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HA Research

CURRENCY FUNDAMENTAL QUANTIFIED.



CURRENCY REPORT.

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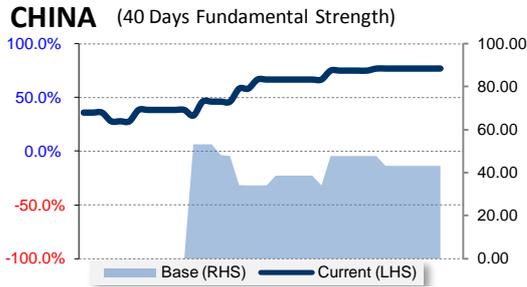
CHINA ECONOMY In a glance.

19-Nov-2013 (Tuesday)

Last Updated: 10:56AM (GMT +0800)



Figure 1: Fundamental Strength Index for last 40 days.



BASE SUMMARY:

INFLATION INDICATORS :	4.5	/ 18.2
GROWTH INDICATORS :	15.9	/ 45.5
EMPLOYMENT INDICATORS :	-	-
HOUSING INDICATORS :	-	-
BUSINESS SURVEY :	22.7	/ 36.4
CONSUMER SURVEY :	-	-

BASE STRENGTH :	STALE	43.18	/ 100
SHORT-TERM STRENGTH :	BULLISH	76.92%	

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

CHINA ECONOMY PAINTING RECOVERY, STILL BELOW YEARS HIGH.

China Fundamentals Moderate (43.18/100); Recent momentum VERY BULLISH at 76.92%.

(Fig2.1) Inflation nearing 3.50% benchmark at 3.20%.(Fig2.2) PPI in recovery from 2012-2013 low, still weak.(Fig2.3) GDP remains inline with PBOC 7.50% target at 7.80%(Fig2.4) International trade remains in general surplus trend. Recent decline.(Fig2.5) New loans remained on trend, but recently fell to 506b.(Fig2.6) Industrial Production seemed to bottomed at 10% range.(Fig3.1) Government spending seemed to have bottomed at 20% range.(Fig3.2) PMI indicating Manufacturing sector bottomed, at 51.4.(Fig3.3) China Services PMI also suggest expansion at 56.3.(Fig3.4) HSBC PMI surveys result also indicated expansion.

Conclusion: Chinese economy painting recovery picture, surveys indicating expansion as well as recovery started. However, good to noted that growth, inflation and domestic activities remains well below 3-5 years high.

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

UPCOMING FUNDAMENTAL EVENTS						
DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT	
19-Nov Tuesday	19th-20th	Foreign Direct Investment ytd/y	-	6.20%	!	
20-Nov Wednesday	10:00am	CB Leading Index m/m	-	0.90%	!	
21-Nov Thursday	9:45am	HSBC Flash Manufacturing PMI	50.90	50.90	!!!	
PAST ECONOMIC EVENTS:						
DATE	TIME	DETAILS	ACTUAL	FORECAST	PREVIOUS	
11-Nov Monday	4.00am	New Loans	506.00	581.00	787.00	→
11-Nov Monday	4.00am	M2 Money Supply y/y	14.30%	14.20%	14.20%	→
09-Nov Saturday	9:30am	CPI y/y	3.20%	3.30%	3.10%	↑
09-Nov Saturday	9:30am	PPI y/y	-1.50%	-1.30%	-1.30%	↓
09-Nov Saturday	10:00am	Industrial Production y/y	10.30%	10.20%	10.20%	↑
09-Nov Saturday	1:30pm	Fixed Asset Investment ytd/y	20.10%	20.20%	20.20%	→
09-Nov Saturday	1:30pm	Retail Sales y/y	13.30%	13.40%	13.30%	→
08-Nov Friday	11:05am	Trade Balance	31.10	23.50	15.20	↑
03-Nov Sunday	9:00am	Non-Manufacturing PMI	56.30	-	55.40	↑
01-Nov Friday	9:00am	Manufacturing PMI	51.40	51.20	51.10	↑
01-Nov Friday	9:45am	HSBC Final Manufacturing PMI	50.90	50.70	50.9	→
24-Oct Thursday	9:45am	HSBC Flash Manufacturing PMI	50.90	50.50	50.20	↑
22-Oct Tuesday	10.00am	CB Leading Index m/m	0.90%	-	0.80%	→
18-Oct Friday	10:00am	GDP q/y	7.80%	7.80%	7.50%	↑
17-Oct Thursday	10.00am	Foreign Direct Investment ytd/y	6.20%	-	6.40%	→

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.

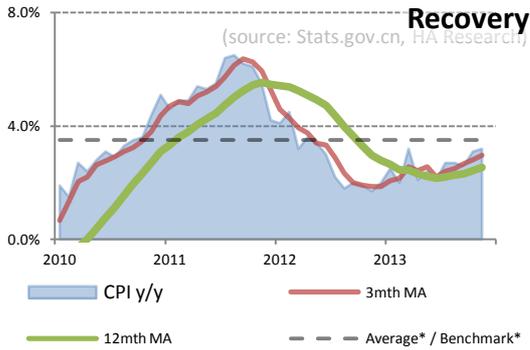
For disclaimer & more information on the calculation methodology, please refer to the back cover of this document.



China Currency Report

INFLATION INDICATORS

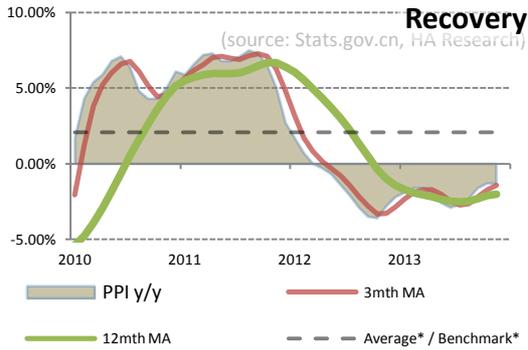
(Fig2.1) Inflation nearing 3.50% benchmark at 3.20%.



November:	3.20%	Previous	3.10%
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Consumer Price Index Change in the price of goods and services purchased by consumers.

(Fig2.2) PPI in recovery from 2012-2013 low, still weak.

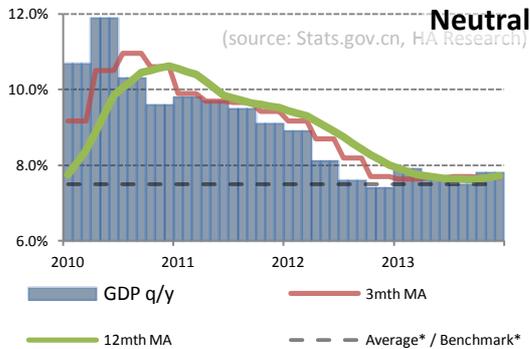


November:	-1.30%	Previous	-1.30%
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Producer Price Index Change in the price of goods purchased and sold by producers;

GROWTH INDICATORS

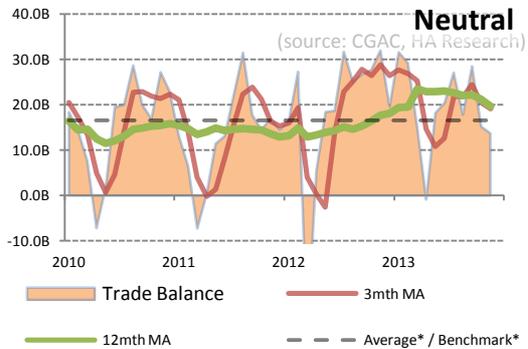
(Fig2.3) GDP remains inline with PBOC 7.50% target at 7.80%



November:	7.80%	Previous	7.80%
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Gross Domestic Product Change in the inflation-adjusted value of all goods and services produced by the economy;

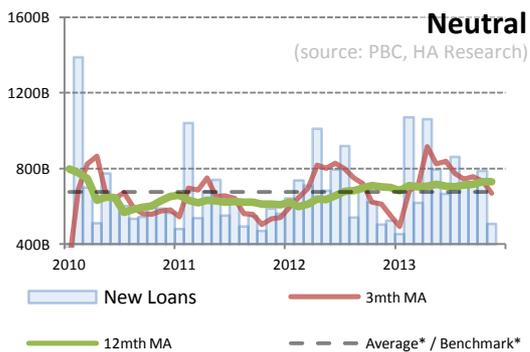
(Fig2.4) International trade remains in general surplus trend. Recent decline.



November:	13.7B	Previous	15.2B
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Trade Balance Difference in value between imported and exported goods during the previous month;

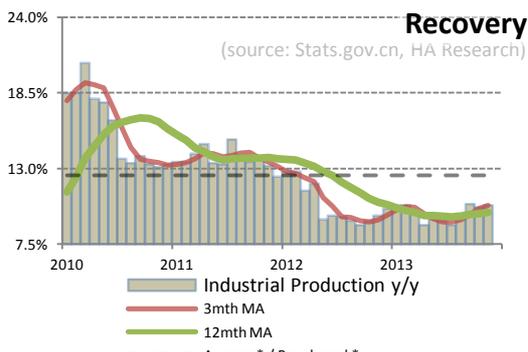
(Fig2.5) New loans remained on trend, but recently fell to 506b.



November:	506B	Previous	787B
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New Loans Value of new yuan-denominated loans issued to consumers and businesses during the previous month;

(Fig2.6) Industrial Production seemed to bottomed at 10% range.



November:	10.30%	Previous	10.20%
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Industrial Production Change in the total inflation-adjusted value of output produced by manufacturers, mines, and utilities;

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.

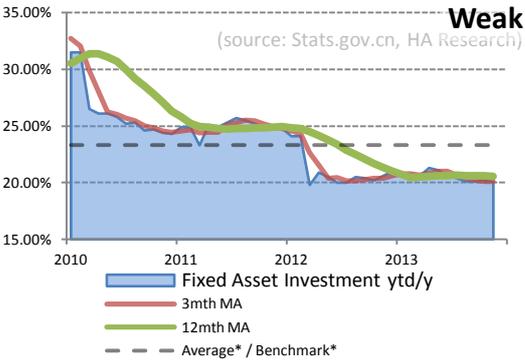
Figure/Chart annotations All figures/charts provided in this report are annotated in Figure(Page).(Chart #) format. Example Figure2.1 represents: Figure in (Page 2).(Chart 1 in page 2).



China Currency Report

GROWTH INDICATORS (continued)

(Fig3.1) Government spending seemed to have bottomed at 20% range.

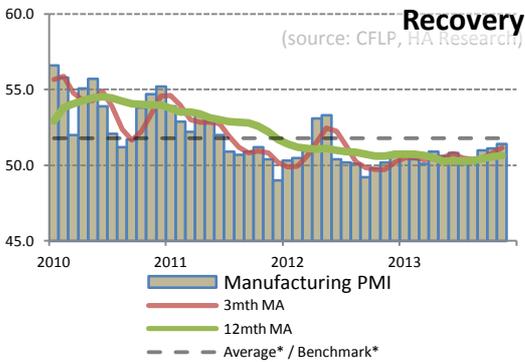


November: **20.10%** Previous 20.20%

FA Investments Change in spending on non-rural capital investments such as factories, roads, power grids, and property;

BUSINESS SURVEY

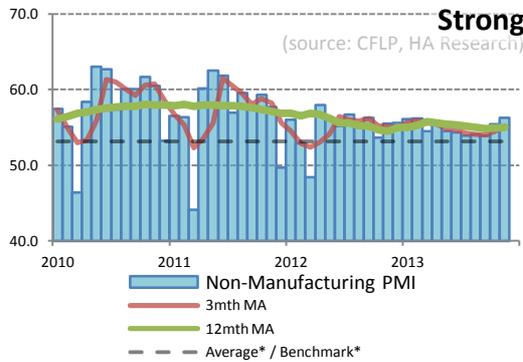
(Fig3.2) PMI indicating Manufacturing sector bottomed, at 51.4.



November: **51.4** Previous 51.1

Manufacturing PMI Level of a diffusion index based on surveyed purchasing managers in the manufacturing industry;

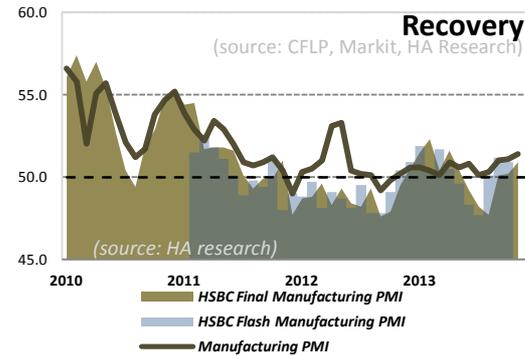
(Fig3.3) China Services PMI also suggest expansion at 56.3.



November: **56.3** Previous 55.4

Non-Manu. PMI Level of a diffusion index based on surveyed purchasing managers in the services industry;

(Fig3.4) HSBC PMI surveys result also indicated expansion.



November: **50.9** Previous 50.2

HSBC Manu. PMI Survey of 430 purchasing manager to rate business condition, jobs, production, orders, inventories..etc.

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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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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