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HA Research

CURRENCY FUNDAMENTAL QUANTIFIED.



CURRENCY REPORT.

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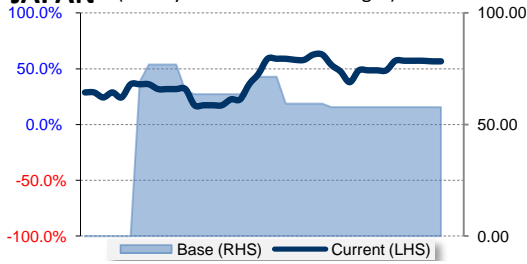


JAPAN ECONOMY

In a glance.

27-Nov-2013 (Wednesday)

Last Updated: 09:24AM (GMT+0800)

**Figure 1: Fundamental Strength Index for last 40 days.****JAPAN** (40 Days Fundamental Strength)

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

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 | 56.76% | |

JAPANESE YEN (¥) STABLE, DOMESTIC RECOVERY EVIDENT.

Japan Fundamentals Strong (57.81/100); Recent momentum BULLISH at 56.76%.

(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 |
| 28-Nov Thursday | 7:50am | Retail Sales y/y | 2.20% | 3.00% | !! |
| 29-Nov Friday | 7:15am | Manufacturing PMI | - | 54.20 | ! |
| 29-Nov Friday | 7:30am | Household Spending y/y | 1.20% | 3.70% | !! |
| 29-Nov Friday | 7:30am | Tokyo Core CPI y/y | 0.40% | 0.30% | !! |
| 29-Nov Friday | 7:50am | Prelim Industrial Production m/m | 2.10% | 1.50% | !! |
| PAST ECONOMIC EVENTS: | | | | | |
| DATE | TIME | DETAILS | ACTUAL | FORECAST | PREVIOUS |
| 26-Nov Tuesday | 7:50am | CSPI y/y | 0.80% | 0.90% | 0.70% |
| 20-Nov Wednesday | 7:50am | Trade Balance | -1.07 | -88.00% | -1.13 |
| 20-Nov Wednesday | 12:30pm | All Industries Activity m/m | 0.40% | 0.50% | 0.30% |
| 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 |

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.

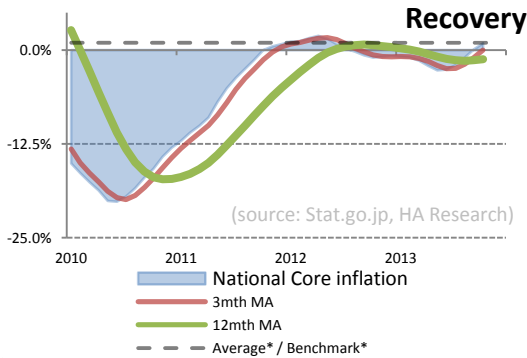
For disclaimer & more information on the calculation methodology, please refer to the back cover of this document.



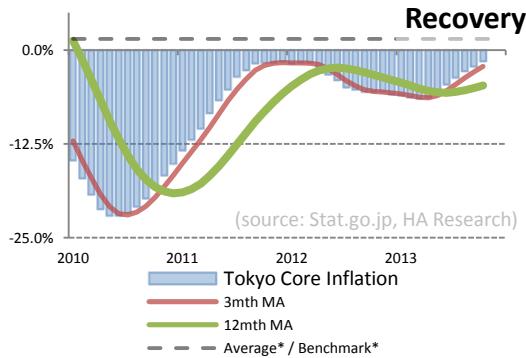
INFLATION INDICATORS



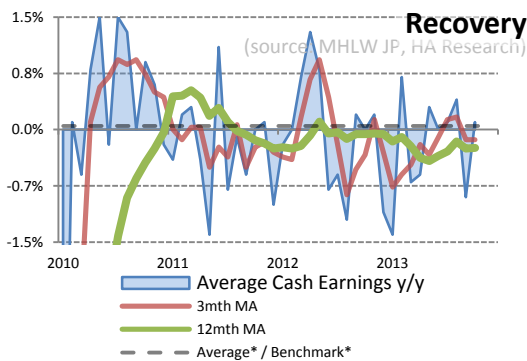
(Fig2.1) Though still low (0.90%), JP inflation posted notable recovery.



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

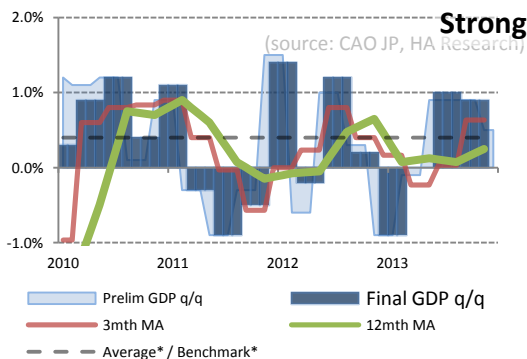


(Fig2.3) Average Cash Earnings still weak, though in recovery.

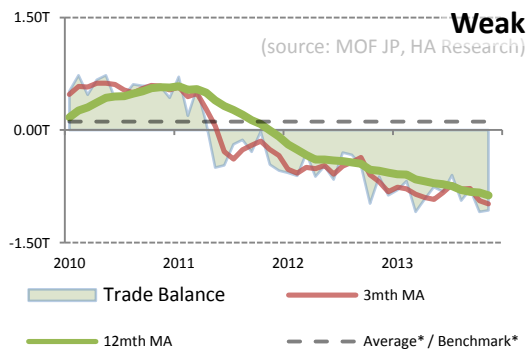


GROWTH INDICATORS

(Fig2.4) GDP strong at 0.90%.



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



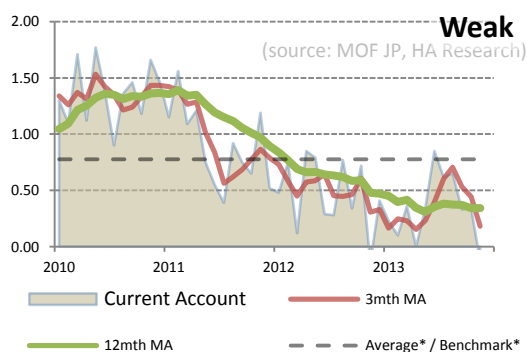
Average* / Benchmark* is a derivation of the following considerations: (1) moving averages across data used in the chart period; (2) Mandated target of Central Bank; (3) Market consensus benchmark; (4) Combination of either.

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)

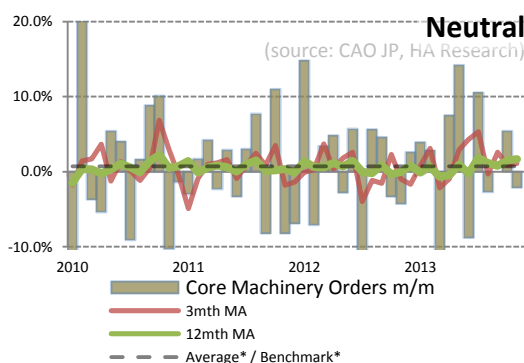
(Fig3.1) National accounts hurt from strong yen. Expected.



| | | | |
|-----------|--------------|----------|------|
| November: | -0.1T | Previous | 0.4T |
|-----------|--------------|----------|------|

Current Account Difference in trade balance, services, income flows, and unilateral transfers during the reported month;

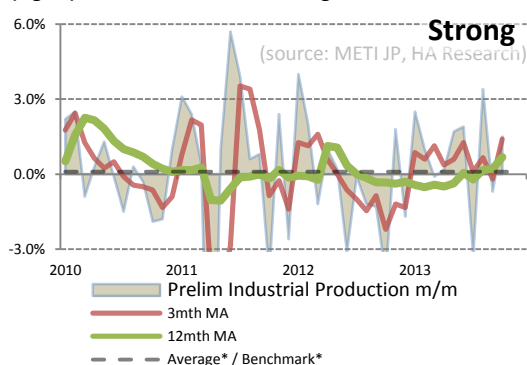
(Fig3.2) Core Machinery Orders sees stabilization, though recently declined.



| | | | |
|-----------|---------------|----------|-------|
| November: | -2.10% | Previous | 5.40% |
|-----------|---------------|----------|-------|

C. Machinery Orders Change in new pte-sector purchase orders placed with manufacturers for machines, excluding ships and utilities;

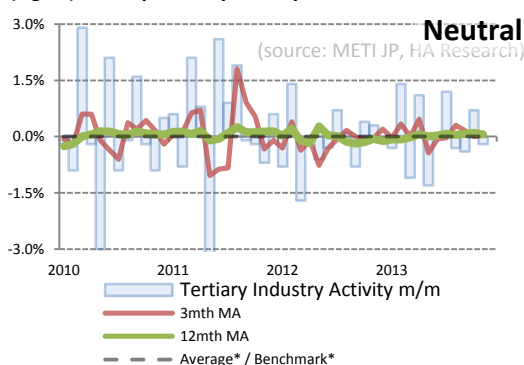
(Fig3.3) Industrial Production strong.



| | | | |
|-----------|----------------|----------|-------|
| November: | Pending | Previous | 1.50% |
|-----------|----------------|----------|-------|

Industrial Production Change in the total inflation-adjusted value of output produced by manufacturers, mines, and utilities;

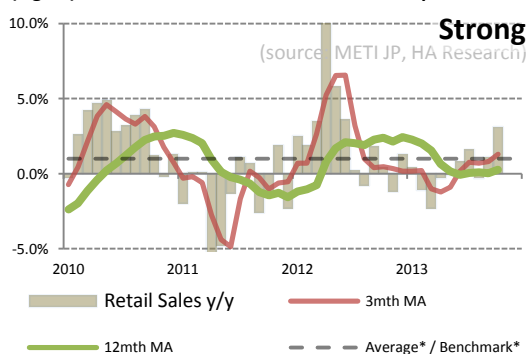
(Fig3.4) Tertiary Industry Activity declined -0.2%, but still neutral.



| | | | |
|-----------|---------------|----------|-------|
| November: | -0.20% | Previous | 0.70% |
|-----------|---------------|----------|-------|

Tertiary Ind. Activity Change in the total value of services purchased by businesses;

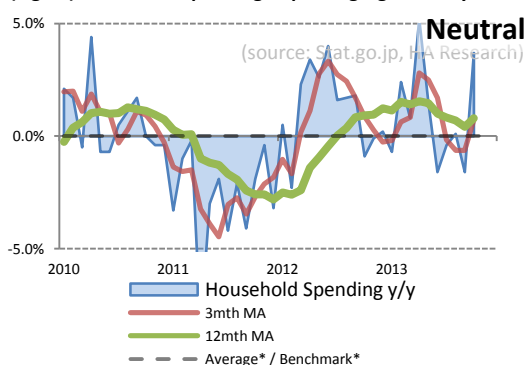
(Fig3.5) Domestic Retail Sales better, recent spike of 3.1% notable.



| | | | |
|-----------|----------------|----------|-------|
| November: | Pending | Previous | 3.10% |
|-----------|----------------|----------|-------|

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

(Fig3.6) Household Spending improving significantly.



| | | | |
|-----------|----------------|----------|-------|
| November: | Pending | Previous | 3.70% |
|-----------|----------------|----------|-------|

Household Spending Change in the inflation-adjusted value of all expenditures by consumers;

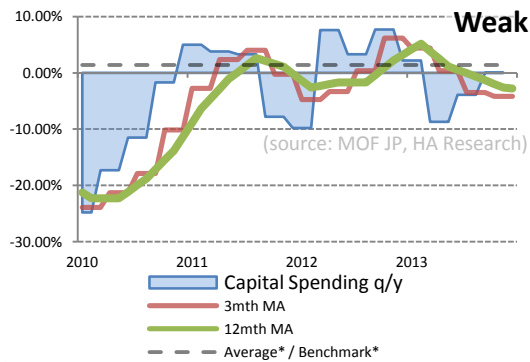
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GROWTH INDICATORS (continued)

(Fig4.1) Capital expenditures weakens.

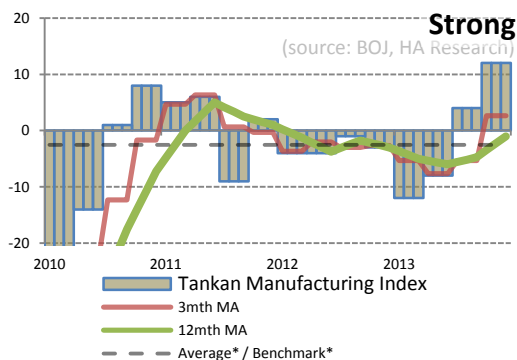


November: 0.00% Previous 0.00%

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

BUSINESS SURVEY

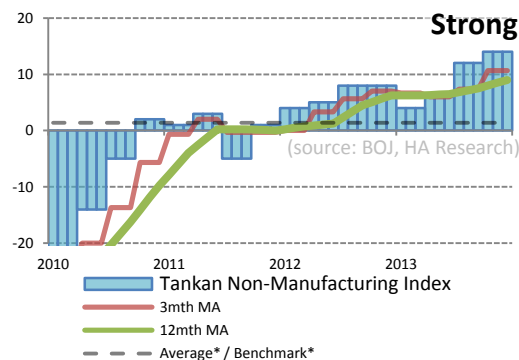
(Fig4.2) Japanese manufacturing sector optimistic on economy.



November: 12.0 Previous 12.0

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

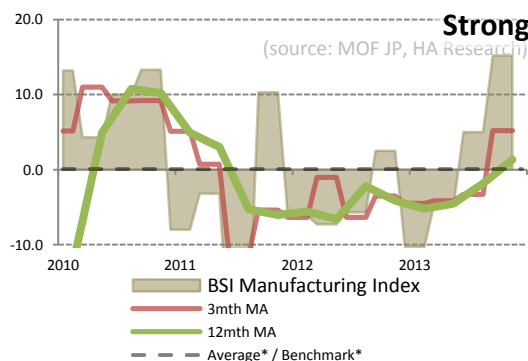
(Fig4.3) Businesses optimistic on economy outlook.



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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About the Reports.

Fundamental Analysis, though not the only direct determinant of Forex Spot Trading, is still significant and cannot be ignored undeniably. The author believes quantifying fundamentals strength of currency into 1 single index score helps in maintaining the overview of the currency, and 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 the Summary Report. Further 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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