8:30am	Monetary Policy Meeting Minutes			!!!
20-Nov Wednesday	7:30am	MI Leading Index m/m	-	-0.10%	!
20-Nov Wednesday	8:30am	RBA Assist Gov DeBelle Speaks			!!
21-Nov Thursday	5:05pm	RBA Gov Stevens Speaks			!!!
PAST ECONOMIC EVENTS:					
DATE	TIME	DETAILS	ACTUAL	FORECAST	PREVIOUS
14-Nov Thursday	9:00am	MI Inflation Expectations	1.90%	-	2.00%
13-Nov Wednesday	8:30am	Westpac Consumer Sentiment	1.90%	-	-2.10%
13-Nov Wednesday	9:30am	Wage Price Index q/q	0.50%	0.80%	0.70%
12-Nov Tuesday	9:30am	NAB Business Confidence	5.00	-	12
12-Nov Tuesday	9:30am	New Motor Vehicle Sales m/m	-0.70%	-	-0.30%
11-Nov Monday	9:30am	Home Loans m/m	4.40%	3.60%	-4.00%
07-Nov Thursday	6:26am	AIG Construction Index	54.40	-	47.60
07-Nov Thursday	9:30am	Employment Change	1.10	10.30	3.30
07-Nov Thursday	9:30am	Unemployment Rate	5.70%	5.70%	5.70%
06-Nov Wednesday	9:30am	Trade Balance	-28.00%	-51.00%	-69.00%
05-Nov Tuesday	7:30am	AIG Services Index	47.90	-	47.10
04-Nov Monday	8:30am	MI Inflation Gauge m/m	0.10%	-	0.20%
04-Nov Monday	9:30am	Retail Sales m/m	0.80%	0.30%	0.50%
04-Nov Monday	9:30am	ANZ Job Advertisements m/m	-0.10%	-	0.20%
04-Nov Monday	9:30am	HPI q/q	1.90%	2.30%	2.70%

Quantified Fundamental Strengths are consolidated and Paired (i.e: CCY/CCY) to generate Auto-Suggested Trades in **Summary Report**. Auto-suggested trades are automatically paired on the basis of Strongest Currency Fundamental against Weakest Currency Fundamentals.

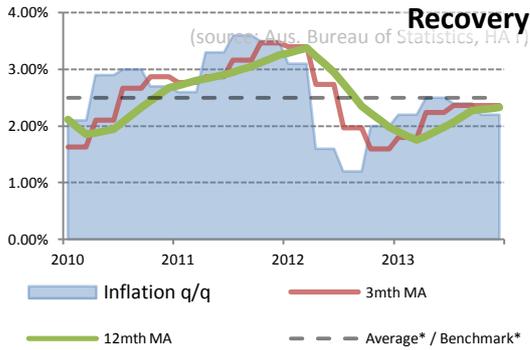
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Australian Currency Report

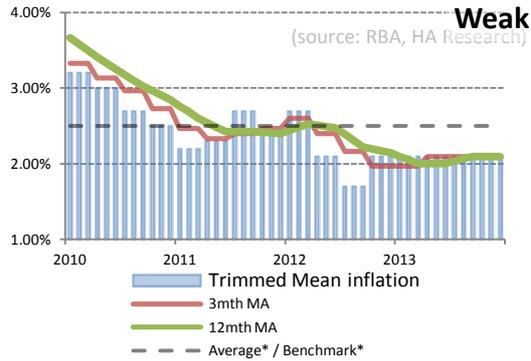
INFLATION INDICATORS

(Fig2.1) Australian Inflation recovers, below RBA's 2%-3% band.



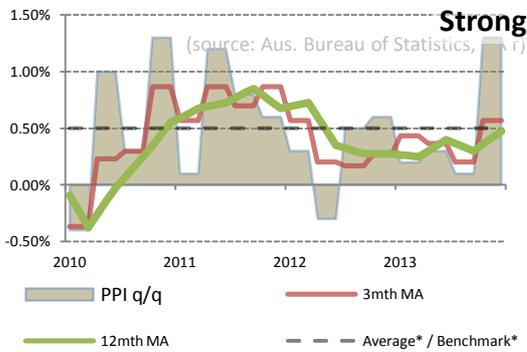
November:	2.20%	Previous	2.20%
Consumer Price Index	Change in the price of goods and services purchased by consumers.		

(Fig2.2) Core inflation subdued, too.



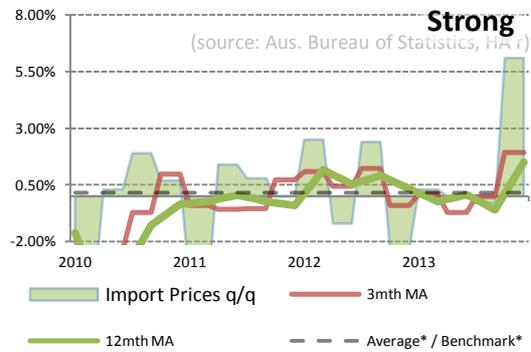
November:	2.10%	Previous	2.10%
Trimmed Mean CPI	Change in the price of goods and services purchased by consumers, excluding the most volatile 30% of items;		

(Fig2.3) but PPI showing strong inflationary pressure.



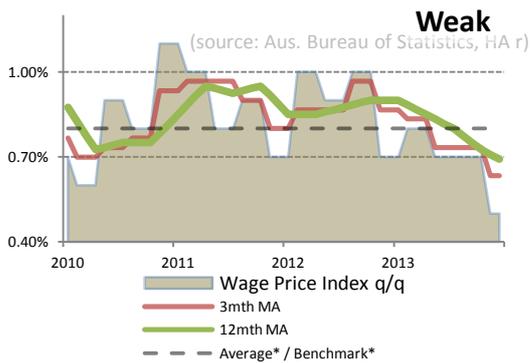
November:	1.30%	Previous	1.30%
Producer Price Index	Change in the price of finished goods and services sold by producers;		

(Fig2.4) Business also paid more to import, could pass on cost to consumers.



November:	6.10%	Previous	6.10%
Import Price	Change in the price of goods purchased by importers;		

(Fig2.5) Laour Cost remains lower, weak.



November:	0.50%	Previous	0.70%
Wage Price Index	Change in the price businesses and the government pay for labor, excluding bonuses;		

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.

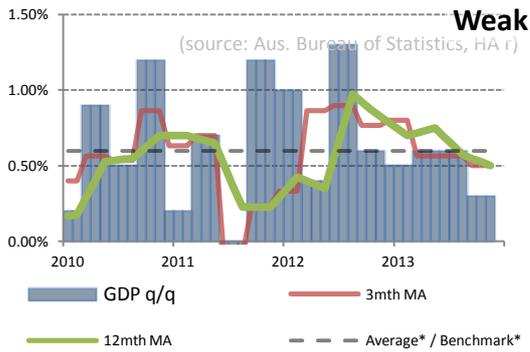
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GROWTH INDICATORS

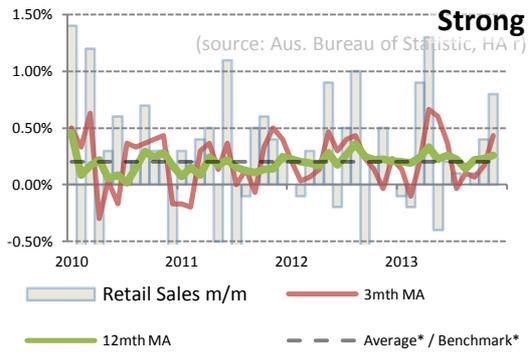
(Fig3.1) Australian GDP continues to weaken.



November: **0.30%** Previous **0.30%**

Gross Dom. Product Change in the inflation-adjusted value of all goods and services produced by the economy;

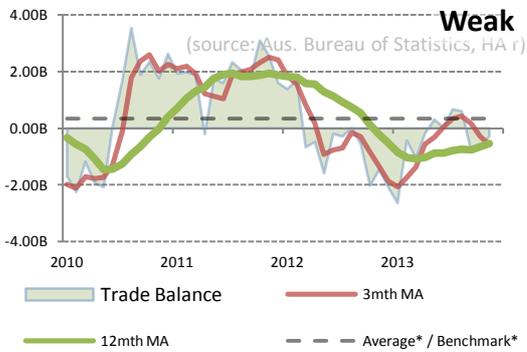
(Fig3.2) domestic Retail Sales picks up, though.



November: **0.80%** Previous **0.40%**

Retail Sales Change in the total value of sales at the retail level;

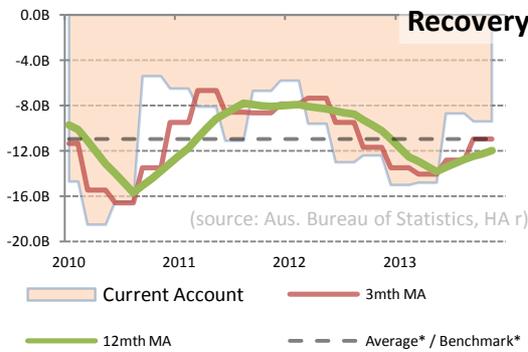
(Fig3.3) International trade remains lower from 2010-2011 boom.



November: **-0.28B** Previous **-0.69B**

Trade Balance Difference in value between imported and exported goods and services during the reported month;

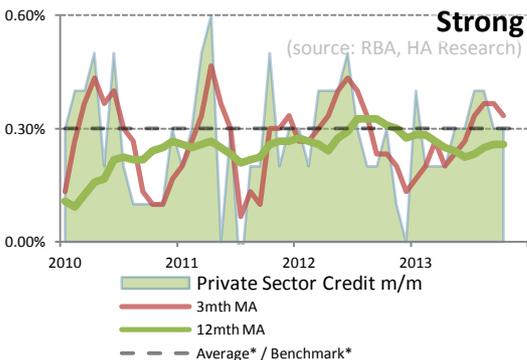
(Fig3.4) National accounts recovering.



November: **-9.40B** Previous **-9.40B**

Current Account Difference in trade balance, income flows, and unilateral transfers during the previous quarter;

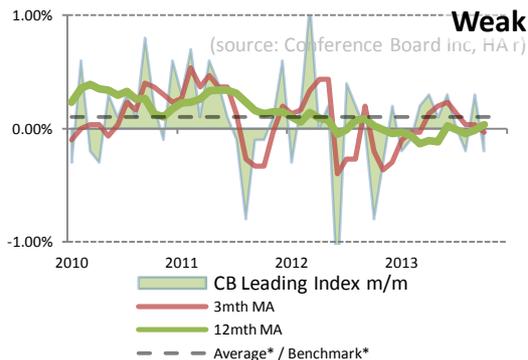
(Fig3.5) Private credit take-up rate strong.



November: **Pending** Previous **0.30%**

Pte Sector Credit Change in the total value of new credit issued to consumers and businesses;

(Fig3.6) CB Leading Index



November: **Pending** Previous **-0.20%**

CB Leading Index Combination of 7 indicators: \$ supply, building approvals, profits, exports, inventories, interest rate spreads;

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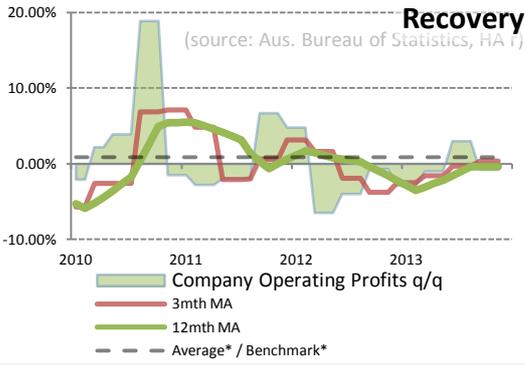
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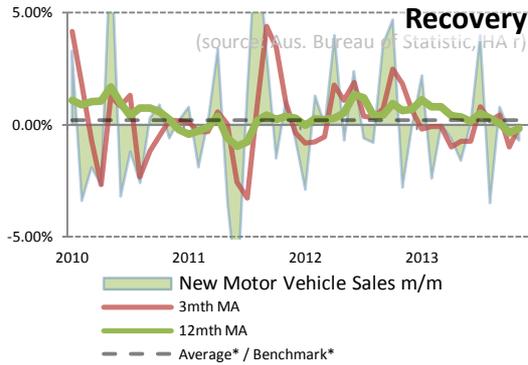
GROWTH INDICATORS (continued)

(Fig4.1) Company's profit stabilizes.



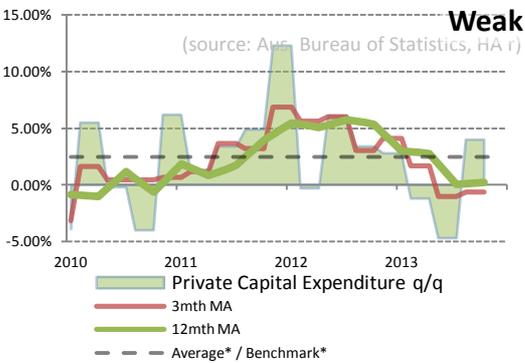
Company Op. Profits November: **-0.80%** Previous -0.80%
 Change in the total value of profits earned by corporations;

(Fig4.2) Auto sales weak, low confidence in durable spending.



N. Motor Veh. Sales November: **-0.70%** Previous -0.30%
 Change in the number of new cars and trucks sold domestically; leading sign of consumer confidence;

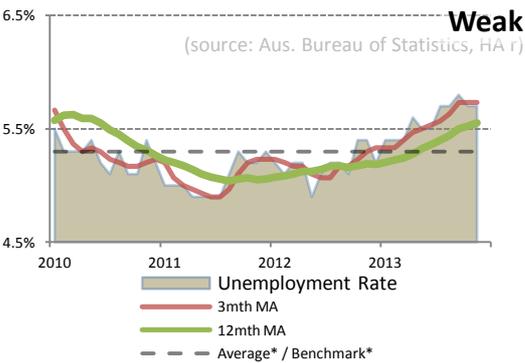
(Fig4.3) Business capital expenditures remains weak.



Private Capital Expd November: **Pending** Previous 4.00%
 Change in the total inflation-adjusted value of new capital expenditures made by private businesses;

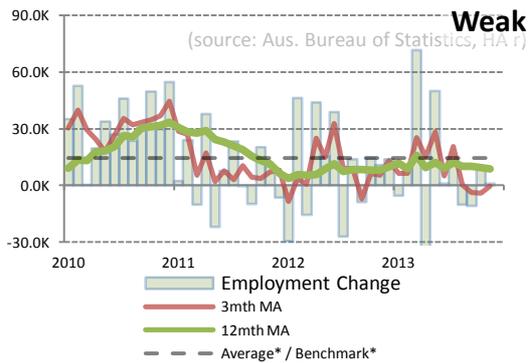
EMPLOYMENT INDICATORS

(Fig4.4) Jobless rate stubbornly high.



Jobless Rate November: **5.70%** Previous 5.70%
 % of the total work force that is unemployed and actively seeking employment during the previous month;

(Fig4.5) Job creation remains stale, weak.



Employment Change November: **1.10K** Previous 9.10K
 Change in the number of employed people during the previous month;

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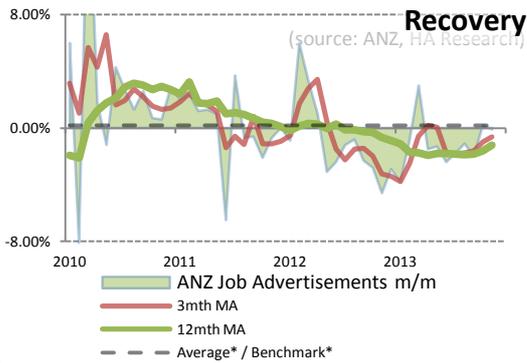
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EMPLOYMENT INDICATORS (continued)

(Fig5.1) New job posting advertisement slightly better.

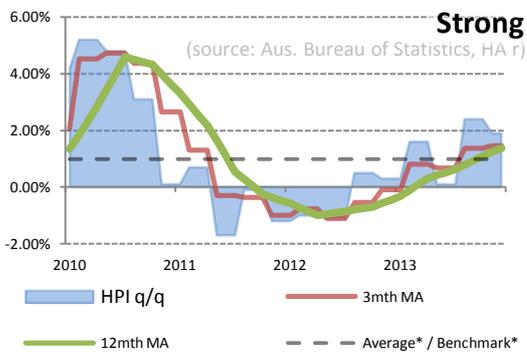


November: **-0.10%** Previous 0.20%

ANZ Job Ads. Change in the no. of jobs advertised in the major daily newspapers and websites covering the capital cities;

HOUSING INDICATORS

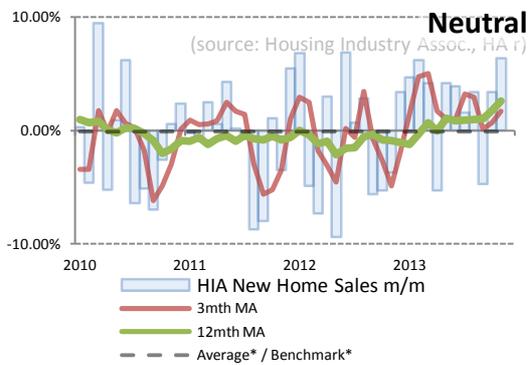
(Fig5.2) Housing remains strong component of Australia.



November: **1.90%** Previous 2.40%

House Price Index Change in the selling price of homes in the nation's 8 state capitals;

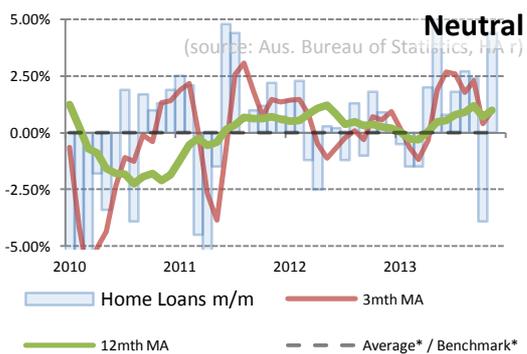
(Fig5.3) New homes sales on healthy trend.



November: **6.40%** Previous 3.40%

HIA New Home Sales Change in the number of newly constructed homes sold; Housing Industry Association (HIA)

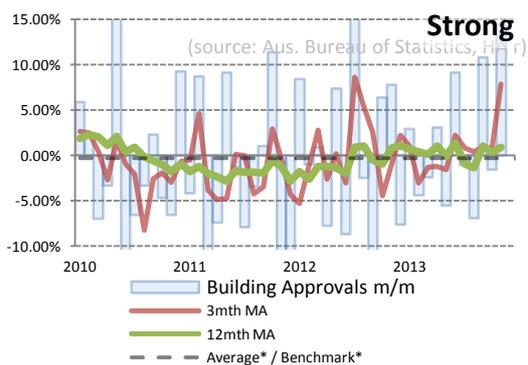
(Fig5.4) New home loans take up stable.



November: **4.40%** Previous -3.90%

Home Loans Change in the number of new loans granted for owner-occupied homes;

(Fig5.5) Building approvals issuance strong.



November: **14.40%** Previous -1.60%

Building Approvals Change in the number of new building approvals issued;

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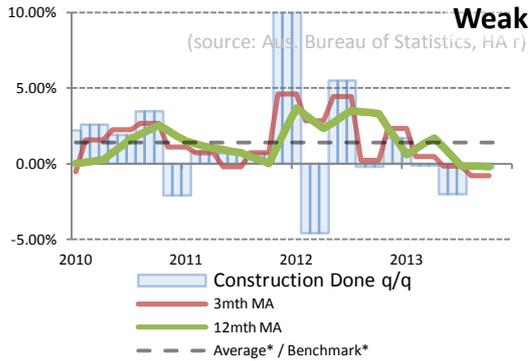
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Australian Currency Report

HOUSING INDICATORS (continued)

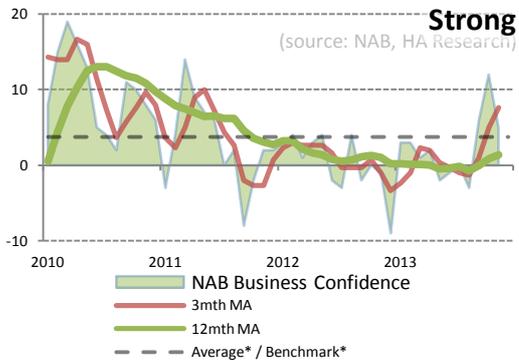
(Fig6.1) Construction projects weak.



November:	Pending	Previous	-0.30%
Construct'n Work Done	Change in the total inflation-adjusted value of construction projects completed;		

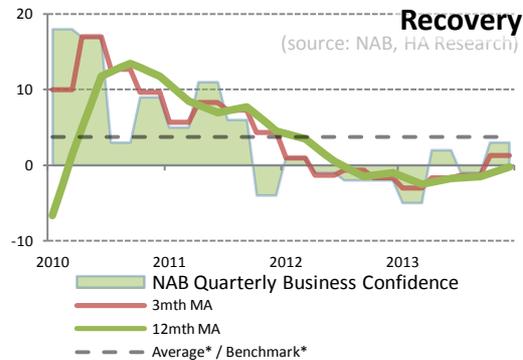
BUSINESS SURVEY

(Fig6.2) Business confident about economy recovering.



November:	5.0	Previous	12.0
NAB Biz Confidence	Survey of about 350 businesses which asks respondents to rate the relative level of current business conditions;		

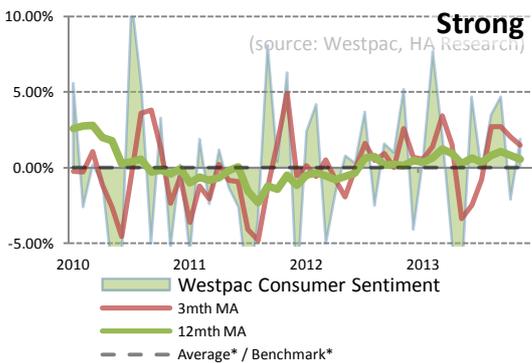
(Fig6.3) NAB Quarterly Business Confidence



November:	3.0	Previous	3.0
NAB Qtr Biz Confidence	Survey of 1,000 businesses, asked to rate current business conditions and expectations for near-mid term future;		

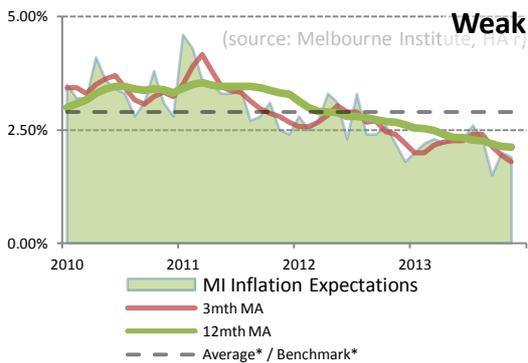
CONSUMER SURVEY

(Fig6.4) Consumers also confident about economic recovery.



November:	1.90%	Previous	-2.10%
WP Con. Sentiment	Index based on 1,200 surveyed consumers; economic conditions, employment, climate for major purchases;		

(Fig6.5) Expectation of inflation weak, though.



November:	1.90%	Previous	2.00%
MI Inflation Expectations	% that consumers expect the price of goods and services to change during the next 12mths; Melbourne Institute (MI);		

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About the Reports.

Fundamental Analysis, though not the direct determinant of Forex Spot Trading, is still significant and cannot be ignored in the world of FX spot trading. The author believes quantifying and simplifying fundamentals strength into 1 single index score helps in maintaining the overview of the currency, therefore enhancing traders' overall trading system consisting of other tools such as Technical Analysis, Price action or events driven risk movements...etc.

The reports are updated and published on a daily basis on 8 currencies; namely AUD, NZD, CAD, CNY, EUR, GBP & USD. From which, each individual Quantified Currency Strengths are consolidated into Summary Report on the basis of pairing Strongest Fundamentals of Currency against Weakest Fundamentals of Currency. Auto-suggested trades are then generated based on these allocated fundamental strengths of currency.

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CALCULATION METHODOLOGY

BASE FUNDAMENTAL STRENGTH, BENCHMARK, SHORT-TERM STRENGTH INDEX (40 DAYS FUNDAMENTAL STRENGTH), CURRENCY DIFFERENTIALS (BASE, CURRENT) AND DERIVATION OF ITS SCORING IS FROM A COMPUTER-GENERATED CALCULATION MODEL. IT TAKES ALLOCATED FUNDAMENTAL DATA AND ITS RELATIVE STRENGTH, AVERAGES AS BASIS. STRENGTH OF FUNDAMENTAL DATA (PAST AND CURRENT) ARE STATISTICALLY ALLOCATED (PRE-DETERMINED BASIS) TO ARRIVE IN THE FORMULATED SCORING.

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